

paper land
4.6.2014



A Compendium of the Departmental

Committees Reports on Scrutiny of 2014/15 Budget

Estimates.

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – SECOND SESSION, 2014

**REPORT OF THE DEPARTMENTAL COMMITTEE (L)
ON TRANSPORT, PUBLIC WORKS AND HOUSING ON EXAMINATION OF
THE 2014/2015 ESTIMATES FOR THE FOLLOWING VOTES:**

- VOTE 143 – STATE DEPARTMENT OF INFRASTRUCTURE
 - VOTE 144 – STATE DEPARTMENT OF TRANSPORT
 - VOTE 111 – MINISTRY OF LANDS, HOUSING & URBAN DEVELOPMENT
(DEPARTMENT OF HOUSING AND DIRECTORATE OF PUBLIC WORKS)
-

CLERK'S CHAMBERS
NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI

MAY 2014

TABLE OF CONTENTS

Contents	Page
1.0 INTRODUCTION	3
2.0 EXAMINATION OF BUDGET ESTIMATES WITH MINISTRIES	5
2.1 MINISTRY OF TRANSPORT AND INFRASTRUCTURE.....	5
State Department of Infrastructure	6
State Department of Transport	9
2.2 MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT	13
State Department of Housing.....	13
Directorate of Public Works.....	16
3.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS.....	19

1.0 INTRODUCTION

The Departmental Committee on Transport, Public Works and Housing derives its mandate from provisions of Standing Order No. 216(5) which defines functions of the Committee as being:

- 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 their implementation;
- c) To study and review all legislation referred to it;
- d) To study, assess and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objectives;
- e) To investigate and enquire into all matters relating to the assigned ministries and departments as may be deemed necessary, and as may be referred to it by the House; and
- f) To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider:-

- a) Transport
- b) Roads
- c) Public works
- d) Construction and maintenance of roads, rails and buildings
- e) Air and seaports
- f) Housing

The Committee oversees the following Ministries/Departments:

- a) Ministry of Transport and Infrastructure;
- b) Department of Housing and Directorate of Public Works in the Ministry of Lands, Housing & Urban Development.

Article 221(1) of the Constitution stipulates that "At least two months before the end of each financial year, the Cabinet Secretary responsible for Finance shall submit to the National Assembly estimates of the revenue and expenditure of the National Government for the next financial year to be tabled in the National Assembly". These estimates for the 2014/2015 financial year were laid in the House on 30 April 2014. Article 221 (4) of the Constitution

further states that “Before the National Assembly considers the estimates of revenue and expenditure, a Committee of the Assembly shall discuss and review the estimates and make recommendations to the Assembly.”

This Committee is expected to discuss and review the estimates of revenue and expenditure of the Ministries/Agencies that it oversees and make recommendations that shall be included in the Budget & Appropriations Committee Report on estimates of revenue and expenditures to the National Assembly.

Further, pursuant to Standing Order 235, upon being laid before the National Assembly, the Estimates stand committed to the relevant Departmental Committee for Examination. The Departmental Committee on Transport, Public Works and Housing examined the printed estimates of the following votes:

- i) Vote 143 – State Department of Infrastructure
- ii) Vote 144 – State Department of Transport
- iii) Vote 111 – Ministry of Lands, Housing and Urban Development (Department of Housing and Directorate of Public Works)

In considering the Estimates, the Committee held a total of five (5) sittings. The Committee received a comprehensive brief from the Parliamentary Budget Office on the Estimates, and used this information to deliberate with the ministries/institutions it met. The Committee held meetings with the Cabinet Secretary for Transport and Infrastructure, and the Principal Secretary for the Ministry of Lands, Housing and Urban Development, where it received submissions, presentations and other reports.

The Cabinet Secretary for Transport and Infrastructure was accompanied by the Permanent Secretaries as well as the Technical Officers in the respective Ministry and State Corporations. The Principal Secretary, Ministry of Lands, Housing & Urban Development was accompanied by Technical Officers.

In its examination, the Committee mainly dealt with the following issues:-

- i) Detailed estimates for the Ministries and all the State Corporations under each Ministry broken down by line item.
- ii) Analysis of all projects financed in the development estimates detailing source of financing, commencement date, expenditure to-date, and expected date of completion.
- iii) Strategic plans for the Ministries/State Corporations.
- iv) Jobs created by Budget Process Outsourcing (BPO) showing a list of firms and number of jobs created.
- v) Other issues related to the estimates.

2.0 EXAMINATION OF BUDGET ESTIMATES WITH MINISTRIES

The deliberations focused on achievements in the 2013/14 Financial Year, current allocations and whether the current allocations for the 2014/15 Financial Year will ensure priority programmes are implemented.

The Committee was also keen to know whether each ministry or department was satisfied with its allocations, and which key priority programs required funding that were not allocated funds in the 2014/15 estimates.

It should be noted that the allocations contained in the 2014/2015 Budget Estimates for the Ministries and Departments under review were over the budget ceilings passed by the House during review of the Budget Policy Statement (BPS). This analysis is shown below:

Comparison between House resolutions on BPS ceilings and 2014/15 proposals							
Vote	Agency	House resolutions	2014/15 proposals			Increase Reduction	% + or -
			Recurrent	Development	Total		
143	SDI	113,220	25,804.7	97,728.8	123,533.5	10,313.5	9.1%
144	SDT	40,500	5,762.7	39,797.2	45,559.9	5,059.9	12.5%
111	MLHUD	15,569	4,140.2	17,576.2	21,716.4	6,147.4	39.5%

2.1 MINISTRY OF TRANSPORT AND INFRASTRUCTURE

1. Introduction

The Ministry of Transport and Infrastructure is mandated to facilitate provision, maintenance of quality roads infrastructure in support of Vision 2030 aspirations and to facilitate safe, efficient, accessible and sustainable transport services.

2. Overall budget of the Ministry

The ministry has been allocated a gross of Kshs. 169 billion with 81% of it being used for development expenditure and 18% being used for recurrent expenditure. It is commendable that this Ministry continues to spend a large share of its resources on development expenditure.

Gross Budget for the Ministry

No.	Department	Recurrent	Development	Total
(i)	Infrastructure	25,804,705,751	97,728,822,647	123,533,528,398
(ii)	Transport	5,762,701,473	39,797,251,013	45,559,952,486
	Total	31,567,407,224	137,526,073,660	169,093,480,884

3. In this financial year, the Ministry was split into two departments with separate votes, that is, the State Department of Infrastructure (Vote 143) and the State Department of Transport (Vote 144). Each vote was examined separately.

A. STATE DEPARTMENT OF INFRASTRUCTURE

1. The Department of Infrastructure is charged with the responsibility of providing and maintaining basic infrastructure to the public. The key mandate of the Department is development, maintenance and rehabilitation of the road network in the country.
2. The Department exercises its mandate through the following divisions and agencies:
 - a) Central Administrative Services
 - b) Technical Services Division
 - c) Materials Testing and Research Division
 - d) Kenya Institute of Highways and Building Technology
 - e) Mechanical and Transport Division
 - f) Kenya Roads Board (KRB)
 - g) Kenya National Highways Authority (KeNHA)
 - h) Kenya Rural Roads Authority (KeRRA)
 - i) Kenya Urban Roads Authority (KURA)
 - j) Engineers Board of Kenya (EBK)

3. Detailed budget analysis

The State Department of Infrastructure has been allocated a total of Kshs.123.5 billion comprising of Kshs.25.8 billion for recurrent and Kshs.97.7 billion for development which translates to 79.1% for development and 20.9% for recurrent as shown in table below. The Department has been allocated 10.5% of the total national government budget excluding allocation for CFS and Equalization fund. It is noted that the Department received a 37.2% increase in total budgetary allocation compared to the 2013/2014 financial year.

Allocation to State Department for Infrastructure in 2014/15 proposals:

Component	Amount in Kshs.	% per component
Current Expenditure	25,804,705,751	20.9
Capital Expenditure	97,728,822,647	79.1
Total	123,533,528,398	100.00

4. The State Department of Infrastructure priorities for 2014/15 include designing, construction and reconstruction/upgrading/rehabilitation of roads, maintenance of roads and training of roads overseers.
5. The Road Maintenance Levy Fund expects a collection of Kshs. 25,328,747,812 with the 2014/2015 financial year. However, Kshs. 2,486,000,000 has been allocated to the development budget to help bridge the funding shortfall for ongoing road projects. As such, the Fuel Levy allocating under the recurrent budget has been reduced from the Kshs. 25,328,747,812 by the Kshs. 2,486,000,000 to Kshs. 22,842,747,812.
6. The State Department of Infrastructure priorities for 2014/15 include designing, construction and reconstruction/upgrading/rehabilitation of roads, maintenance of roads and training of roads overseers. The State Department of Transport priorities in the BPS include modern standard gauge railway line from Mombasa to Nairobi, expansion of the container terminals and cargo handling and storage, and the LAPSET project among others.
7. In an analysis of Allocations for the year 2014/15, the Department of Infrastructure targets to collect Kshs. 1,500,500,000 as AIA under the mechanical and transport fund, train 1,200 people to completion of their courses at the Highways Institute, construct 151 km of new roads, rehabilitate 83 km of major roads, rehabilitate 274 km of other roads and maintain 134,000 km of roads, design 25 roads projects and 15 bridges, and draft 4 guidelines, policies and legislations on road safety.
8. It was also noted that the Department allocated Kshs. 5 billion under its development budget for Land Compensation due to major ongoing projects like the Standard Gauge Railway among others, where land is compulsorily acquired, to avoid distorting the budget at a later stage.
9. The development component of the Department's budget is Kshs. 97,722,822,647, with Kshs. 56,489,030,647 being funded by GoK. This is an allocation of Kshs. 25.9 billion (inclusive of the Kshs. 2.486 billion fuel levy funds) over the BPS ceiling allocation of Kshs.

38.6 billion. The remainder of the development budget will be supported by development partners.

10. In addition to ongoing roads projects, the Department plans to commence actual construction of 10 major roads around the country in the 2014/2015 financial year.
11. In regards to the 2014/2015 estimates, the Committee was informed that an allocation of Kshs. 9.8 million (ICT) and Kshs. 23.3 million (Road Transport), totalling Kshs. 33.2 million for divisions under the Department of Transport had erroneously been captured under this Department of Infrastructure. The misallocation is set to be corrected during the revised estimates.
12. **Challenges facing the Department for Infrastructure include:-**
 - a) Vandalism of infrastructural facilities;
 - b) Encroachment of infrastructure way-leaves;
 - c) Lengthy procurement procedures and litigations, huge maintenance backlog;
 - d) High cost and delays in relocation of utilities and services;
 - e) Lack of adequate local construction capacity among others;
 - f) Land acquisition; and
 - g) Issues of pending bills owed to contractors.
13. It was also noted that tussles had been experienced between the National Government and the County Governments on the construction and maintenance of roads in counties. The Committee heard that this matter was still under discussion with between the relevant authorities, and the Ministry of Transport and Infrastructure was preparing and would bring a policy on this matter to the National Assembly for consideration.
14. The Committee also heard that due to the pressure on the Exchequer, the Ministry will roll out alternative financing models in the coming financial year 2014/2015 in form of Public Private Partnerships (PPP) and annuity financing.
15. The Ministry will use annuity financing to construct approximately 8000km of low cost seal rural roads over a four year period at a cost of Kshs. 160 billion, and an additional 2000km of highway and urban roads at a cost of Kshs. 160 billion. The Ministry, under PPP, will start tolling for maintenance of the Southern Bypass and Thika Road by the close of the 2014/2015 financial year; plans for concessioning for construction of other major roads around the country will continue in the 2014/2015 FY.
16. The Committee observed that the Ministry had pending bills totalling Kshs. 15.4 billion, which fall under this Department, which could significantly affect the funding for ongoing and planned projects. These were monies owed to contractors as of 31st December, 2013.

17. The Committee was informed that Kshs. 4 billion had been provided for these bills in the 2014/2015 financial year, and the balance in the next financial year to clear them. Further, the anticipated Eurobond to be floated by the National Treasury was expected to provide additional funding for these bills and other projects.
18. Despite the challenges faced, the Committee was informed that the Department of Infrastructure was satisfied with the allocations as provided for in the budget estimates for 2014/2015.

Committee Recommendation

19. After reviewing all the information submitted for this Department of Infrastructure, the Committee recommends that the Department's budget be approved as stipulated in the 2014/2015 budget estimates.

B. STATE DEPARTMENT OF TRANSPORT

Introduction

20. The Department of Transport, under the Ministry of Transport and Infrastructure, is mandated to execute the following functions:

- a) Transport Policy Management
- b) Maritime Transport Management
- c) Rail Transport and Infrastructure Management
- d) Civil Aviation Management and Training
- e) National Road Safety Management
- f) Registration and Insurance of Motor Vehicles
- g) Motor Vehicle Inspection
- h) Development and maintenance of Airstrips
- i) Government Clearing and forwarding Services (Coast Agent)
- j) National Transport and Safety Policy
- k) Implementation of LAPSSSET Project

21. The State Corporations that carry out the above functions are: Kenya Railways Corporation, Kenya Ports Authority, Kenya Airports Authority, Kenya Ferry Services, Kenya National Shipping Line, Kenya Civil Aviation Authority, Kenya Maritime Authority, and the National Transport and Safety Authority.

22. The State Department of Transport priorities in the BPS include modern standard gauge railway line from Mombasa to Nairobi, expansion of the container terminals and cargo handling and storage, and the LAPSSSET project, among others.

Detailed Analysis for 2014/2015

23. The Department has been allocated a budgetary provision of Kshs. 45.6 billion in the 2014/2015 financial year, with only 12.6% of this being used for recurrent expenditure, and 87.4% for development. This budget makes up 3.87% of the total national budget, excluding the allocation for CFS and Equalisation Fund. It is noted that the Department received a 29.9% increase in total budgetary allocation compared to the 2013/2014 financial year.

Specific targets for 2014/2015

24. The Department targets to achieve the following within the upcoming financial year:

- a) Draft and submit 2 Bills to the National Assembly.
- b) Prepare 1 consultant report on 50 Years Transport Master Plan for Northern Corridor.
- c) Achieve 10% improvement in service delivery.
- d) Achieve 20% completion of Transport Data Centre.
- e) Reduce road fatalities and crashes by 20%.
- f) Construct 10 km of standard gauge rail and 10 km of JKIA railway line.
- g) Relocate 2,000 people from the railway reserve.
- h) Complete 20% of 2nd container terminal.
- i) Purchase 2 ferries.
- j) Rehabilitate and maintain 10 airstrips/airports.
- k) Install 2 air traffic control simulators.
- l) Increase the passenger and cargo handling capacity.
- m) Review 30 bilateral air services agreements; and
- n) Reduce Government costs in imports and exports by 10%.

25. **Challenges facing the Department for Transport include:-**

- a) Lengthy procurement procedures.
- b) Inadequate trained engineers, plus high-turnover of trained and skilled technical personnel.
- c) Inadequate local construction capacity.
- d) Rapid technological changes in equipments for the provision of Air Navigation Services.
- e) Contractual/tendering disputes.
- f) Slow disbursement of development partners' funds.
- g) Unpredictable donor conditionalities.
- h) Security challenges, accidents and natural calamities, among others.

26. It was observed by the Committee that due to the nature of infrastructure works occurring during the financial year, pending bills were incurred which posed a challenge to the Department in preparing the next financial year's estimates. Alternative methods of

capturing these bills need to be devised, so as to reduce the incidences of pending bills, which hamper the work of the Department.

27. The Committee also heard that the fire that destroyed the international arrivals terminal of JKIA occurred in the ongoing financial year. Further, recent travel advisories caused by security issues in the country have affected air traffic into the country. As such, the Kenya Airports Authority (KAA) will experience lower revenues. In addition, owing to the need for increased security at the airport, the Government intends to construct a security gate at JKIA, to ensure thorough screening and scanning of persons, vehicles and equipment entering the airport; part of the project will include a waiting bay for vehicles undergoing inspection. This entire project will cost Kshs. 1.3 billion.
28. The Committee was informed that the LAPSSET project was still ongoing, though experiencing financial constraints. However, due to the restraints of the budget ceilings, the Government is exploring alternative financing options for the project, including Public Private Partnerships (PPP), as no allocation has been made in the 2014/15 budget for the LAPSSET project.
29. Regarding the matter of ferries, it was clarified to the Committee that according to Schedule Four of the Constitution, the operation of ferries and harbours falls under County Governments. Where ports are handling international trade, those remain under the jurisdiction of National Government. However, the Kenya Ferry Services, including its functions, were not devolved. As such, counties can partner with the national government in the provision of ferry services in future. It was observed that there may be need to clarify the roles of counties and KFS in this regard.
30. On the rehabilitation of Airstrips/Airports, the Committee was informed that the Ministry had allocated Kshs. 2.1 billion towards the rehabilitation and maintenance of airstrips/airports. No provision has been made in the 2014/2015 FY estimates for new airports like the proposed Oloontare International Airport in Narok County which had been discussed with the Committee in earlier meetings. Such airports are to be considered in future budgets.
31. The Committee heard that the National Transport and Safety Authority (NTSA) has not been able to access the fees it generates while exercising its powers and in performance of its function, as stipulated in Section 46 of the NTSA Act. These fees are currently being remitted to the National Treasury as Exchequer Revenue. The fees include: Road Safety Levy, Registration and Transfer Fee on Motor Vehicles, Foreign Motor Vehicle Licenses, Driving License fees and TLB License fees.

32. Currently, NTSA has a budgeted grant transfer of Exchequer funds totaling Kshs. 382 million in the 2014/15 FY. However, the projected cost of the functions and staff to be taken over by the NTSA from KRA in the 2014/15 FY is Kshs. 3.4 billion. The Ministry is currently appealing to the National Treasury to transfer Kshs. 3 billion to NTSA, in terms of fees for services rendered, so as to help bridge the funding gap.

Committee Recommendations

33. The Committee notes the important work that NTSA is doing in reducing fatalities on our roads, and recognizes the need for the institution to have the requisite funding to discharge on this mandate. The Committee therefore recommends that Treasury provides the additional funding of Kshs. 3 billion required by the NTSA.

34. The Committee further recommends the approval of the Department of Infrastructure's budget as stipulated in the 2014/15 FY estimates.

32. Currently, NTSA has a budgeted grant transfer of Exchequer funds totaling Kshs. 382 million in the 2014/15 FY. However, the projected cost of the functions and staff to be taken over by the NTSA from KRA in the 2014/15 FY is Kshs. 3.4 billion. The Ministry is currently appealing to the National Treasury to transfer Kshs. 3 billion to NTSA, in terms of fees for services rendered, so as to help bridge the funding gap.

Committee Recommendations

33. The Committee notes the important work that NTSA is doing in reducing fatalities on our roads, and recognizes the need for the institution to have the requisite funding to discharge on this mandate. The Committee therefore recommends that Treasury provides the additional funding of Kshs. 3 billion required by the NTSA.

34. The Committee further recommends the approval of the Department of Infrastructure's budget as stipulated in the 2014/15 FY estimates.

2.2 MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

This Ministry includes the Department of Housing and the Department of Public Works which fall under the purview of the Departmental Committee on Transport, Public Works and Housing.

A. STATE DEPARTMENT OF HOUSING

Introduction

35. The mandate of the Department of Housing is to formulate and implement housing sector policies, promote and encourage research and utilization of cost effective and appropriate building materials and construction technologies. The department is mandated to build adequate capacity to provide effective and efficient services to housing sub-sector stakeholders among others. The mandate is derived from Presidential Circular No 1/ of May 2008 and is guided by Government policy priorities and commitments as detailed in the Kenya Vision 2030 and the first Medium Term Plan.

36. The Housing functions as per the Executive Order No. 2/2013 are: -

- i. Housing Policy Management.
 - ii. Development and Promotion of affordable housing policy.
 - iii. Management of Building and Construction standards and codes.
 - iv. National Secretariat for Human Settlement.
 - v. Management of Housing for Civil Servants and Disciplined Forces.
 - vi. Management of Civil Servants Housing Scheme.
 - vii. Development and Management of Government Housing.
 - viii. Development and Management of public buildings.
 - ix. Public Office Accommodation Lease Management.
- Slum Upgrading is also a core function of the Ministry.
 - National Housing Corporation (NHC) – is a State Corporation under the under Ministry implementing the National Housing Policy.

Budgetary Allocation Justification

37. The Principal Secretary explained the Department of Housing is funded under Vote 111 Ministry of Lands, Housing and Urban Development whose total summary of budget allocation in 2014/15 financial year is as shown in the table below:

Table I: Summary of Ministry of Lands, Housing and Urban Development

Details	Estimates	Projected Estimates	
FY	2014/15	2015/16	2016/17

Recurrent	4,140,261,712	5,094,931,664	5,237,336,418
Development	17,576,210,225	17,979,000,000	17,979,000,000
Gross expenditure	21,716,471,937	23,073,931,664	23,216,336,418

38. The Department of Housing has been allocated Kshs. 5 billion against a resource requirement of Kshs. 12.2 billion, leaving a deficit of Kshs. 7.2 billion. Of the Kshs. 5 billion allocation, Kshs. 1.1 billion (22%) is for recurrent expenditure, while Kshs. 3.9 billion (78%) is for development.

39. Priority areas for the Department of Housing

The Department has prioritized its projects as follows: -

- a) Development of 300,000 housing units in the next three (3) years, to cater for the housing deficit that stands at 200,000 housing annually, and will be conducted in all counties.
- b) Upgrading the existing slums/informal settlements while preventing further formation.
- c) Real Estate Management, to cut down on costs, currently Ksh.3.2 billion annually, spent by the Government on rent for office accommodation from the private sector, and also to secure ownership and ensure better maintenance of Government houses or buildings.

40. The Constitution under Article 43(b) provides that every person has a right to accessible and adequate housing and to a reasonable standard of sanitation. In order to realize this, Article 21(b) provides that the State take legislative, Policy and measures including setting standards. The Department therefore has the following Bills and Policies in progress:-

- i. Housing Policy (under review).
- ii. Housing Bill (with Attorney General).
- iii. Built Environment Bill (with Attorney General).
- iv. Building Surveyors Bill (with Attorney General).
- v. Landlord Tenant Bill (with Attorney General).
- vi. National Maintenance Policy - This is Sectional Paper No.1 of 2014 which is under publication.
- vii. Slum Upgrading and Prevention Policy.
- viii. Office and Residential Accommodation Housing Policy.

41. The Department requested the support of the Committee in mobilizing resources and facilitating the approval and enactment of the policies and bills.

42. The Committee also heard that the Department of Housing had identified and selected 14 counties which would receive assistance from the World Bank to improve the overall functioning of the cities and to upgrade living conditions in informal settlements. These counties are: Nairobi, Mombasa, Nakuru (former municipalities of Nakuru and Naivasha),

Kisumu, Eldoret, Nyeri, Kakamega, Embu, Garissa Machakos, Kitui, Kericho, Kilifi (former municipality of Malindi) and Kiambu (former Thika municipality).

43. The Committee was informed that the criteria used to select the counties was as follows:
- a) Land tenure status: a settlement located on land with clear ownership status;
 - b) Location (a settlement not located on a hazardous site or in an environmentally fragile area);
 - c) Settlement size and density: larger and denser settlements to benefit as many people as possible from the investments;
 - d) Scale of potential displacement of residents: physical upgrading of the settlement should not entail large-scale displacement of residents;
 - e) Proximity to trunk infrastructure: to maximize settlement coverage and to ensure that participating settlements receive connections to infrastructure networks and maintenance systems, settlements in close proximity to core trunk infrastructure (such as roads and trunk lines for water, sewage or electricity), and
 - f) Community readiness to participate in the project.
44. It was clarified that this KISIP project is continuous, and will continue to be rolled-out in other counties as well.
45. The Committee was informed that the National Housing Corporation (NHC) is an autonomous parastatal under the Department of Housing. It does not currently receive funds from the Exchequer, but operates commercially.
46. The Committee heard that the National Housing Corporation also supports its programmes by borrowing from banks. It was noted that the interest rates are very high therefore the housing units are disposed of at a high market price. As such, most Kenyans are unable to afford them.

Committee Recommendations:

47. The Committee notes the challenges encountered by NHC and recommends that the National Treasury allocate a separate Vote to the National Housing Corporation to enable it to execute its mandate;
48. Further, based on the Department's request and upon observation of the important programmes currently in progress or anticipated, the Committee recommends that the National Treasury increases the allocation for the Department by Kshs. 3.2 billion to enable the provision of low-cost affordable housing to Kenyans by NHC.
49. The Committee also recommends that the Treasury increases the budget ceiling for the Department of Housing to enable for development of more low cost housing units in future.

B. DIRECTORATE OF PUBLIC WORKS

50. Introduction

The Directorate of Public Works is domiciled within the Ministry of Land, Housing and Urban Development. The Ministry is mandated to provide policy direction and coordinate all matters related to land, housing and urban development through Executive Order No. 2/2013 of May 2013.

51. The specific mandate of the Department of Public Works includes:

- Public Works Policy and Planning
- Development and Management of Public Buildings
- Public Works Planning
- Maintenance of Inventory of Government Property
- Overseeing the Provision of Mechanical and Electrical(Buildings)Services to Public Buildings
- Supplies Branch and Co-Ordination of Procurement of Common User Items by the Government Ministries
- Registration of Contractors and Materials Suppliers
- Registration of Civil, Building and Electro-Mechanical Contractors
- Registration of Architects and Quantity Surveyors
- Other Public Works

52. Strategic Objectives of the Department

- a) To improve functionality of public buildings as well as securing them from man-made and other calamities through construction and rehabilitation of government buildings.
- b) To protect land and property in low lying areas from sea wave action, flooding and erosion through construction and maintenance of sea walls and river protection works.
- c) To improve water transport through development and maintenance of landing infrastructure i.e. jetties.
- d) To enhance research on building materials and technologies.

53. Total Net Budgetary Request from Exchequer

In the Financial Year 2014/15, the Department requested for Kshs. **10,124,400,000** to implement its programmes and projects as indicated in the Agriculture and Rural Development Sector Report.

Table: summary of Net exchequer Request for Recurrent & Development Votes

Head	Recurrent vote 2014/15	Development vote 2014/15
Supplies branch	19,192,905	100,000,000
Accounts, finance & procurement unit	29,605,056	0
Central planning unit	10,253,110	0
Architectural department	124,792,355	1,392,703,769
Quantities & contracts department	74,491,276	0
Structural department	56,213,904	290,500,000
Government building	14,431,504	0
Electrical department	80,743,219	38,000,000
Kenya building research centre	20,280,512	12,600,000
Headquarters & administrative services	286,720,210	50,000,000
Total	716,724,051	1,883,803,769

54. The Directorate is funded under Vote 111 - Ministry of Lands, Housing and Urban Development whose total summary of budget allocation in 2014/15 financial year is as shown in the table below:

Table I: Summary of Ministry of Land, Housing and Urban Development

Details	Estimates	Projected Estimates	
		2014/15	2015/16
Recurrent	4,140,261,712	5,094,931,664	5,237,336,418
Development	17,576,210,225	17,979,000,000	17,979,000,000
Gross expenditure	21,716,471,937	23,073,931,664	23,216,336,418

Table II: Directorate of Public Works

Details	Estimates	Projected Estimates	
		2014/15	2015/16
Recurrent	716,724,051	876,756,142	841,306,854
Development	1,883,803,769	3,149,539,525	3,114,278,028
Gross expenditure	2,600,527,820	4,026,295,667	3,955,584,882

The Directorate's financial resources request was Kshs 10,124,400,000 to finance its activities in the 2014/15 financial year. However, only Kshs 2,600,527,820 was

allocated, leaving a financing gap of **Kshs 7,523,872,180**. Pending bills as at 15th May 2014 amounted to 2,287,525,673 and are analyzed in the table below.

Table III: Development allocation versus Pending Bills

Details	Allocated budget	Pending bills(certificates)	Deviation /shortfall
Development stalled projects	1,237,003,769	1,280,000,000	-42,996,231
Coastline infrastructure projects	129,500,000	109,752,385	19,747,615
Foot bridges	156,000,000	897,773,288	-741,773,288
Totals	1,522,503,769	2 287,525,673	-765,021,904

55. It was noted that the allocation will cater only for payment of pending certificates as at 15th May 2014, leaving a negative net balance of Kshs 765,021,904 without allocation to cater for certified works in the Financial Year 2014/15. It is worth noting that pending certificate payments attract a penalty interest of 3% above CBK lending rates, which are currently between 16.91% per annum and 19.91% pa. This will translate to Kshs 455,446,361.5 pa or Kshs 37,953,863.46 per month from the figure of pending bills in the table above.

Committee Recommendations

56. The Committee notes with the concern that the Directorate is woefully underfunded, incurring huge bills in term of interest rates due to non-payment of contractors in the agreed period, and therefore recommends that the National Treasury to allocates the Kshs. 4 billion requested by the Department for completion of all stalled projects.

3.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

Further to the observations and recommendations above, the Committee also highlights the following:

1. The Committee noted that the issue of pending bills in Ministries needs to be dealt with in a holistic manner to ensure that the Government projects and service delivery are not hampered. In this regard, the Committee recommends a review of all contract agreements and the use of alternative forms of financing to reduce incidences of pending bills.
2. The Committee observed that a lot of information on important projects in the Ministry of Transport and Infrastructure was not known by Members of Parliament, and recommends that a workshop be held between itself, the Ministry and other stakeholders to disseminate information on the LAPSET project, Mass Rapid Transit (MRT) system, Standard Gauge Railway (SGR) project, the Greenfields Terminal project, as well as the policy on management of county roads and a Master plan for all roads in the country.
3. The Committee also noted the transfer of the following funds to the counties:
 - a) Vote-Head 673 with an allocation of Kshs. 400 million for maintenance and refurbishment of government pool houses across the country and operations of county offices.
 - b) Vote-Head 423, Sub-Head 0247 with an allocation of Kshs. 40 million under regional rent tribunals for resolution of landlord-tenant disputes.

These functions are still national and this transfer has affected their implementation. These votes therefore need to be returned to the Department of Housing. The Committee therefore recommends a meeting with the Cabinet Secretaries for the National Treasury, Devolution & Planning, and Lands, Housing & Urban Development, to resolve this issue.



**PARLIAMENT OF KENYA
NATIONAL ASSEMBLY**

ELEVENTH PARLIAMENT - SECOND SESSION

DEPARTMENTAL COMMITTEE ON LANDS

**REPORT ON THE BUDGET ESTIMATES FOR THE MINISTRY OF LANDS,
HOUSING AND URBAN DEVELOPMENT AND THE NATIONAL LANDS
COMMISSION**

5th Report of the 2nd Session – 2013/2014

May 2014

THE DEPARTMENTAL COMMITTEE ON LAND

The Departmental Committee on Lands was constituted on 16th May 2013, pursuant to the provisions of Standing Order no. 216 (1) and (5) of the National Assembly. The functions and mandate are outlined in the SO and House Rules.

The Committee oversees the operations of the Ministry of Lands, Housing and Urban Development on the following matters: Land Policy and Physical Planning, Land Transactions, Survey and Mapping, Land Adjudication, Settlement, Land registration, Land Valuation, Administration of community and Public Land, and Land Information and Management System.

Committee Membership

The Committee comprises of the following Members:

- | | | |
|--|---|-------------------------|
| 1. The Hon. Alex Mwiru, M.P. | - | Chairperson |
| 2. The Hon. Moses Ole Sakuda, M.P. | - | Vice Chairperson |
| 3. The Hon. Mutava Musyimi, M.P. | | |
| 4. The Hon. John Kihagi, M.P. | | |
| 5. The Hon. Francis W. Nderitu, M.P. | | |
| 6. The Hon. Kipruto Moi, M.P. | | |
| 7. The Hon. Hellen Chepkwony, M.P. | | |
| 8. The Hon. Sarah Korere, M.P. | | |
| 9. The Hon. Benson Mbai, M.P. | | |
| 10. The Hon. Mpuru Aburi, M.P. | | |
| 11. The Hon. Gideon Mung'aro, M.P. | | |
| 12. The Hon. Suleiman Dori, M.P. | | |
| 13. The Hon. George Oner, M.P. | | |
| 14. The Hon. Mathew L. Lempurkel, M.P. | | |
| 15. The Hon. Shakila Abdallah, M.P. | | |
| 16. The Hon. Dr. Paul Otuoma, M.P. | | |
| 17. The Hon. Thomas Mwadeghu, M.P. | | |
| 18. The Hon. Joseph Magwanga, M.P. | | |
| 19. The Hon. Ali Shariff Athman, M.P. | | |
| 20. The Hon. Francis Njenga, M.P. | | |
| 21. The Hon. Hezron Awiti Bollo, M.P. | | |
| 22. The Hon. Benard Bett, M.P. | | |
| 23. The Hon. Kanini Kega, M.P. | | |
| 24. The Hon. Eusilah Ngeny, M.P. | | |
| 25. The Hon. Esther Murugi, M.P. | | |
| 26. The Hon. Oscar Sudi, M.P. | | |
| 27. The Hon. Onesmus Ngunjiri, M.P. | | |
| 28. The Hon. Julius Ndegwa, M.P. | | |
| 29. The Hon. Patrick Makau, M.P. | | |

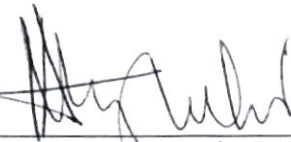
Acknowledgement

Mr. Chairman,

The Committee extends its appreciation to the Offices of the Speaker and the Clerk of the National Assembly for the support accorded to it in the execution of its mandate. Let me take this opportunity to thank members of the Committee for their dedication and hard work in discharging the mandate of the Committee. On behalf of the Departmental Committee on Lands and pursuant to Standing Order 200, I have the honour and pleasure to present this report of the Committee to the Budget Appropriation Committee.

Thank you.

Signed



HON. HON. ALEX MWIRU, M.P
(CHAIRPERSON)

Date

22.5.2014

Content

Report

1. Introduction	5
2. Committee Findings	5
3. Committee Observations	15
4. Recommendations	16
5. List of Appendixes	17

1. Introduction

1. The second schedule of the Standing Orders for National Assembly mandates the Departmental Committee on Lands, to consider matters relating to Lands and Settlement. It is according to this provision that this Committee is now mandated to scrutinize the Printed estimates under the Ministry of Lands, Housing, and Urban Development and the National Lands Commission for the 2014/15 FY.
2. The Committee held 4 meetings to deliberate on the issue of the Printed Estimates and was briefed by the Parliamentary Budget office¹. Further, the Committee met with the Cabinet Secretary, Ministry of Lands, Housing and Urban Development² and the National Lands Commission³. The two government agencies tabled their submissions as attached in appendix 2 and 3.

2. Committee findings

2.1 EVIDENCE

3. The Committee commenced deliberations on the annual estimates on 14th May 2014 in accordance with the Standing Order No. 232 (4) which provides that:-

Upon being laid before the House, the Budget Policy statement shall be deemed to have been committed to each Departmental Committee without question put, for each such committee to deliberate upon according to their respective mandates and make recommendations to the Budget and Appropriations Committee.

2.2 MEETING WITH THE PARLIAMENTARY BUDGET OFFICE

4. The Committee was taken through the budgetary estimates for the Ministry of Lands, Housing and Urban Development together with those of the National Lands Commission by Mr. Benjamin Ngimor a Senior Fiscal Analyst. The Committee was informed that the Government's total budget for the financial year amounted to Kshs.1, 765.2 trillion compared to

¹ Appendix 1; Brief from the Budget office.

² Appendix 2: Brief from the Ministry of Lands, Housing and Urban Development

³ Appendix 3: Brief from the National Lands Commission

1,695.2 trillion for the previous year. The overall expenditure for the year 2014/2015 comprised recurrent, development, consolidated funds services and county transfers.

5. In summary, the overall Ministry's and the National Lands Commission's budget has deviated from the resolutions of the National Assembly. The table 1 below presents a comparison of the budget estimates for the two MDAs to the House Resolutions and the BPS Ceilings.

Table 1: Comparison of Printed Estimates and House resolutions (Kshs. millions)

Ministry	2013/14	2014/15			
	Revised Estimates	BPS Ceiling	House resolution	Printed Estimates	<i>Deviation from House Resolutions</i>
Ministry of Lands Housing and Urban Development	22,612	15,882	15,569	21,716	6,147
o/w recurrent development	4,006	3,925	8,634	4,140	(4,494)
	18,606	11,957	9,100	17,576	8,476
National Land Commission	606	493	1,992	652	(1,340)
o/w recurrent development	606	353	1,092	534	(558)
	-	140	900	118	(782)

2.2.1 Linking Budget Priorities to the National Development Agenda

2.2.2 Ministry of Lands, Housing and Urban Development

6. The ministry is mandated to manage land resources in the country, facilitate access to adequate housing, maintenance of quality government buildings, construction of public works and development of sustainable infrastructure and policies in urban areas.
7. The mandate of the Ministry is linked to the Land Reforms in the Vision 2030. The goal of the country under the Second MTP is to ensure secure access to land, sustainable land use planning and equitable distribution of land to ensure food security and improve the socio-economic development of the country. The Second MTP proposes the following flagship projects and reforms:
 - i. Development of the National Land Information Management
 - ii. Development of a National Land Title Register

- iii. Modernisation of Land Registries
- iv. Development of National Spatial Plan
- v. Developing a framework for preparation of County Spatial Plans
- vi. Development of the Kenya National Spatial Data Infrastructure
- vii. Land Adjudication and Tilting of community land
- viii. Legal Reforms – enactment of survey act, community land bill, spatial planning bill, eviction and resettlement bill.
- ix. Operationalization of the National Land Commission and County Land Management Boards

8. The following are the priority projects have been proposed for implementation by the Ministry in its 2014/2015 budget:

- i. Issue more title deeds
- ii. Development and toll out of the National Land Information Management System
- iii. Establishment of a digital linkage with the Kenya National Spatial Data Infrastructure

2.2.3 National Land Commission

- 9. The NLC is mandated to facilitate sustainable land use and management, ensure equitable access to land, undertake comprehensive land registration and management of land disputes.
- 10. The Vision 2030 proposes to undertake Land Reforms which included the establishment and of the National Land Commission and opening up of County Land Management Boards. The NLC has been established but the County Land Management Boards have not been set up.
- 11. The following are the priority projects have been proposed for implementation by the NLC in its 2014/2015 budget:
 - i. Unregistered public land
 - ii. Development and implementation of the National Land Information System
 - iii. Development of the Land use policy

2.2.4 Detailed Budget Analysis

- 12. The Ministry of Lands, Housing and Urban Development has been

allocated Ksh 21.7 billion which includes Ksh 4.1 billion for recurrent and Ksh 17.6 billion for development. **This is over and above the House Resolutions of the ceiling for the Ministry by Kshs. 6 billion. However, it is relatively similar to the allocation in 2013/14.**

13. The National Land Commission has been allocated Ksh 652 million of which Ksh 534 million will be for recurrent and Ksh 118 million for development. **This allocation falls way below the recommendations by the National Assembly. The House resolved that the NLC be allocated Kshs. 2 billion.**

2.2.5 REVIEW OF PROGRAMMES

2.2.6 Ministry of Lands, Housing and Urban Development

14. The Ministry proposes to undertake 6 programmes in the 2014/15 fiscal year compared to 9 programmes it was undertaking in 2013/14. A comparison of the two subsequent budgets indicate that although some of the programmes for 2013/14 have been merged, one programme 'devolution support services' cannot be traced in the 2014/15 budget. An analysis of the programme allocations and performance targets is presented in Annex 1.

2.2.7 THE FOLLOWING ARE SOME OF THE SALIENT ISSUES IDENTIFIED

15. The budget allocation for the ministry is significantly different from the ceilings proposed by the National Assembly. Its allocations should be revised to conform to the resolutions of the House.
16. The formulation of the programme based budget by the National Government is quite weak. This might lead to huge difficulty for the National Assembly to undertake its budget oversight role.
17. The 'Devolution Support Services' programme was introduced in the supplementary budget for 2013/14 and allocated Kshs. 3.5 billion. However, the supplementary budget did not indicate the outputs for the programme. There is need for the Ministry to indicate how these funds were utilized.

18. There is evident duplication of functions between the Ministry of Lands, Housing and Urban Development and the National Land Commission. Both of them target to issue title deeds, the ministry aims at issuing 750,000 while the NLC plans to issue 1.8 million. They both also plan to automate land information through development and implementation of the National Land Information System.
19. The performance targets for the Ministry for 2013/14 seem not to have been fully attained. The Ministry had indicated that it would complete 80% of the National Land Information System yet in the current financial year, it proposed to complete only 20% indicating that it requested for funds for the project last year yet it has not delivered.
20. The Ministry may be implementing a number of projects that are county functions and county governments may be duplicating them. Clarifications should be sought on the outputs of the 'urban and metropolitan development' programme, the 'housing development and human settlement' programme, and the 'coastline infrastructure and pedestrian' programme.

2.2.8 The National Land Commission

21. The NLC proposes to implement one programme in 2014/15 fiscal year similar to the one proposed in the 2013/14 budget. The NLC was setup in 2013/14 and given its own vote during the supplementary budget for 2013/14.

2.2.9 THE FOLLOWING ARE THE SALIENT ISSUES IDENTIFIED

22. The budget allocation for NLC is significantly different from the ceilings proposed by the National Assembly. Its allocations should be revised to conform to the resolutions of the House. The National Assembly had proposed Ksh 1.9 billion to be allocated to the Commission.
23. The NLC is supposed to establish County Land Management Boards. However, this seems not to have been factored in their outputs. This being a key flagship project of the Vision 2030, the NLC should allocate funds in its budget for this exercise.
24. There is evident duplication of functions between the Ministry of Lands,

Housing and Urban Development and the National Land Commission. Both of them target to issue title deeds, the ministry aims at issuing 750,000 while the NLC plans to issue 1.8 million. They both also plan to automate land information through development and implementation of the National Land Information System.

2.2.10 POLICY OPTIONS

25. The budget allocation for the two spending agencies should be revised to conform to the House Resolutions.
26. The NLC should be allocated funds for the establishment of the County Land Management Boards.
27. The outputs for the NLC and the 'Computerization of Land Paper Records in Land Registries' unit of the Ministry of Land Housing and Urban Development are quite similar. The National Land Information System is quite crucial to the country and its completion is necessary for the economic growth of the country. The unit had been allocated funds to implement the project to 80% completion in 2013/14 but it seems this hasn't been done since it is requesting for additional funds to complete only 20% of the project in 2014/15. The funds should be allocated to a body that will ensure this project is hastened and completed in record time.
28. The Ministry should indicate the outputs of the Kshs. 3.5 billion it was allocated in 2013/14 for 'devolution support services'.
29. The ministry should clarify on the projects it is proposing to undertake and are similar to the functions of the county governments to ensure no duplication of functions by both levels of government.

2.3 MEETING THE NATIONAL LAND COMMISSION

30. The Commission's Chairperson Dr. Muhammad A. Swazuri, PhD, OGW accompanied by The C.E.O Mr. Chavangi Aziz – Tom gave a brief on the mandate of the Commission as per Article 67 of the Constitution and also under the National Land Commission Act No.5 of 2012. They also enumerated additional functions which were provided for under the Lands

Act of 2012.

31. The Committee was also informed that the Commission had taken over the following functions of the Ministry of Lands, Housing and Urban Development:
 - a) The Department of Land Administration and Valuation
 - b) The Department of Land Adjudication and Settlement
 - c) National Land Information System
 - d) Survey and Adjudication Section of the Department of Survey
32. Further, during the 2013/14 FY the Commission was allocated Kshs.241 Million of which some projects/programmes had been budgeted for by the parent Ministry and funds amounting to Kshs.241million allocated. These functions are;
 - a) conversion of existing land registers as per the new Land Registration Act and transfer of land records to the counties
 - b) finalization of land adjudication sections
 - c) finalization of ongoing settlement schemes for registration and issuance of title deeds
 - d) resolution of land adjudication disputes
 - e) processing of land development applications which was a shared activity with the parent Ministry.

2.3.1 THE COMMITTEE WAS FURTHER INFORMED THAT;

33. The National Treasury ignored the recommendation of the parliamentary Budget Committee and reduced its allocations by Kshs. 1,340 Millions leaving the NLC with no funds to implement its key flagship project of establishing the 47 County Land Management Boards (CLMB's).
34. The County Land Management Boards (CLMB's) will cost Kshs. 1.6 Billions to implement during the 2014/15 FY.
35. The NLC inherited from the Ministry of Lands, Housing and Urban Development approximately 7,000 ongoing Court cases which have since increased to 9,000 Court Cases; they noted that Section 5 (1)(F) of the NLC Act mandates the Commission to establish alternative Dispute Resolution Mechanism Methods; this requires Kshs. 365 Million to settle the 9,000 Court cases by engaging external advocates in support of the resolution of

the cases.

36. In view of the forgoing the NLC in requesting for more funding to perform its Constitutional Mandates especially those transferred to it from the MOLHUD; funds for such functions should be systematically transferred to the Commission to enable it undertake the prioritized programmes in the course of 2014/15 FY and such include:
37. **Adjudication and Settlement Services as per Section 134 and 136 of the Lands Act 2012;** the function has in the MOLHUD's Recurrent Expenditure Budget allocated Kshs. 397 Millions.
38. **Land Information Management System (NLIMS)** entire allocation of Kshs. 528 Million under the Recurrent Budget (Computerization of the Land Paper Records in Land Registers) and Kshs. 808 Million under the programmed Budget should be transferred fully to the NLC.
39. **Land Use Programme and some budget as per Section 5(1)(h) of the NLC Act 2012** be transferred.
40. NLC should be considered as a stakeholder in the **implementation of the Land policy** especially in the initial stages of recommending an appropriate Land policy for the Country therefore should be allocated Kshs. 20 Million for the function.
41. That the National land Commission requires approximately Kshs. 4, 471 Millions in the 2014/15 FY to enable the Commission perform its Functions effectively.

2.4 THE MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

42. The Cabinet Secretary for Lands, Housing and Urban Development appeared before the Committee and she presented the estimates of the Ministry and informed the Committee as follows:

2.4.1 MANDATE

43. The Ministry was charged with the mandate of providing the policy direction and coordination of all matters related to Land, Housing and

Urban Development as directed by the Executive Order No. 2/2013 of May 2013. She noted that though not captured in the Executive Order the following functions have been transferred to the Ministry and they include:

- a) Market Development Department
- b) Nairobi Metropolitan Development and Urban Development
- c) Slum Upgrading and Informal Settlement upgrading

44. The Cabinet Secretary further stated that the Executive Order recognizes the following Institutions under /or with the Ministry:

- a) National Housing Corporation (National Housing Corporation Act No. 2 of 1990)
- b) National Construction Authority (National Construction Authority Act, 2011)
- c) Kenya Building Research Centre
- d) Settlement Fund Trustees

2.4.2 Total Net Budgetary Request from the Exchequer

45. That in the 2014/15 FY the Ministry requested Approximately 58, 431 Millions to implement its programmes but was allocated Kshs. 19, 641, 791,087.
46. That out of the amount allocated 21% will cater for recurrent expenditure whereas the rest (79%) was meant for the Development.
47. That of the recurrent approximately 65% will be utilized for personnel emoluments, and 35% shall be used to finance operations and maintenance.
48. That of the Development vote 75% is GOK funded and the remainder is donor funded.
49. On the Comparison of Allocations of the previous five year it was noted that the funding of the Ministry had declined steadily because most of the functions were devolved to the County government inline with the New Constitution.

50. The Cabinet Secretary gave an over view of mandate of the Ministry and highlighted the achievements made in the Financial year 2013/2014 as follows:
1. A total of 284,135 title deeds issued with 281,411 others awaiting collection
 2. Establishment of the National Bulk Titling Centre at the Survey of Kenya Ruaraka
 3. Preparation of the National Spatial Plan were at 75% complete
 4. 387 out of 595 units of West Park Police Housing Project completed
 5. Kenya Municipal Programme was at 40% complete
 6. Development of 183 markets, spread all over the country, completed,
 7. 100 cameras installed in Nairobi under the Integrated Urban Surveillance system
 8. Under the Slum Upgrading Programme, 17 out of 21 blocks comprising 744 out of 812 housing units under construction, with roofing and other finishes on-going. The project was 80% complete.
 9. Award of tenders for the following programmes already completed:
 - a) Ruiru sewage works at Kshs. 2.5billion
 - b) Nakuru, Mombasa, Eldoret Sewerage works, non-motorized transport and street lighting in the informal settlements (already launched)
51. The Committee directed that additional information be provided to it indicating the concurrence of counties for the Ministry to complete the Kenya Municipal Programme as well as the construction of markets countrywide.

2.4.3 Ministry's Absorption Capacity

52. The Cabinet Secretary informed the Committee that absorption rate for Government funded capital projects was 90.2% while that of donor funded capital projects was 33%. The low absorption rate was attributed to slow disbursement of donor revenue

2.4.4 Projects Left Out In the 2014/2015 FY

53. The Cabinet Secretary informed the Committee that the current allocation of Kshs21, 716,471,937, was only about 35% of the total amount requested and was inadequate to cater for all programmes and projects in the sector. She further highlighted the following projects, among others, which were partially funded:
- a) Stalled Projects – out of a request for Kshs. 5.9 billion, only Kshs. 1.2 billion was allocated;
 - b) Economic Stimulus Programme – out of Kshs. 1.2 billion requested, only 90million was provided;
 - c) Pending Bills – Out of Kshs1.4billion requested, only Kshs. 290.5 million was provided;
 - d) Loans to Civil Servants – Only Kshs. 200 million was allocated out of the Kshs600million requested;
 - e) Construction of Sirisia Social Hall, Olenguruone and Narok Stadia – Out of the Kshs. 683.3 million requested, only Kshs. 380 million has been allocated;
 - f) Kshs. 800 million has been allocated for digital mapping for 16 urban towns and resort cities.
54. The Cabinet Secretary further highlighted projects/programmes which were not funded and which entailed works in counties. The Committee was also informed that many counties were reluctant to take over the projects. The Committee noted the lack of clear policy guidelines on whether the projects ought to be transferred to the counties on completion or whether allocations had been made to the counties for their completion.
55. The Committee was also informed that Kshs. 36 million was allocated for devolution support services and which amount was transferred directly to the counties.

2.4.5 Allocation of Funds Per Programme

56. The Cabinet Secretary provided details on the six programmes funded for 2014/15 – 2016/17 MTEF period where the Land Policy Planning and Housing Development and Human Settlement were allocated Kshs. 5, 706,648,744 and Kshs. 4, 993,117,489, respectively. The Committee

noted that the two programmes overlapped with the functions of the National Land Commission.

3. Committee Observation

The Committee made the following observations

1. That the Committee noted that the National Lands Commission were indeed underfunded and could not perform its functions considering the resources allocated to it.
2. That the overall Ministry's and the National Lands Commission's budget has deviated from the resolutions of the National Assembly with the Ministry getting Kshs. 6 Billion More whereas the Commission receiving Kshs. 1,342 Billion Less.
3. That the National Land Commission should be adequately funded for it to be operational and execute its constitutional Mandate.
4. The Ministry of Lands, Housing and Urban Development has been allocated Ksh 21.7 billion which includes Ksh 4.1 billion for recurrent and Ksh 17.6 billion for development. **This is over and above the House Resolutions of the ceiling for the Ministry by Kshs. 6 billion. However, it is relatively similar to the allocation in 2013/14.**
5. The National Land Commission has been allocated Ksh 652 million of which Ksh 534 million will be for recurrent and Ksh 118 million for development. **This allocation falls way below the recommendations by the National Assembly. The House resolved that the NLC be allocated at least Kshs. 2 billion.**
6. The NLC inherited from the Ministry of Lands, Housing and Urban Development approximately 7,000 ongoing Court cases which have since increased to 9,000 Court Cases; they noted that Section 5 (1)(F) of the NLC Act mandates the Commission to establish alternative Dispute Resolution Mechanism Methods; this requires Kshs. 365 Million to settle the 9,000 Court cases by engaging external advocates in support of the resolution of the cases.
7. Members raised concern over the allocation of Kshs.10 million to temporary staff. The Cabinet Secretary clarified that the expenditure arose out of the need to expedite the issuance of titles as the small number of staff at the Ministry could not handle the exercise. She further informed the Committee that 200 university students had been hired to work in two shifts round the clock to clean up the registries and assist in digitization of records.
8. That the titling function is the role of the Ministry of Lands,
9. That the development of the National Land Information Management System should be conducted by the two spending Agency.

4. Recommendation

The Committee Recommends as follows;

- That a of total 1.246 Billion be reallocated from the Ministry of Lands to the National Lands Commission from the following two programmes; The Land Policy and Planning and General Administration Planning and Support Services. The sub-programmes to be affected are the following;

1. Land Policy and Planning

Kshs. 743 million for the National Bulk Tilting Centre under the Land Survey sub programme will be reallocated to the NLC for the following functions: Kshs. 260 M for County Land Management Boards, Kshs. 365 million for setting up alternative dispute resolution Mechanism and Kshs. 118 million for adjudication of Land, Ksh 27 million for Land Policy Formulation under the development planning and land reforms sub programme be reallocated to the NLC for land policy, Ksh 424 million for National Land Information System under the Land Information Management be reallocated to the NLC for NLIMS because it is a shared function

2. Administration Planning and Support Services

Ksh 52 million be reallocated to the NLC for administration

LIST OF APPENDIXES

1. Appendix 1; Brief from the Budget office.
2. Appendix 2: Brief from the Ministry of Lands, Housing and Urban Development
3. Appendix 3: Brief from the National Lands Commission
4. Minutes



PARLIAMENTARY BUDGET OFFICE
Parliament of the Republic of Kenya

**Brief on the 2014/15 National Budget to the Committee on
 Lands**

1. Preamble

The Kenyan Parliament has made significant strides in exercising budgetary oversight over the last five years, due to extensive reforms in the management of public finance. The Constitution and the Public Finance Management Act (section 38 and 39) give Parliament the mandate to review the budget estimates and make recommendations before the budget is approved.

Section 39(3) of the Public Finance Management Act empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere.

This brief presents an analysis of the 2014/15 budget proposals for the following two MDAs for which the Committee has a mandate to oversight:

- i. Ministry of Lands Housing and Urban Development
- ii. National Land Commission

2. The Overall Expenditure

The proposed 2014/15 Budget (including the share to county governments) that was submitted to the Assembly amounts to Ksh 1,765 billion. This is a 4% increase from 2013/14 revised budget of Ksh 1,695 billion.

Table 1: Summary of the Overall Expenditure (Ksh billions)

	2013/14	2014/15
Ministerial Recurrent	670.6	689.1
Ministerial Development	450.0	487.0
CFS	364.3	362.5
County Transfers	210.0	226.7
Total	1,695.0	1,765.2

*Tabled to the
 Committee 19/5/14*

The budgeting for 2013/14 and 2014/15 has shifted from the traditional itemised approach to the programme based approach in line with the constitution. This implies that each entity should develop programmes that focus on outputs. The outputs and performance targets should be Specific, Measurable, Achievable, Realistic and Time-bound (SMART). These outputs will form the basis for oversight of allocated resources, performance review of the spending agencies and future allocation of resources to the entity.

3. Linking Budget Priorities to the National Development Agenda

Ministry of Lands, Housing and Urban Development

The ministry is mandated to manage land resources in the country, facilitate access to adequate housing, maintenance of quality government buildings, construction of public works and development of sustainable infrastructure and policies in urban areas.

The mandate of the Ministry is linked to the Land Reforms in the Vision 2030. The goal of the country under the Second MTP is to ensure secure access to land, sustainable land use planning and equitable distribution of land to ensure food security and improve the socio-economic development of the country. The Second MTP proposes the following flagship projects and reforms:

- i. Development of the National Land Information Management
- ii. Development of a National Land Title Register.
- iii. Modernisation of Land Registries
- iv. Development of National Spatial Plan
- v. Developing a framework for preparation of County Spatial Plans.
- vi. Development of the Kenya National Spatial Data Infrastructure
- vii. Land Adjudication and Tilting of community land
- viii. Legal Reforms – enactment of survey act, community land bill, spatial planning bill, eviction and resettlement bill.
- ix. Operationalization of the National Land Commission and County Land Management Boards

The following are the priority projects have been proposed for implementation by the Ministry in its 2014/2015 budget:

- i. Issue more title deeds
- ii. Development and toll out of the National Land Information Management System

- iii. Establishment of a digital linkage with the Kenya National Spatial Data Infrastructure

National Land Commission

The NLC is mandated to facilitate sustainable land use and management, ensure equitable access to land, undertake comprehensive land registration and management of land disputes.

The Vision 2030 proposes to undertake Land Reforms which included the establishment and of the National Land Commission and opening up of County Land Management Boards. The NLC has been established but the County Land Management Boards have not been set up.

The following are the priority projects have been proposed for implementation by the NLC in its 2014/2015 budget: *land adjudication*

- i. Unregistered public land
- ii. Development and implementation of the National Land Information System
- iii. Development of the Land use policy

4. Detailed Budget Analysis

The Ministry of Lands, Housing and Urban Development has been allocated Ksh 21.7 billion which includes Ksh 4.1 billion for recurrent and Ksh 17.6 billion for development. This is over and above the House Resolutions of the ceiling for the Ministry by Ksh 6 billion. However, it is relatively similar to the allocation in 2013/14.

The National Land Commission has been allocated Ksh 652 million of which Ksh 534 million will be for recurrent and Ksh 118 million for development. This allocation falls way below the recommendations by the National Assembly. The House resolved that the NLC be allocated Ksh 2 billion.

In summary, the overall Ministry's budget has deviated from the resolutions of the National Assembly. The table 2 below presents a comparison of the budget estimates for the two MDAs to the House Resolutions and the BPS Ceilings.

16.4 - bargain - 19. →

Table 2: Comparison of Printed Estimates and House resolutions (Ksh millions)

Ministry	2013/14	2014/15		Deviation from House Resolutions
	Revised Estimates	House resolution	Printed Estimates	
Ministry of Lands Housing and Urban Development	22,612	15,569	21,716	6,147
o/w recurrent development	4,006	8,634	4,140	(4,494)
National Land Commission	18,606	9,100	17,576	8,476
o/w recurrent development	606	1,992	652	(1,340)
	606	1,092	534	(558)
		900	118	(782)

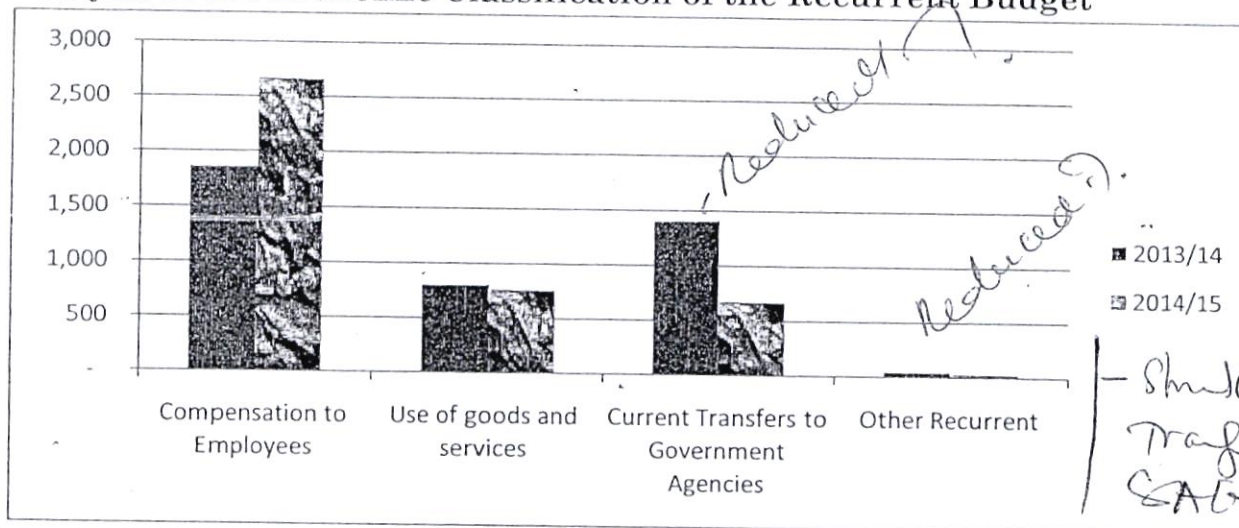
House Resolutions
on the ground

Analysis by Economic Classification

Ministry of Lands, Housing and Urban Development

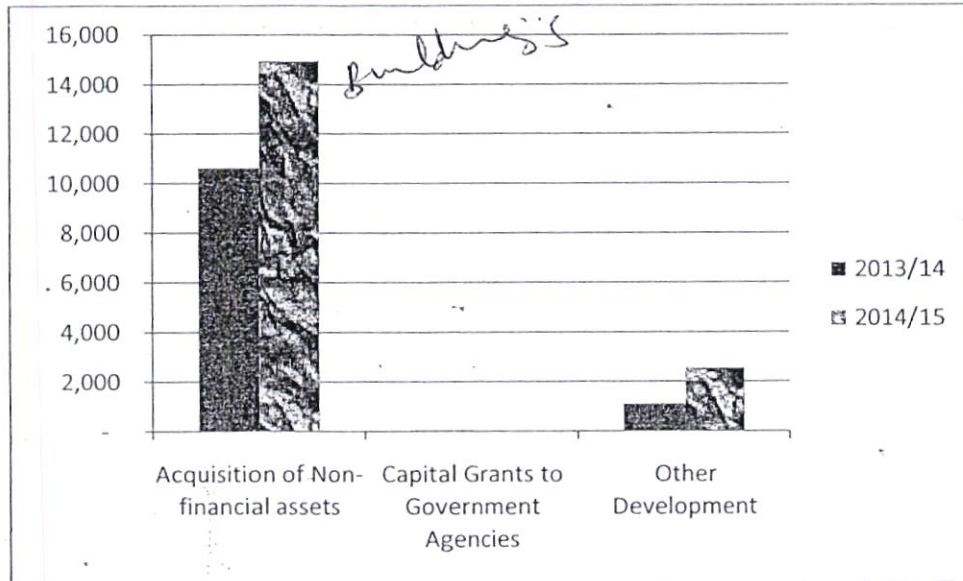
Out of the Ksh 4.1 billion proposed for the recurrent budget of the Ministry, 64% of it will be used for compensation to employees while 19% for use of goods and services. 16% of it will be used by SAGAs.

Analysis of the Economic Classification of the Recurrent Budget



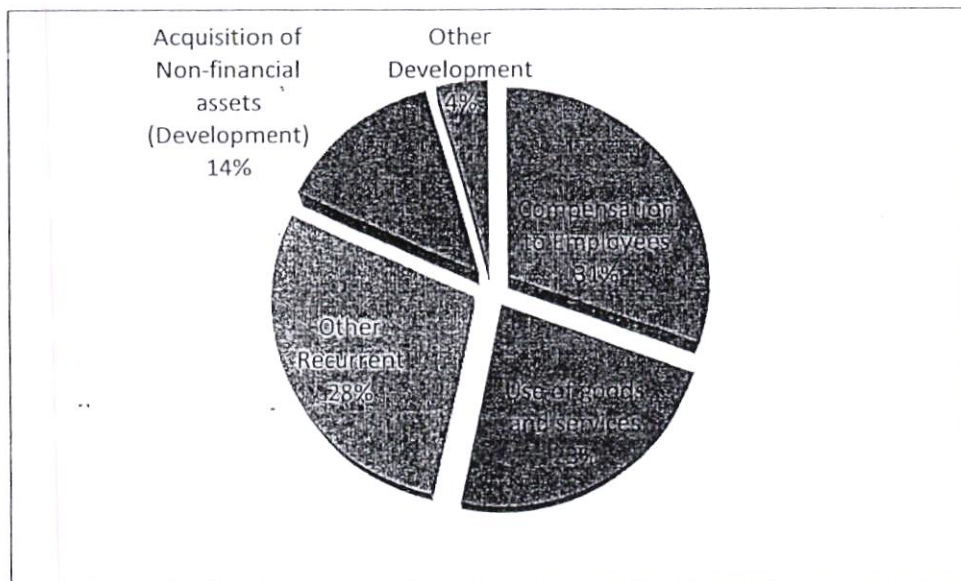
85% of the Ksh 17.6 billion for development expenditure by the Ministry will be used for acquisition of non-financial assets. Other developments will take about 15% while grants to SAGAs will amount to less than 1%.

Analysis of the Economic Classification of the Development Budget



National Land Commission

The NLC has been allocated Ksh 652 million. The funds are evenly distributed across all broad economic classifications.



Review of Programmes

Ministry of Lands, Housing and Urban Development

The Ministry proposes to undertake 6 programmes in the 2014/15 fiscal year compared to 9 programmes it was undertaking in 2013/14. A comparison of the two subsequent budgets indicate that although some of the programmes for 2013/14 have been merged, one programme 'devolution support services' cannot be traced in the 2014/15 budget. An analysis of the programme allocations and performance targets is presented in Annex 1.

The following are some of the salient issues identified:

- i. The budget allocation for the ministry is significantly different from the ceilings proposed by the National Assembly. Its allocations should be revised to conform to the resolutions of the House.
- ii. The formulation of the programme based budget by the National Government is quite weak. This might lead to huge difficulty for the National Assembly to undertake its budget oversight role.
- iii. The 'Devolution Support Services' programme was introduced in the supplementary budget for 2013/14 and allocated Ksh 3.5 billion. However, the supplementary budget did not indicate the outputs for the programme. There is need for the Ministry to indicate how these funds were utilized.
- iv. There is evident duplication of functions between the Ministry of Lands, Housing and Urban Development and the National Land Commission. Both of them target to issue title deeds, the ministry aims at issuing 750,000 while the NLC plans to issue 1.8 million. They both also plan to automate land information through development and implementation of the National Land Information System.
- v. The performance targets for the Ministry for 2013/14 seem not to have been fully attained. The Ministry had indicated that it would complete 80% of the National Land Information System yet in the current financial year, it proposed to complete only 20% indicating that it requested for funds for the project last year yet it has not delivered.
- vi. The Ministry may be implementing a number of projects that are county functions and county governments may be duplicating them. Clarifications should be sought on the outputs of the 'urban and metropolitan development'

programme, the 'housing development and human settlement' programme, and the 'coastline infrastructure and pedestrian' programme.

The National Land Commission

The NLC proposes to implement one programme in 2014/15 fiscal year similar to the one proposed in the 2013/14 budget. The NLC was setup in 2013/14 and given its own vote during the supplementary budget for 2013/14. An analysis of the programme allocations and performance targets is presented in Annex 2.

The following are some of the salient issues identified from the budget proposals:

- i. The budget allocation for NLC is significantly different from the ceilings proposed by the National Assembly. Its allocations should be revised to conform to the resolutions of the House. The National Assembly had proposed Ksh 2 billion to be allocated to the Commission.
- ii. The NLC is supposed to establish County Land Management Boards. However, this seems not to have been factored in their outputs. This being a key flagship project of the Vision 2030, the NLC should allocate funds in its budget for this exercise.
- iii. There is evident duplication of functions between the Ministry of Lands, Housing and Urban Development and the National Land Commission. Both of them target to issue title deeds, the ministry aims at issuing 750,000 while the NLC plans to issue 1.8 million. They both also plan to automate land information through development and implementation of the National Land Information System.

Policy Options

- i. The budget allocation for the two spending agencies should be revised to conform to the House Resolutions.
- ii. The Committee should further seek clarification on the progress of outputs for 2013/14 budget in order to make informed decision on the sufficiency of the funds allocated in 2014/15. Specifically, the Ministry should indicate the outputs of the Ksh 3.5 billion it was allocated in 2013/14 for 'devolution support services' and the National Land Information System

- iii. The NLC should allocate funds for the establishment of the County Land Management Boards.
- iv. The outputs for the NLC and the 'Computerization of Land Paper Records in Land Registries' unit of the Ministry of Land Housing and Urban Development are quite similar. The National Land Information System is quite crucial to the country and its completion is necessary for our economic growth. The Ministry of Lands had been allocated funds to implement the project to 80% completion in 2013/14 but it seems this hasn't been done since it is requesting for additional funds to complete only 20% of the project in 2014/15. The funds should be allocated to a body that will ensure this project is hastened and completed in record time.
- v. The ministry should clarify on the projects it is proposing to undertake and are similar to the functions of the county governments to ensure no duplication of functions by both levels of government.

Annex 1: Analysis of programmes for the Ministry of Lands, Housing and Urban Development

Programme 1: Land Policy and Planning			
Objective: To ensure efficient and effective administration and management of land resources			
2013/14 Revised Estimates	Performance Target	2014/15 Printed Estimates	Performance Target
2,769	<ul style="list-style-type: none"> • 4 land legislations enacted • Ksh 23.4 billion AiA collected • 320,000 titles issued • 80% of the National Land Information System Developed • 12 land registries constructed • 100% completion of Kenya National Spatial Data Infrastructure Centre • 80% of National Cadastral and Geo-referencing centre constructed 	5,707	<ul style="list-style-type: none"> • 3 land legislation enacted • Ksh 14 billion AiA collected • 750,000 title deeds issued • 600,000 title deeds migrated to county land registers • 20% of National Land Information Management System • 40% land records digitized • 4,500 deed plans prepared • 40 National Spatial plans prepared
Programme 2: Government Buildings			
Objective: To develop and maintain cost effective government buildings and other public works			
2013/14 Revised Estimates	Performance Target	2014/15 Printed Estimates	Performance Target
2,243	<ul style="list-style-type: none"> • 8 stalled projects completed • 35 county works offices competed • 5 sub-county headquarters completed • 20 buildings made accessible for people with disability 	1,758	<ul style="list-style-type: none"> • 5 government stall buildings completed • 25 district headquarters completed
Programme 3: Coastline Infrastructure and Pedestrian Access			
Objective: To protect land and property from sea wave action, flooding and erosion and enhance accessibility between human settlements in and out of water			
2013/14 Revised Estimates	Performance Target	2014/15 Printed Estimates	Performance Target
121	<ul style="list-style-type: none"> • 2 jetties completed • 5 footbridges completed 	347	<ul style="list-style-type: none"> • 1 jetty constructed • 1,450M seawall constructed

	• 1,300M constructed	seawall		• 40 footbridges constructed
Programme 4: Urban and Metropolitan Development				
Objective: To improve infrastructure development, connectivity and accessibility, safety and security within Urban Areas and Metropolitan Regions				
2013/14 Revised Estimates	Performance Target		2014/15 Printed Estimates	Performance Target
6,827			8,313	<ul style="list-style-type: none"> • 15km bitumen roads constructed • 8 bus parks constructed • 400 street lights installed • 4 fire stations constructed • 9,000 CCTV cameras installed • Kenya Municipal programme implemented in 15 areas • 3 dumpsites developed • 100 ESP flagship stalled markets completed • 10 jua-kali markets constructed
Programme 5: General Administration, Planning and Support Services				
Objective: To provide efficient and effective support services for delivery of ministry's programmes				
2013/14 Revised Estimates	Performance Target		2014/15 Printed Estimates	Performance Target
939	• Level of employee satisfaction		599	• Provision of financial, procurement and support services to the Ministry
Programme 6: Housing Development and Human Settlement				
Objective: To facilitate the production of decent and affordable housing as well as enhanced estates management services and tenancy relations				
2013/14 Revised Estimates	Performance Target		2014/15 Printed Estimates	Performance Target
6,086	<ul style="list-style-type: none"> • 400 housing units completed in Kibera Soweto Zone A • Ksh 15M mobilized from housing cooperatives • 100 acres of trunk land opened • 70KM Access roads constructed 		4,993	<ul style="list-style-type: none"> • 65% completion of Kibera Soweto Zone A • 55% completion of Mavoko Sustainable Neighbourhood project • 70% completion of Mukhawieli Primary School Project • 100 households connected with piped water in 14 counties • 75km access roads constructed in 14 counties • 80 highmast lights constructed in 14 counties

			<ul style="list-style-type: none"> • 40% completion of housing units in Kisumu, Nyeri, Mombasa, Nairobi • Ksh 400 million for civil servants home ownership loans disbursed • Refurbishment of 1,800 government houses
--	--	--	---

Annex 2: Analysis of programmes for the National Land Commission

Programme 6: Land Administration and Development				
Objective: To facilitate access and use of land for socio-economic and environmental sustainability				
Programme	2013/14 Allocation (Ksh Mlns)	Actual Performance 2013/14	2014/15 Budget Proposal (Ksh. mlns)	Key Performance Target 2014/15
	606	<ul style="list-style-type: none"> • Land use regulations for land planning • Identified grabbed land • Issued 600,000 title deeds in Mombasa • Recalled all leases for assessment • Setting up of offices 	652	<ul style="list-style-type: none"> • 1.8 million title deeds issued • 20% automation of land information

Appendix 2

CS
URGENT.

REPUBLIC OF KENYA



MINISTRY OF LANDS, HOUSING AND URBAN DEVELOPMENT

PRESENTATION OF 2014/15 FINANCIAL YEAR PRINTED ESTIMATES TO THE
DEPARTMENTAL COMMITTEE (K) ON LANDS

PRESENTED BY:

HON. CHARITY NGILU, EGH

CABINET SECRETARY, MINISTRY OF LAND, HOUSING AND URBAN
DEVELOPMENT

WEDNESDAY 15TH MAY, 2014

Filed to the
Committee 15/5/14

Contents

- 1.0 Introduction3
- 2.0 Total Net Budgetary Request from Exchequer.....5
- 3.0 Actual Performance for the FY 2013/2014 as at April, 2014.....6
- 4.0 Itemized and sub-itemized budget for FY 2014/201517
- 5.0 Comparison of the Previous Years’ Allocations.....17
- 6.0 Ministry’s Absorption Capacity over the last Four Years.....17
- 7.0 Areas/Projects Left Out of the Financial Year 2014/15 Estimates.....18
 - 7.1. *Partially Funded Projects*18
 - 7.2 Programmes/Projects not funded19
- 9.0 Proposed Allocation vis-a-vis Achievements of the Ministry’s Strategic Plan20
- 9.0 State Corporations21
 - 9.1 National Construction Authority (NCA)21
 - 9.2 National Housing Corporation.....21

1.0 Introduction

Mandate and Structure of the Ministry

The Ministry is mandated to provide policy direction and coordinate all matters related to land, housing and urban development. In discharging its functions, the Ministry is guided by detailed mandate through Executive Order No. 2/2013 of May 2013 notably:

Directorates as follows:

Land Directorate functions are;

- Land Policy Management
- Physical Planning
- Land Transactions
- Settlement Matters
- Rural Settlement Planning i.e. Eco-Village
- Land Reclamation
- National Spatial Data Infrastructure
- Land Registration
- Land and Property Valuation Services
- Administration of Public Land as Designated by the Constitution
- Land Information System

Housing Directorate functions are;

- Housing Policy Management
- Development and Promotion of Affordable Housing Policy
- Public Office Accommodation Lease Management
- Management of Building and Construction Standards and Codes
- National Secretariat for Human Settlement
- Management of Housing for Civil Servants and Disciplined Forces
- Management of Civil Servants Housing Scheme
- Development and Management of Government Housing

Public Works Directorate functions are;

- Public Works Policy and Planning
- Development and Management of Public Buildings
- Public Works Planning
- Maintenance of Inventory of Government Property
- Overseeing the Provision of Mechanical and Electrical(Buildings)Services to Public Buildings
- Supplies Branch and Co-Ordination of Procurement of Common User Items by the Government Ministries
- Registration of Contractors and Materials Suppliers
- Registration of Civil, Building and Electro-Mechanical Contractors
- Registration of Architects and Quantity Surveyors
- Other Public Works

However, the following functions are not captured in the Executive Order but have been transferred to the Ministry:

- **Market Development department;**
- **Nairobi Metropolitan Development and Urban Development;**
- **Slums Upgrading and Informal Settlement upgrading.**

The executive order further recognizes the following institutions under/or with the Ministry:

- National Housing Corporation (National Housing Corporation Act No.2 Of 1990),
- National Construction Authority (National Construction Authority Act, 2011),
- Kenya Building Research Center
- Settlement Fund Trustees
- National Land Commission (Article 67(1) of the Constitution of Kenya,2010 and National Land Commission Act, 2012)

Vision

‘To be a globally competitive organization in sustainable management of land and the built environment’.

Mission

'To facilitate efficient land administration and management, access to adequate and affordable housing, social and physical infrastructure for national development'.

Core Values

In its endeavor to execute its Mandate, the Ministry will be guided by the following Core Values/Principles:-

- Team spirit
- Prompt customer responsiveness
- Integrity – honesty, accountability and transparency
- Patriotism
- Consultative
- Professionalism
- Gender equity and equality

Strategic Objectives

- i. To formulate and coordinate implementation of policies and legal framework for sustainable land, housing and urban development.
- ii. To ensure efficient and effective administration and management of land resource.
- iii. To facilitate access to adequate housing.
- iv. To improve livelihoods of people living and working in slums and informal settlements.
- v. To develop and maintain cost effective public buildings and other public works.
- vi. To develop and coordinate implementation of integrated strategic urban development and capital investment plans.
- vii. To ensure efficiency in the procurement of common user items for government institutions.

To support its mandate, the Ministry was allocated **Ksh. 17.4 Billion** in the financial Year 2013/14.

2.0 Total Net Budgetary Request from Exchequer

In the Financial Year 2014/15, the Ministry has requested for Kshs. **58,431,000,000** to implement its programmes and projects as indicated in the Agriculture and Rural Development Sector Report. However, only **Kshs. 19,641,791,087** was provided. This implies that the Ministry will only receive thirty four percent (34%) of the required funds to implement its activities.

Out of the Kshs.19, 641,791,087, Kshs. 4,093,846,962 (21%) is for recurrent expenditure while Kshs. 15,547,944,125 (79%) is for development. In the recurrent vote 65% (Ksh. 2,665,723,132)

shall be utilized for personnel emoluments, leaving only 35% (Kshs.1, 428,123,830) to finance operations and maintenance. Out of the Development Vote Kshs.10, 957,000,000 is funding from GOK and Kshs. 4,590,944,125 is Donor Revenue.

3.0 Actual Performance for the FY 2013/2014 as at April, 2014

The following is a summary of the achievements of the Ministry in the FY 2013/14.

1. 284,135 title deeds have been issued and 281,411 are pending in land registries awaiting collection;
2. National Bulk Titling centre is established at Survey of Kenya at Ruaraka.
3. Preparation of National Spatial Plan is at 75% complete;
4. 387 out of the 595 units of West Park Police housing project Completed.
5. Kenya Municipal Programme is at 40% complete
6. Development of 183 markets completed. These markets are spread all over the country
7. 100 cameras installed under integrated urban surveillance system (CCTV) in Nairobi CBD.
8. Under Slum Upgrading Programme, 17 out of 21 blocks comprising of 744 out of 812 housing units are under construction with roofing and other finishes on-going. The project is 80% complete
9. The Ministry awarded the following projects in;
 - I. Ruiru sewerage works in October 2013 at a cost of Ksh. 2.5 Billion
 - II. Nakuru, Mombasa, Eldoret sewerage works, none motorized transport and street lighting in the informal settlements at tendering stage.

Table 1: Details of the achievements in the Ministry projects/Programmes are as tabulated below;

Flagship Projects/Outcome targets		Performance Target 2013/2014	Achievement 2013/2014	Remarks
Lands Directorate				
1.	National Land Information Management System (NLIMS)	<ul style="list-style-type: none"> Design and develop the integrated GIS based NLIMS Upscale safeguarding and digitization of land paper records 	<ul style="list-style-type: none"> National bulk titling established at Ruaraka Land records digitization centre set-up in Mombasa 	Inadequate funding for the programme has hampered the development of NLIMS
2.	National Land Title Register/ Increased access and security of tenure	Finalize registration and issue 540,000 titles	284,135 title deeds were issued 24,851 plots geo-referenced	<ul style="list-style-type: none"> There was Delay in disbursement of funds to the field stations by county governments. 281,411 titles are ready for collection countrywide Conversion of existing land under various land registration statues to the land registration Act 2012 will be done once preparation of subsidiary legislation is finalized

3.	National Spatial Plan	Complete the Draft National Spatial Plan.	Draft National spatial plan in place	Preparation of National Spatial Plan is at 75% complete
4.	County Spatial Plans	<ul style="list-style-type: none"> • Developing a framework for the preparation of 47 county spatial and urban development plans • Reviewing and finalizing physical planning manuals, guidelines and standards 	<ul style="list-style-type: none"> • Draft manuals, guidelines and standards developed • Capacity building in county governments on Integrated Development Plan done • manuals, guidelines and standards finalized and submitted to Transitional Authority 	
5.	Kenya National Spatial Data Infrastructure (KNSDI)	<ul style="list-style-type: none"> • Acquisition of satellite imagery for the whole country and aerial photography for urban areas (Standardized spatial data infrastructure) • Construction and equipping of 7 geodetic reference point • Map digitization software (creation of cadastral databases accounting to 10% of the Country's geospatial data) 	<ul style="list-style-type: none"> • Acquisition of satellite imagery at tendering stage • Constructed 7 (seven) Geodetic reference point (pillars) in Kwale, Wundanyi, Bondo and Koibatek 	The project Involves construction of the KNSDI Centre which is at 95% complete and Acquisition of satellite imagery for the whole country and aerial photography for urban areas (Standardized spatial data infrastructure), Construction and equipping of 7 geodetic reference point- and Map digitization software (creation of cadastral databases
6.	Land Adjudication and Titling Programme	<ul style="list-style-type: none"> • Finalization and operationalization of Community Land Bill • Finalization of 254,000 land and 	<ul style="list-style-type: none"> • 168,606 parcels have been finalized • Draft Community Land Bill finalized 	The finalization of adjudication and survey work has been hampered by delay in the release

		adjudication parcels for registration	<ul style="list-style-type: none"> • Titling Centre at 30% completion level 	<p>of Ksh. 85 Million that had been approved by the cabinet for the Coast region titling project.</p> <p>Delay in disbursement of funds to the field stations by county governments has slowed field operations</p>
Housing				
7.	Installation of physical and social infrastructure in slums and informal settlements in selected urban areas	<p>a) Construction of physical and social infrastructure in Kibera Soweto East village Zone A.</p> <ul style="list-style-type: none"> • Construction of 812 housing units • Construction of youth vocational community centre, Jua Kali sheds and market centres, nursery school, garbage collection points emphasizing on green water harvesting, solar power for lighting and hot water (green economy). <p>b) Slum upgrading projects in Eldoret, Mombasa and Nakuru</p>	<ul style="list-style-type: none"> • 17 out of 21 blocks comprising of 744 out of 812 housing units are under construction with roofing and other finishes on-going. • The project is 80% complete 	<p>There has been delay in the construction of market stalls due to semi-permanent structure occupying part of the site of which security has been sought from the Nairobi County government to assist in the clearance of the site. 4 No. Residential Block (72 units) have also not started due to a private school occupying the location. Mitigation measures have been put in place.</p>

8.	Implementation of Kenya Informal Settlement Improvement Programme (KISIP) in Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Malindi, Naivasha, Kitui, Machakos, Thika, Nyeri, Garissa, Kericho, Kakamega and Embu	<ul style="list-style-type: none"> • Construction of access roads and footpaths • Installation of floodlighting masts • Installation of sewerage and storm water drainage systems • Construction of sanitation facilities (Ablution block) 	Construction of infrastructure works in Nakuru, Mombasa and Eldoret has been commissioned.	Lack of counter-part funding to facilitate absorption of donor funds
9.	Facilitation of production of 200,000 housing units annually through various initiatives	<ul style="list-style-type: none"> • Spearhead delivery of 120,000 housing units in collaboration with private sector and initiate construction of housing units through partnerships. • Develop 6,200 social housing units in old government estates. • Installation of housing infrastructure to open up new land for housing development 	<ul style="list-style-type: none"> • Locations of development for delivery of 120,000 housing units have been identified, • locations for development of the 6,200 social housing have been identified and ring- fenced (Starehe, Park Road and Shauri Moyo) • 55 Kms of access roads constructed across the country 3Km of sewer line installed 	

		<ul style="list-style-type: none"> Design and construction of Mavoko regional (Appropriate Building Technologies) ABT centre Phase II 	5% of Centre completed	
Public Works				
10.	Improvement of Living and Working Conditions in Government Buildings	<ul style="list-style-type: none"> Completion of West Park housing, Kenya Institute of Business Training, Kericho Ardhi House and Voi PTTC. under the stalled Government Buildings Programme 	<ul style="list-style-type: none"> 387 out of the 595 units of West Park housing project Completed. KIBT is at 85% complete Mitihani House is 60% complete 	<ul style="list-style-type: none"> Out of the 225 stalled government building projects identified in the FY 2005/06, 171 have since been completed. 19 projects have been completed but not handed over due to non payment to contractors 17 projects ongoing Funds for construction of Mitihani house were transferred to Ministry of Education in the Supplementary estimates
11.	Development and Maintenance of Coastline Infrastructure and Inland Water Transport	This entailed the construction and maintenance of jetties and seawalls along the coastline and inland river protection works and pedestrian access	-	<p>Funds for these projects were devolved to the counties thereby incapacitating the ministry to undertake these functions.</p> <p>The Ministry has pending bills amounting to Ksh. 1.2 Billion</p>

12.	Regulation and Development of the Construction Industry in Kenya	build capacity for construction industry; regulate and register contractors for improved performance in the construction industry	<ul style="list-style-type: none"> • 20,000 contractors registered • the accreditation of construction workers-site supervisors and construction site workers ongoing • Identified research and training institutions for collaboration in capacity building 	The programme is undertaken by the National Construction Authority (NCA)
Urban Development				
13.	Preparation of Integrated Development Plans for designated urban areas as defined in the Urban Areas and Cities Act 2011	<ul style="list-style-type: none"> • Preparation of Strategic Urban Development Plans for Busia, Bomet, Kisii, Maralal, Mariakani, Meru and Lodwar. • Preparation of Regional Strategic Urban Development Plans for Wajir, Muranga, Lamu, Marakwet, Vihiga and Masaku; Narok, Nanyuki and Siaya. • Digital Mapping and Preparation of Strategic Urban Development Plans for Kakamega, Malindi, Nyeri, Eldoret, Embu, Naivasha, Thika, Kitui, Machakos, Nakuru, Mombasa and Kericho KMP 	<ul style="list-style-type: none"> • Draft digital maps for Wajir, Muranga, Lamu, Marakwet, Vihiga and Masaku; Narok, Nanyuki and Siaya were submitted. 	<ul style="list-style-type: none"> • Other Plans not undertaken due to lack of funds.

		towns		
14.	Construction of Markets	Complete construction of Karatina, Tulia/Kyamatu, Kikima and Litein markets	Construction of Kikima and Litein market completed	Karatina and Tulia/Kyamatu markets stalled due to lack of funds
15.	Kenya Municipal Programme	<p>Rehabilitation of Storm Water Drainage Systems:</p> <p>Storm water improvement works for Mombasa Phase 2</p> <p>Construction of Garissa livestock Market</p> <p>Construction of Kericho dumpsite</p> <p>Eldoret Access roads</p> <p>Eldoret hawkers market</p> <p>High mast floodlighting in Garissa</p> <p>Gulley pot and manhole frames and covers-Nyeri</p>	<p>consultancy services for feasibility studies in 8 KMP towns (Naivasha, Nakuru, Kakamega, Malindi, Embu, Kitui, Machakos and Garissa) awarded</p> <p>75% complete</p> <p>65% complete</p> <p>68% complete</p> <p>100% complete</p> <p>85% complete</p> <p>100% complete</p> <p>100% complete</p>	Eldoret access roads, High flood flooding in Garissa and Gulley pot and manhole frames and covers-Nyeri completed awaiting handing over
16.	Building projects	Construction of Sirisia Social Hall,	Sirisia social hall 65% complete	Projects stalled due to insufficient

		Narok and Olenguruone Stadium	Narok social hall 45% complete Olenguruone stadium 45% complete	funds
17.	Bus park projects	Rehabilitation of bus parks in homabay,Kiango,eldama ravine, gatundu, bungoma,Isebania,Maungu,Ekerenyo	Homabay -75% complete Kiango – 73% complete Eldama Ravine 80% complete Gatundu – 100% complete Isebania – 70% complete Bungoma – 75% complete Maungu – 90% complete Ekerenyo 100% complete	Projects stalled due to lack of funding
18.	Rehabilitation of roads	Muthurwa bus park access roads, Kisii by pass in selected towns	Kisii by pass 30% complete	Project stalled due to lack of funds
19.	Storm water drainage project	Kabarnet, Narok , Mombasa Phase I storm water drainage projects	Kabarnet – 90% Mombasa drainage phase I – 98% Narok drainage – 30%	Narok drainage has stalled due to lack of funding
20.	Construction of Primary schools in poor urban areas in Kisumu and Mombasa	complete six primary schools-four in Kisumu and two in Mombasa at a cost of 800 million	3 primary schools are completed-one in Mombasa and two in Kisumu	
Nairobi Metropolitan Development				
21.	Metropolitan Infrastructure Development	Construct Non-Motorized Transport (NMT) facilities within Nairobi Metropolitan Region. <ul style="list-style-type: none"> • Construction of Ruai – Sewerage – Utawala Road (4.5Km), • Construction of selected Gikomba Roads (4Km). 	<ul style="list-style-type: none"> • 8.5Km NMT facilities in Ruai and Gikomba completed • 12Km. of bitumen roads complete 	103.5 Km of NMT facilities in Kakamega, Nakuru, Thika Mombasa and Eldoret at tendering stage.

		<ul style="list-style-type: none"> • Construct of Bitumen road-Construction of the Ruai – Sewerage – Utawala Road (4.5Km), Gitaru-Ndumbuini Road (2.5Km), Githurai 44-45 road (1.5Km) and selected Gikomba Roads (3.5Km). • Construct non-motorized transport facilities for Kakamega (3.5km), Eldoret (25km), Nakuru (35km), Thika (25km), and Mombasa (15km) 		
22.	<p>Development and implementation of a metropolitan branding and promotion, metropolitan safety and emergency, metropolitan social Infrastructure and quality of life, metropolitan planning and environment management programmes</p>	<ul style="list-style-type: none"> • Construction of Ruiru sewerage and storm water management • Rehabilitation of Storm Water Drainage Systems 	<p>Construction work for Ruiru sewerage commenced on 8th November 2013</p> <ul style="list-style-type: none"> • Procurement of consultancy services for feasibility studies in Naivasha, Nakuru, Kakamega, Malindi, Embu, Kitui, Machakos and Garissa was done. <p>Expression of Interest for procurement of supervision consultancies for construction works received and evaluation on-going</p>	
23.	<p>Enhancement of Safety and security within Nairobi Metropolitan Region</p>		<p>Fire fighting equipment worth 1.5 million Euros were procured through grant by</p>	

			Austrian Government	
24.	Implementation of 24 hour economy initiative	Installation Surveillance Cameras within Nairobi Metropolitan Region	100 Surveillance Cameras installed within CBD	

4.0 Itemized and sub-itemized budget for FY 2014/2015

Refer annex No.1 – Sub Itemized and Itemized budget for FY 2014/15

5.0 Comparison of the Previous Years' Allocations

The allocation of funds for the period 2010/2011 to 2013/2014 financial years has been inadequate. There was a drastic reduction in the allocation of funds between FY 2012/13 and 2013/14 from Kshs. 25.8 Billion to Kshs.17.4 Billion respectively. This was attributed to devolution of functions and funds to the County Governments in line with the new constitution.

However, devolving of the funds affected some ongoing projects that are still National or shared functions. They include; Coastline Infrastructure Programme which has a pending bills of Kshs.491.1 Million towards construction of seawalls and jetties and Kshs. 897.8 Million towards construction of foot bridges, Ksh.847.635 Million for Construction of flagship markets and for Urban Development projects and of Kshs 1.28 Billion for Stalled government buildings projects.

The Ministry has incurred a total of Kshs. As pending bill of 3.516 Billion

Table 2: Net Total Budget Allocation Trends for the period 2010/2011 to 2014/15

Financial Years	Total Net Allocations (Kshs.)
2010/11	22.7 Billion
2011/12	22.1 Billion
2012/13	25.8 Billion
2013/14	17.4 Billion
2014/15	19.6 Billion

6.0 Ministry's Absorption Capacity over the last Four Years

Over the last three years, the Ministry has had a very good absorption rate averaged 81%. The absorption rate of the recurrent expenditure averaged 90% while that of development expenditure was 77% as illustrated in Table 2. In 2013/2014 there is low absorption rate for development expenditure due to slow disbursement of donor revenue fund. In FY 2013/14 Government funded capital projects absorbed 90.2% ie. Actual expenditure of 6.309 Billion against an allocation of 6.992 Billion while the donor funded capital projects absorbed 33% ie. 2.284 Billion against an allocation of 6.941 Billion

Table 3: Ministry's absorption capacity for 2010/11 – 2013/14 FY

	Approved Estimates(Ksh. Millions)				Actual Expenditures(Ksh. Millions)				Absorption Rates (%)			
	2010/11	2011/12	2012/13	2013/14	2010/11	2011/12	2012/13	2013/14	2010/11	2011/12	2012/13	2013/2014
Recurrent	6,293	5,876	7,302	3,468	5,946	5,193	6,353	3,159	94.49	88.38	87.00	91.08
Development	15,976	17,179	17,638	13,933	12,133	15,050	14,234	8,605	75.95	87.61	80.70	61.75
Total	22,269	23,055	24,940	17,401	18,079	20,243	20,587	11,764	81.18	87.80	82.55	67.60

7.0 Areas/Projects Left Out of the Financial Year 2014/15 Estimates

During Bidding of resources in the Sector working group, the Ministry's resource requirement was Kshs. 58.4 Billion. However, the approved budget ceiling from The National Treasury was only Kshs.19.7 Billion giving a shortfall of Kshs. 38.7 Billion.

7.1. *Partially Funded Projects*

- Under stalled projects, resource requested was Kshs.5.9 Billion however Kshs.1.2 Billion was provided leading to underfunding of Kshs.4.7Billion
- Under Economic Stimulus Programme, resource requested, Kshs1.2 Billion however only 90 Million was provided leading to Underfunding of Kshs. 1.1 Billion
- To cater for pending bills, the Ministry requested for Kshs. 1.4 Billion for seawalls, jetties and footbridges however 290.5 million was provided ie. An underfunding of 1.1095 Billion
- Loans to Civil Servants through civil servants housing scheme has been allocated Kshs. 200 Million against a requirement of Kshs. 600 Million leaving a deficit of Kshs. 400 Million.
- construction of Sirisia social hall and Olenguruone and Narok Stadia has been allocated Kshs. 380 Million against a requirement of Kshs. 682.3 Million leaving a deficit of Kshs. 302.3 Million
- construction and rehabilitation of Homa Bay, Kinango, Eldama Ravine, Erekenyo, Maungu, Bungoma, Isebania and Gatundu bus park has been allocated 690.2 against an request of 996 Million leaving a deficient of Kshs. 306 Million
- Kshs. 601,000,000 – storm water drainage in Mtwapa,Mombasa, Kabarnet and Narok

- Kshs. 800,000,000 – for carrying out digital mapping and planning for 16 (sixteen) Urban town and resort cities

7.2 Programmes/Projects not funded

The Ministry requested for:

- Kshs. 105 Million - pending bills for payment of land acquired for Muthurwa market access road.
- Kshs. 140 Million - Pending bills for purchase of firefighting equipment
- Kshs. 200 Million – Construction of Ongata Rongai Market
- Kshs. 50 Million –Rehabilitation of Kamukunji recreational centre in Nairobi
- Kshs. 40 Million- rehabilitation of Oldonyo Sabuk Cultural Centre
- Kshs. 100 Million - service level mapping for Education/Health/Markets/Culture in Nairobi metro area
- Kshs. 1 Billion - Acquisition of buildings for public office accommodation
- Kshs. 121,605,450 - Design, Construction of Limuru-Uplands Road
- Kshs. 119,670,320- Design, Construction of Syokimau-Katani-Eastern Bypass
- Kshs. 125,000,000- Construction of Mavoko & Machakos NMT Facilities
- Kshs. 146,725,000 - Construction of Mlolongo, Syokimau, Katani, Tamario Valley Embakasi Road
- Kshs. 186,902,000 - 150 NO.20M High mast Floodlights as per several requests from stakeholders in NMR
- Kshs. 215,000,000 - Development of Nairobi Fresh Produce Market

9.0 Proposed Allocation vis-a-vis Achievements of the Ministry's Strategic Plan

Table 4. Allocation of funds per programme for 2014/15 – 2016/17 MTEF period

Programme	Estimates 2013/2014	Estimates 2014/2015	Projected Estimates	
			2015/2016	2016/2017
1. Land Policy and Planning	2,749,000,000	5,706,648,744	6,096,120,457	6,112,398,873
2. Housing Development and Human Settlement	6,076,311,415	4,993,117,489	5,185,998,910	5,609,240,296
3. Government Building	2,347,000,000	1,758,042,635	3,191,486,183	3,220,935,159
4. Coastline Infrastructure and pedestrian Access	134,000,000	346,713,904	288,026,513	257,835,919
5. Urban and Metropolitan Development	3,443,000,000	8,313,078,407	7,650,570,458	7,421,086,275
6. General Administration Planning and Support Services	1,137,000,000	598,870,758	661,729,143	594,839,896
TOTALS	17.4	21,716,471,937	23,073,931,664	23,216,336,418

Refer to Annex 2 - Medium Term Expenditure Framework (MTEF) Programmes and Projects to be Implemented 2014/15 – 2016/17

9.0 State Corporations

The Ministry has two state corporations namely National Construction Authority (NCA) and National Housing Corporation (NHC)

9.1 National Construction Authority (NCA)

The total budget for 2014/15 FY is Kshs. 2.897 Billion of which Recurrent is Kshs.1.57 Billion and Development Expenditure is Kshs 1.327 Billion. The net allocation from exchequer is Kshs. 38.6 Million against a resource requirement of Kshs. 600 Million.

9.2 National Housing Corporation

NHC is an Autonomous Government Agency funded from internally generated revenue. The total budget for 2014/15 is Kshs. 9.7 Billion of which Recurrent expenditure is Kshs. 1.9 Billion and Development expenditure is Kshs. 7.8 Billion

**NATIONAL LAND COMMISSION BUDGET 2014/15 FINANCIAL YEAR
PRESENTATION TO NATIONAL ASSEMBLY, LAND COMMITTEE ON
THURSDAY 15 MAY 2014 BY DR MUHAMMAD SWAZURI, CHAIRMAN**

1. During the Sector Working Group retreat held at Mombasa Beach Hotel starting from 20th to 25th October 2013, National Land Commission (NLC) requested to be allocated Kshs.14.8 billion for Financial Year (FY) 2014/15.
2. During this period NLC was allocated Kshs.353 million in recurrent vote and Kshs.140 million in Development vote totaling to Kshs.493 million.
3. During the supplementary appropriation, NLC was allocated an additional Kshs.400 million under vote 202 – National Land Commission, bringing the total allocation for 2013/14 FY to Kshs.606 million.
4. In the Guideline for the Preparation of 2014/15 – 2016/17 Medium Term Budget, NLC was allocated Kshs.624 million for Recurrent Expenditure and Kshs.140 million for Development Expenditure totaling to Kshs.764 million of which NLC itemized and submitted to the National Treasury
5. For 2014/15 FY the National Assembly had earlier allocated NLC a total sum of Kshs.1,992 million both for Recurrent and Development Expenditure.
6. Of the Kshs. 764 million, Personal Emolument (PE) was allocated Kshs. 200 million, while the National Land Information Management System (NLIMS) was allocated Kshs. 298 million while Kshs. 248 million was allocated as operation and maintenance expenditure.
7. In submitting the estimates to the National assembly, the National Treasury has reduced NLC's allocation to Kshs.534

*Tabled before the
Committee on 14/5/14*

million for Recurrent Expenditure and Kshs.118 million for Development Expenditure totally to Kshs.652 million.

8. The National Treasury has, therefore, reduced the National Assembly's allocation by **Kshs.1,340 million** leaving NLC with no funds a key flagship project of establishing the 47 County Land Management Boards (CLMBs).
9. County Land Management Boards (CLMBs) implementation is estimated to cost circa Kshs.1.6 billion in 2014/15 FY. NLC intends to utilize the Kshs.1,340million that was allocated by the National Assembly, Land Committee, to establish the CLMBs. This would still leave a gap of Kshs.260 million from the estimated project cost of Kshs.1.6 billion. Therefore, NLC requests for **Kshs. 260 million enhancement** to enable full Implementation of the **CLMBs** in all the 47 counties.
10. The allocation to **NLIMS** indicated in the itemized National Treasury budget for NLC has since been reduced from Kshs.298 million to Kshs.276 million in the printed estimates. This, therefore, calls for an **additional funding of Kshs.424 million** to make up the Kshs. 700 million for 2014/15 FY that NLC requires to implement the project.
11. NLC **inherited 7,000 ongoing court cases** from the Ministry of Land Housing and Urban Development (MOLHUD). These cases have since **grown to 9,000**. Section 5 (1) (F) of the NLC Act recommends that dispute mechanism be developed as well as Alternative Dispute Resolution methods. This item requires circa Kshs.365 million to set up and settle the 9,000 court cases in and out of court. The Attorney General's (AG) office has since advised that NLC should engage external advocates to help us resolve these cases as the AG does not have enough personnel to handle them on behalf of NLC. NLC, therefore, requires an **enhancement of Kshs.365 million** for 2014/15 FY for this purpose.

12. NLC will be fully functional within the first quarter of 2014/15 FY and will require Kshs.1,630million for Personnel Emolument (PE) of which currently the Commission is allocated Kshs. 200 million. Therefore,NLC requires **an enhancement of Kshs. 1,430 million for PE.**

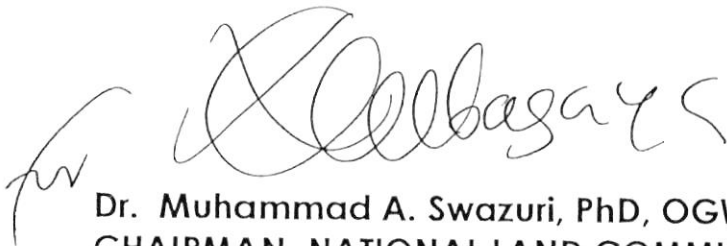
Functions and Budget AllocationsthatNEED to be Transferred FROM MOLHUD to NLC

NLC is requesting that functions that were to be transferred to the Commission from MOLHUD be effected by transferring the allocated budget funds to NLC to enable the Commission undertake its prioritized programmes in the course of 2014/15 FY. These functions include:

- a) **Adjudication and Settlement Services** as per section 134 and 135 of the Land Act 2012. This has been allocated **Kshs. 397 million** under MOLHUD's Recurrent Expenditure Budget.
- b) Land Information Management System (**NLIMS**) entire allocation of **Kshs.528 million under Recurrent Budget (Computerization of Land Paper Records in Land Registries, page 447)** and **Kshs.808 million under ProgrammeBased Budget, page 293** should be fully transferred to NLC.
- c) **Land Use Programme** and some budget should be transferred to NLC as per Section 5(1) (h) of the NLC Act 2012.
- d) NLC is required to recommend a **Land Policy** to MOLHUD. Therefore, NLC should enjoy part of the allocated funds to Land policy programme so as to enable it undertake the preliminary task for it to be able to recommend an appropriate Land Policy, say **Kshs.20 million.**

In summary, NLC is requesting for an **enhancement of a total of Kshs.3,819 million**, over and above what the National Treasury has allocated to NLC (Kshs.652 million) or Kshs.2,479 over and above what the National Assembly's, Land Committee had allocate to the Commission amounting (1,992 million). Therefore, for NLC to effectively discharge its mandate, it requires an initial minimum of Kshs. 4,471 million in 2014/15 FY.

Given the foregoing, the National Assembly's Land Committee is requested to consider and recommend an additional (enhancement) of Kshs.3,819 million, over and above what the National Treasury has allocated to NLC (Kshs.652 million) in the printed estimates.

A handwritten signature in black ink, appearing to read 'Dr. Muhammad A. Swazuri', with a small 'for' written to the left.

Dr. Muhammad A. Swazuri, PhD, OGW
CHAIRMAN, NATIONAL LAND COMMISSION

Appendix 4.

MINUTES OF THE 66TH SITTING OF THE DEPARTMENTAL COMMITTEE (K) ON LANDS HELD ON THURSDAY 22ND MAY, 2014 IN THE BOARD ROOM 4TH FLOOR, PROTECTION HOUSE AT 10.00 AM.

PRESENT

1. The Hon. Alex Mwiru, M.P. (Chairperson)
2. The Hon. Francis Nderitu, M.P.
3. The Hon. Eusilah Jepkosgei, M.P.
4. The Hon. Kipruto Moi, M.P.
5. The Hon. Benson Mbai, M.P.
6. The Hon. Onesmas Ngunjiri, M.P.
7. The Hon. Sarah Korere, M.P.
8. The Hon. Mathew L. Lempurkel, M.P.
9. The Hon. Kanini Kega, M.P.
10. The Hon. Francis Kigo Njenga, M.P.
11. The Hon. Shakila Abdallah, M.P.
12. The Hon. Joseph Magwanga, M.P.
13. The Hon. Benard Bett, M.P.
14. The Hon. Thomas Mwadeghu, M.P.
15. The Hon. George Oner, M.P.

ABSENT WITH APOLOGY

1. The Hon. Moses Ole Sakuda, M.P. (Vice Chairperson)
2. The Hon. Dr. Paul Otuoma, M.P.
3. The Hon. Mutava Musyimi, M.P.
4. The Hon. Suleiman Dori, M.P.
5. The Hon. Hellen Chepkwony, M.P.
6. The Hon. Julius Ndegwa, M.P.
7. The Hon. A. Shariff, M.P.
8. The Hon. Hezron Awiti Bollo, M.P.
9. The Hon. Gideon Mung'aro, M.P.
10. The Hon. Oscar Sudi, M.P.
11. The Hon. Esther Murugi, M.P.
12. The Hon. Lawrence Aburi, M.P.
13. The Hon. Kingola Patrick, M.P.
14. The Hon. John Kihagi, M.P.

IN ATTENDANCE

1. Mr. James Ginono - Clerk Assistant I

MINUTE NO. DCL/LN/2014/59

ADOPTION OF THE AGENDA

The Agenda of the Meeting was adopted after a proposal and secondment from The Hon. Eusilah Jepkosgei, M.P. and The Hon. Mathew L. Lempurkel, M.P. respectively as hereunder:

1. Adoption of the Agenda
2. Confirmation of minutes
3. Matters arising
4. Consideration of the Printed Estimates Report for the 2014/15 FY
5. Any other Business
6. Adjournment

MINUTE NO. DCL/LN/2014/60

CONFIRMATION OF MINUTES

The Minutes of the 64th Sitting held the 21st May 2014 were Proposed by The Hon. Kipruto Moi, M.P. and seconded by the Hon. Francis Nderitu, M.P. as a true record of the Proceedings and signed by the Chairperson.

MINUTE NO. DCL/LN/2014/61

CONSIDERATION OF THE REPORT ON THE PRINTED ESTIMATES FOR THE 2014/15 FY

Upon deliberations the Committee made the following Observations and Recommendations

Committee Observation

The Committee made the following observations

1. That the Committee noted that the National Lands Commission were indeed underfunded and could not perform its functions considering the resources allocated to it.
2. That the overall Ministry's and the National Lands Commission's budget has deviated from the resolutions of the National Assembly with the Ministry getting Kshs. 6 Billion More whereas the Commission receiving Kshs. 1,342 Billion Less.
3. That the National Land Commission should be adequately funded for it to be operational and execute its constitutional Mandate.
4. The Ministry of Lands, Housing and Urban Development has been allocated Ksh 21.7 billion which includes Ksh 4.1 billion for recurrent and Ksh 17.6 billion for development. **This is over and above the House Resolutions of the ceiling for the Ministry by Kshs. 6 billion. However, it is relatively similar to the allocation in 2013/14.**
5. The National Land Commission has been allocated Ksh 652 million of which Ksh 534 million will be for recurrent and Ksh 118 million for development. **This allocation falls way below the recommendations by the National Assembly. The House resolved that the NLC be allocated at least Kshs. 2 billion.**
6. The NLC inherited from the Ministry of Lands, Housing and Urban Development approximately 7,000 ongoing Court cases which have since increased to 9,000 Court Cases; they noted that Section 5 (1)(F) of the NLC Act mandates the Commission to establish alternative Dispute Resolution Mechanism Methods; this requires Kshs. 365 Million to settle the 9,000 Court cases by engaging external advocates in support of the resolution of the cases.
7. Members raised concern over the allocation of Kshs.10 million to temporary staff. The Cabinet Secretary clarified that the expenditure arose out of the need to expedite the issuance of titles as the small number of staff at the Ministry could not handle the exercise. She further informed the Committee that 200 university students had been hired to work in two shifts round the clock to clean up the registries and assist in digitization of records.
8. That the titling function is the role of the Ministry of Lands,
9. That the development of the National Land Information Management System should be conducted by the two spending Agency.

Recommendation

The Committee Recommends as follows;

- That a of total 1.246 Billion be reallocated from the Ministry of Lands to the National Lands Commission from the following two programmes; The Land

Policy and Planning and General Administration Planning and Support Services. The sub-programmes to be affected are the following;

1. Land Policy and Planning

Kshs. 743 million for the National Bulk Tilting Centre under the Land Survey sub programme will be reallocated to the NLC for the following functions: Kshs. 260 M for County Land Management Boards, Kshs. 365 million for setting up alternative dispute resolution Mechanism and Kshs. 118 million for adjudication of Land, Ksh 27 million for Land Policy Formulation under the development planning and land reforms sub programme be reallocated to the NLC for land policy, Ksh 424 million for National Land Information System under the Land Information Management be reallocated to the NLC for NLIMS because it is a shared function

2. Administration Planning and Support Services

Ksh 52 million be reallocated to the NLC for administration

Upon the Committee agreeing to the above mentioned Observations and Recommendations the Report was adopted by the Members present.

MINUTE NO. DCL/LN/2014/62

ANY OTHER BUSINESS

The Following Matters arose;

1. Retreat by the Committee

The Meeting confirmed that there shall be a retreat between 27th to 31st May 2014 in Leisure Lodge Mombasa to among others to:

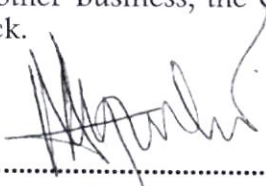
1. The Need for Land Policy Review
2. Impediments to the preparation of The Land Acts Regulations
3. The Outstanding historical Land Injustices in the Country.
4. An Overview on the Mandate of the National Land Commission visa vis the Ministry of Lands, Housing and Urban Development.

MINUTE NO. DCL/LN/2014/63

ADJOURNMENT

There being no other Business, the Chairperson adjourned the Sitting at Ten Minutes past Seven O'clock.

SIGNED


.....
(CHAIRPERSON)

DATE

22/5/2014
.....

KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL
WELFARE

REPORT ON
2014/2015 FINANCIAL YEAR BUDGET ESTIMATE FOR LINE MINISTRIES
AND STATE DEPARTMENT

MAY, 2014

Clerk's Chambers
Parliament Buildings
NAIROBI

1.0 PREFACE

On behalf of the Departmental Committee on Labour and Social Welfare and pursuant to the provisions of Standing Order No 235(5), it is my pleasure and duty to present the Committee's 2014/2015 budget estimate report upon conclusion of its review according to its mandate to the budget committee

1.1 THE COMMITTEE

The Departmental Committee Labour and Social Welfare was constituted on Thursday 16th May 2013 and draws its membership from the following:

1. Hon. David Were, MP - **Chairperson**
2. Hon. Tiyah Galgalo, MP - **Vice Chairperson**
3. Hon. Janet Teiya, MP
4. Hon. George Muchai, MP
5. Hon. Peris Tobiko, MP
6. Hon. John Ndirangu Kariuki, MP
7. Hon. Winnie Karimi Njuguna, MP
8. Hon. Janet Nangabo, MP
9. Hon. John Serut, MP
10. Hon. Samuel Gichigi, M.P.
11. Hon. Elijah Langat, MP.
12. Hon. Cornelly Serem, MP
13. Hon. Abdi Noor Ali, MP
14. Hon. David Wanyama, MP
15. Hon Regina Nyeris, MP
16. Hon. Wesley Korir, MP
17. Hon. Kinoti Gatobu, MP
18. Hon. Elijah Moindi Musomi, MP
19. Hon. James Onyango K'Oyoo, MP
20. Hon. Omondi John Ogutu, MP

21. Hon. Aisha Jumwa Karisa, MP
22. Hon. Patrick Wangamati, MP
23. Hon Rose Museo Mumo, MP
24. Hon. Silvanse Onyango Osele, M.P.
25. Hon. Mustafa Idd, M.P

26. Hon. Nyasuna Gladys Wanga, MP
27. Hon. John Owuor Onyango Kobado, MP
28. Hon. Mwanyoha Hassan Mohammed, M.P.
29. Hon. Mlolwa Jones Mwangogo, M.P.

1.2 MANDATE OF THE COMMITTEE

As set out in standing order 216 (5), the Committee is mandated

- 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;
- To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
- To study and review all legislation referred to it.;
- 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;
- 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*); and
- Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

1.3 COMMITTEE MEETINGS

Pursuant to Standing Order 216 (5) the Department Committee on Labour and Social Welfare held a total of 5 sittings on the 2014/2015 Budgetary Estimates during which the Cabinet Secretaries for the Ministry of Labour Social Security and Services, Ministry of Sports, Culture and the Arts and Ministry of Devolution and Planning were met. The Committee also met the National Gender and Equality Commission.

1.4 ACKNOWLEDGEMENTS

(a) The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate.

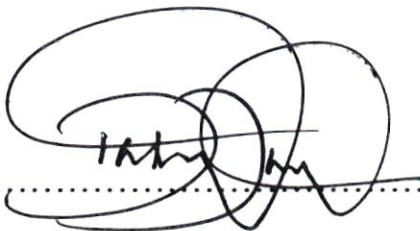
(b) The Chairperson of the Committee takes this opportunity to thank all Members of the Committee for their patience, sacrifice, endurance and commitment to Public Service under tight schedules which enabled us to complete the task within the stipulated period.

(c) The Committee wishes to record its appreciation for services rendered by the staff of the National Assembly attached to the Committee. Their efforts and input made the work of the Committee and production of this Report possible.

(d) On behalf of the Departmental Committee on Labour and Social Welfare and pursuant to the provisions of Standing Order No.235, it is my pleasure and duty to present the

Committees report and recommendation therein on the
2014/2015 Budget Estimates to the Budget Committee;

Thank you.

SIGNED..........DATE 28.05-2014
...

Hon David Were, MP
(Chairperson)

Departmental Committee on Labour and Social Welfare

INTRODUCTION

This Budget brief presents an analysis of the 2014/15 budget proposals for the following Ministries, Departments and Agencies which fall under the purview of the Departmental Committee on Labour and Social Welfare :

- (a) Ministry of Labour Social Security and Services,
- (b) Ministry of Sports, Culture and Arts
- (c) State Department for Planning - Gender and Youth Empowerment Programme
- (d) The National Gender and Equality Commission.
- (e) National Social Security Fund (NSSF)
- (f) National Industrial Training Authority
- (g) National Council for Children Services
- (h) National Council for Persons with Disabilities
- (i) National Museums of Kenya
- (j) Kenya National Library Service
- (k) Sports Kenya
- (l) The National Sports Fund
- (m) The Sports Dispute Tribunal
- (n) The Kenya Academy of Sports
- (o) Kenya Film Commission
- (p) Kenya Film Classification Board
- (q) Kenya Cultural
- (r) National Youth Service

The comparison of printed Estimates and House Resolutions is as follows;

Ministry/ Agency/Department/Program me	BPS Ceiling in (Kshs. Millions)	House resolutio n in (Kshs. Millions)	Printed Estimate s in (Kshs. Millions)	Deviation in Million Kshs.
Sports, Culture and Arts	3,438	3,419	3,872	453
Labour, Social Security and Services	17,827	17,734	20,009	2,275
National Gender and Equality Commission	303	301	189	(112)
State Department for Planning – Gender and Youth Empowerment Programme	25,491	N/A	20,109	N/A

ANALYSIS OF THE ESTIMATES

The following documents have been utilized in analyzing the budget:

- i. Second Medium Term Plan 2013- 2017
- ii. Budget Policy Statement
- iii. Social Protection, Culture and Recreation Sector Report
- iv. Vision 2030

MINISTRY OF DEVOLUTION AND PLANNING 2014/2015 RESOURCE ALLOCATION

The cabinet Secretary in the Ministry of Devolution and planning appeared before the Committee and informed the committee that;

The total gross budget for 2014/15 financial year is Kshs.73, 227,553,333.00 spread across the 8 programmes which the ministry is implementing as shown in the table below:

PROGRAMME NAME	PROPOSED EXPENDITURE (Kshs)
Programme 1: Economic Policy and National Planning	34,702,540.064
Programme 2: Gender and Youth Empowerment	20,109,823,795
Programme 3: Public Service Transformation	9,501,262,245 '
Programme 4: National Statistical Information Services	847,380,000
Programme 5: Monitoring and Evaluation Services	522,564,411
Programme 6: Devolution Support Services	953,680,612
Programme 7: Special Initiatives	5,929,468,703
Programme 8: General Administration, Planning and services	660,833,503
TOTAL	73,2227,553,333

The Millennium Declaration signed by UN member states in the year 2000 brought gender issues into focus through Millennium Development Goal 3 which commits Kenya to promote gender equality and women empowerment as an effective way to combat poverty, hunger and disease, and to stimulate development that is truly sustainable,

. The main areas of interventions include but not limited to the following;

Promotion of equitable socio-economic development for all gender

Gender mainstreaming

Gender Policy formulation

AUTONOMOUS AND SEMI-AUTONOMOUS GOVERNMENT AGENCIES

Under the two directorates above, there are various SAGAs with specific mandates given to them through various legislation, these include:-

- I. Women Enterprise Fund (WEF)
- II. The Youth Enterprise Development Fund:
- III. National Youth Council
- IV. National Youth Service
- V. UwezoFund Board
- VI. (vi)Anti-Female Genital Mutilation (FGM) board

SPECIFIC BUDGETARY PROPOSALS

The objective of the gender and youth empowerment programme is to promote gender equality and empowerment of Youth and Persons with Disabilities. The Programme has been allocated **Ksh20, 109,823,795** for the Financial Year 2014/15. The sub-programmes being implemented under the programme include:

- National Youth Service-Kshs.18,191,247,914
- Gender Mainstreaming-Kshs.224,687,474
- Youth Development Services ^ Kshs.1,153,148,948
- Youth Employment Scheme-Kshs.329,824,800
- Youth Coordination and Re presentation-Kshs.64,200,000
- Gender and Socio Economic Empowerment -Kshs. 146,714,659

She concentrated on one programme of the Ministry ;Gender and Youth Empowerment since she had already presented the Ministry's budget to the Finance, Planning and Trade committee. This programme is implemented by 2 Directorates in the ministry namely Gender Directorate and the Youth Directorate whose mandate is enumerated here below.

Youth Directorate

Specifically the directorate is tasked with the following;

- National Youth Policy
- Youth Employment Policy
- Youth Mainstreaming in National Development
- Coordination of Youth Interests
- National youth service

Gender Directorate

The Directorate has two departments namely; Social Economic Empowerment of women and Gender Mainstreaming. In addition to the officers at the headquarter; the directorate further has 17 gender officers in line Ministries located at Central Planning and Project Monitoring Units, At the County level the Youth officers (County Directors of Youth and Sub-County Youth officers) have been designated to handle Gender issues.

The Kenya Vision 2030 2nd Medium Term Plan has two flagship projects aimed at promoting Gender equality and empowerment of women namely; Women's empowerment and Gender mainstreaming. These are in line with the Directorate's departments and programmes. Gender rights and gender equality are entrenched in the Constitution, and the Ministry now has the responsibility to ensure **their** implementation under the Constitution and under the country's legislation. In addition, the Ministry has responsibility of expanding credit financing to women for enterprise development and ensuring equality in gender representation in all public appointments.

Key highlights of this programme is the restructuring of the NYS to increase its capacity **for recruitment** of more youth to impart knowledge and skills for effective participation in nation building and public service; the allocation for the administrative costs of Uwezo fund, **Kshs.390 million**; the allocations for the Women Enterprises Fund (WEF)/ **Kshs.169,022,5008**; the Youth Enterprises Development Fund(YEDF), **Kshs.329,824,800**; the allocation to Anti Female Genital Mutilation Board (Anti FGM), **Kshs.42 million** and Support to the National youth council, **Kshs.64,2 million**.

COMMITTEE OBSERVATION

The Committee observed that;

1. The allocation of Ksh20,109,823,795 billion towards Gender and youth empowerment Programme is a good idea if implemented .
2. The allocation towards Street youth should be consolidated in the ministry of Labour and social Security and Services

RECOMMENDATION

The Department to implement programmes that have been budgeted for before any additional funding is made.

(1)MINISTRY OF LABOUR, SOCIAL SECURITY AND SERVICES

The Cabinet Secretary Ministry of Labour, Social Security and Services appeared before the committee and presented the 2014/.2015 budget estimates as follows;

That the Ministry's Medium Term Expenditure Framework budget for 2014/15 Financial Year is anchored on five programmes. These programmes are critical and address the aspect of the Kenya vision 2030, the Second medium Term plan, flagship projects and ministerial mandates. They include;

1. Promotion of Best Labour Practices.
2. Manpower Development, Employment and Productivity Management

3. Social Development and Children Services
4. National Safety Net
5. General Administrative, Planning and Support services

ANALYSIS OF PROJECTS/PROGRAMMES FINANCED IN THE DEVELOPMENT ESTIMATES.

	<i>Name of programme</i>	<i>Commencement date</i>	<i>Expenditure to date</i>	<i>Expected date of Completion</i>
1	Cash Transfer to Orphans and Vulnerable Children	2004	9,835,603,150	Continuous
2	Cash Transfer to Older Persons	2007	6,247,400,000	Continuous
3	Cash Transfer for Persons with Severe Disabilities	2012	1,155,000,000	Continuous
4	Support to Albinism	2011	300,000,000	Continuous
5	Labour Market Information System	2014	6,000,000	Continuous
6	Expansion and up grading of Technology Development Centre – Athi River	2011	406,123,473	2014
7	Construction of Occupational Safety and Health Institute Nairobi	2009	152,032,000	2015
8	Construction of Kisumu West Child Rescue, Kisumu West District	2011	30,300,000	2014
9	Construction of Kitui District	2012	5,400,000	2014

	Children's Office, Kitui District			
10	Construction of Mathira East District Children's Office, Karatina	2013	2,000,000	2014
11	Purchase of Laboratory Equipment	2014	50,000,000	2014
12	Construction of Employment Office (Siaya, Kasarani, Eldoret)	2012	42,000,000	2015
13	Refurbishment of County Labour offices (Turkana, Bungoma, Kiambu&Kericho)	2013	12,700,000	2015
14	Rehabilitation of Vocational Centres (Nyandarua, Muriranjias, Kakamega&Itando)	2013	3,382,754	2014

D) THE TOTAL NET REQUESTED EXCHEQUER

Expenditure Type	2014/15 Budget Estimates (Kshs. Millions)
Recurrent	8,520
Development	8,915
Gross Total	17,435

E) COMPARISON OF PREVIOUS YEARS' ALLOCATIONS-(KSHS. MILLIONS)

<i>Programmes</i>	<i>Approved Estimates</i>			<i>Estimates</i>
	<i>2011/2012</i>	<i>2012/2013</i>	<i>2013/2014</i>	<i>2014/2015</i>
Promotion of Best Labour Practices	996.5	694.8	592.3	722.5

Manpower, Development, Employment and Productivity Management	1,523.3	995.2	998.2	869.2
Social Development and Children Services	3,528.5	4,198.30	1,834.60	3,447.4
National Safety Net	4,561.6	5146.1	11,772.1	14,382.2
General Administrative, Planning and Support services	924.3	959.2	791.5	588.1
Totals	11,534.2	11,993.6	15,988	20,009.4

F) ALLOCATIONS TO NEW PROJECTS/ PROGRAMMES

- i. Establishment of the Conciliation and Mediation Commission – Kshs. 51 million
- ii. Establishment of a Labour Market Information System – Kshs. 15 million.

G) AREAS/ PROJECTS LEFT OUT OF THE ESTIMATES

To effectively deliver the strategic mandate of the Ministry, key interventions have been identified for implementation during 2014/15 financial year. However, these interventions have not been allocated any funding while others have not been adequately funded.

Programme 1: Promotion of Best Labour Practices

Sub-Programme: Promotion of Harmonious Industrial Relations

i) Development of a Wages and Remuneration Policy

The Ministry is developing a Wages and Remuneration Policy to provide a framework and necessary guidance on wage levels, wage formation adjustment mechanisms and other wage

administration in the country. To complete the Policy the Ministry will require **KShs. 15 Million** in 2014/15 Financial Year. However no allocation was provided.

ii) Labour Relations Policy

The Ministry has planned to develop an integrated Labour Relations Policy that addresses and anchors sound on Social Dialogue to avert the recent witnessed increased strikes. Towards this end the Ministry will require **KShs. 20 Million** in 2014/15 Financial Year which has not been provided for.

iii) Alignment of the Labour Laws to the Constitution

The Ministry enforces the five (5) 2007 Labour laws: the Labour /Institutions Act, the Employment Act, the Labour Relations Act, Occupational Safety and Health Act and Work Injury Benefits Act which should be aligned to the Constitution. To align these laws, it is important to undertake a national survey to establish the labour cost of doing business and competitiveness within Constitutional dispensation and implication of implementing the revised Labour Laws. In this regard, the Ministry will require **KShs. 15 million** for these activities. However no allocation was provided.

Sub-Programme: Provision of Occupational Safety and Health

i. Medical surveillance of working population

The Ministry undertakes medical surveillance of working population through medical examination of workers in hazardous occupations. Thus, the Ministry will require **KShs. 300 million** in 2014/15 Financial Year to scale up medical surveillance of working population so as to enhance compliance with occupational safety and health standards by providing three (3) mobile clinic buses to be based in Western, Rift Valley and Coast regions. However no allocation was provided.

ii. Promotion of Occupational Safety and Health Culture

For institutionalization of an Occupational Safety Health Culture in the country there is need for a comprehensive national occupational safety and health (OSH) database and dissemination of information on numerous facets of occupational safety and health. In 2014/15 Financial Year, the

Ministry will require **KShs. 5 Million** towards this activity which has not been provided.

iii. Scaling-up of Occupational Safety and Health Fund

The Government established the Occupational Safety and Health Fund, as provided for in Section 126 of the Occupational Safety and Health Act 2007. The fund was allocated KShs. 7.5 Million in 2013/14 Financial Year which is not sufficient for its activities. In 2014/15 the Ministry requires an additional allocation **KShs. 10 Million** to scale up the operations of the fund.

iv. Hazardous Occupation Baseline Survey

The country has not done any baseline survey on occupational safety and health. As a result there is need to carry out a baseline survey to determine the various sectors with hazardous occupations, the numbers of workers exposed to hazards and any control measures that may be put in place. The Ministry will require **KShs 30 million** for this exercise in 2014/15 financial year. No funding was provided for this activity.

Programme 2: Manpower Development, Employment and Productivity Management

Sub-Programme: National Human Resource Planning and Development

i. Development of Integrated National Human Resource Development Strategy

After completion of the National Manpower Survey the country need an Integrated National Human Resource Development Strategy so as to realize greater harmonization between the planning and development of the country's human resource base. In 2014/15 Financial Year the Ministry will require **KShs.30 million** to carry out this activity which has not been provided.

ii. Updating of the Kenya National Occupational Classification Standards (KNOCS), 2000 and development of the Dictionary of Occupational Classifications

The Kenya National Occupational Classification Standards (KNOCS), 2000 needs to be in line with International Standard for Classification of Occupations (ISCO-08), 2008. Further, the

Ministry will develop a Dictionary of Occupational Classifications to be used by both employers and Human Resource practitioners in defining Jobs and Job requirements. The Ministry also intends to develop an interactive system that will facilitate continuous updating of the Occupational Classification Standard. In 2014/15 Financial year the Ministry will require **KShs. 5 million** for this activity which has not been provided.

iii. National Labour Force Survey

The Ministry plans to carry out a comprehensive National Labour Force survey in order to provide up to date data for addressing the country's unemployment challenge especially in the utilization of the human resource capacity. The data is required for measurement of the extent of available and underutilized labour time and human resources for purposes of economic monitoring and human resource development planning. The survey will further facilitate the measurement of the relationship between employment, income and other social and economic characteristics for purposes of formulating and monitoring employment policies and programmes, income generating activities, vocational training and other similar programmes. Currently, the available employment statistics are based on the Labour Force Survey carried out in 1989/90. To initiate the process the Ministry will require **KShs 330 Million** in 2014/15 financial year for this activity which will be carried out in liaison with Kenya National Bureau of Statistics and other stakeholders. This amount has not been provided for in the budget.

Sub-Programme: Employment Promotion

i) Establishment of employment Labour attachés offices in Saudi Arabia and United Arab Emirates

In the recent past, Kenyan migrant workers notably in the Middle East have experienced challenges relating to poor terms and conditions of employment and other forms of exploitation. In order to streamline foreign employment administration, the

Government plans to post employment attachés to Saudi Arabia and the United Arab Emirates, which are the key labour destination countries. The attachés will be expected to play a more active role in ensuring protection of Kenyan migrant workers. To carry out the above activities the Ministry will require KShs. **70 Million** in 2014/15 Financial Year. This has not been provided for in the budget.

ii) **Foreign employment management, orientation and re-entry programmes**

The Ministry in collaboration with stakeholders plans to establish mechanism for monitoring labour migration including developing orientation and re-entry programmes to prepare and sensitize Kenyan immigrants on the nature of jobs abroad, their terms and conditions; the rights, obligations and remedies of the workers in case of violations; and pre-departure preparations for the job seekers. Further, guidelines on employment of foreigners require to be reviewed and the under-study programme re-structured. In addition the Ministry plans to undertake measures to monitor and regulate work entry permits for foreigners, registration and accreditation of private employment agencies and taking stock of Kenyans going abroad for jobs and their skills and formulating terms and conditions of work to be incorporated in bilateral labour agreements. In 2014/15 Financial Year the Ministry will require **KShs. 10 Million** towards this activity which has not been allocated.

(iii) Establishment of employment promotion Centre

The Ministry intends to establish an employment centre to promote and coordinate employment creation in the country. The Centre will serve as a one stop shop for provision of employment and labour market information. To establish the Centre and initiate some of the activities and programmes, the Ministry require **kshs 300 Million**

Sub-Programme: Provision of Industrial Skills

i. **Establishment of model vocational training institutions**

The Ministry plan to establish model vocational training centers, in each constituency in the country within the Second Medium Term Plan (2013-2017) at a cost of KShs. 125 million each. The centers will offer practical training designed to address the skills needs of the labour market and hence increase the supply of middle level category skills. The Ministry has established one (1) such Institution in Athi River, the Technology Development Centre. In 2014/17 Financial Year, the Ministry plans to establish three (3) model Vocation Training Centres at a cost of KShs. 375 Million. No funding was provided for this activity

ii. **Strengthening and full operationalization of National Industrial Training Authority (NITA)**

The mandate of the National Industrial Training Authority is to coordinate and regulate industrial training and attachment in the country. The Authority also develops and reviews industrial training curricular to guide training on industrial skills. In order to effectively implement its mandate, the Authority will require **KShs. 1 billion** to strengthen its capacity and operations. The authority has only been allocated **Kshs. 529 million** in 2014/2015 financial year.

Sub-Programme: Productivity Promotion, Measurement and Improvement

The National Productivity Policy will be implemented to provide a national productivity management strategy for institutionalizing a productivity culture, and raising productivity levels and the country's overall competitiveness. To fully implement the National Productivity policy the ministry will require an additional **Kshs.268million**. This will facilitate operationalisation of the Productivity centre of Kenya and eventual transformation into an Authority and carrying out the key programmes on productivity promotion, measurement and improvement. The centre has been allocated **Kshs.31 million** in the financial year 2014/2015.

Programme 3: Social Development and Children Services

Sub Programme: Community Mobilization and development

The Ministry has developed a National community development policy which is awaiting Cabinet approval. The policy is expected to achieve effective coordination of community development initiatives, foster capacity development, regulate the registration and management of community self help groups, reduce duplication efforts by different players. In the 2014/15, the Ministry had requested Kshs. 10 million for this activity but has not been provided.

Sub Programme: Social Welfare Services

i. National policy on older persons and Ageing.

The Ministry has developed the National policy on older persons and ageing. The Policy provides guidelines for mainstreaming issues of older persons in the development process. In the 2014/15 financial year, the Ministry intends to implement the policy interventions at estimated cost of Kshs 5 million which has not been provided for in the budget estimates

ii. Implementation of National policy on Persons with Disabilities (NPPWDs)

The Ministry has a national policy on People with Disabilities. The policy was discussed by the Cabinet which directed that a Sessional paper be prepared and submitted to Parliament for discussion and adoption. To finalise the policy, the Ministry will require Kshs.5 million. However this has not been provided.

iii. Family Protection Policy

The Ministry is developing a National family protection policy. The Policy will provide for the promotion of equity and human rights in the family. It will also promote the indigenous traditional conflict management methods in the family, and address both the internal and external threats in the family unit. The activities to be undertaken in the 2014/15 financial year include the finalization and implementation of the policy. This will require Kshs. 5 million in 2014/15 financial year but these funds have not been provided.

iv. National Volunteerism Policy

The ministry is in the process of developing the National Volunteerism policy. The policy will provide a regulatory framework and strategy for the standardization on recruitment, performance management and appraisal; the rights and responsibilities of volunteer, and will focus on efficient coordination of volunteer efforts and measuring volunteer impact to the country. During the budget period, the Ministry will disseminate the policy on National Volunteerism; develop a plan of action for implementing the policy and mark the UN day on Volunteers. This will require **Kshs 5 million** which we had requested but were not provided in 2014/15 financial year budget.

v. Social Protection Secretariat

The Social Protection Secretariat was established to provide strategic leadership and management support and strengthen governance structures to ensure effective coordination and execution of all social protection initiatives in Kenya in line with the provisions of the National Social Protection Policy. Implementation of this Policy will include setting up of a National Social Protection Council to ensure coordination and integration of the three component of Social Protection namely; Social Assistance, Social Security and Health Insurance. Initial activities will include;

- Establishing and implementing a Single Registry System for all the cash transfer programmes.
- Establishing and implementing a Complaints and Grievance Mechanism, including a toll free line for the beneficiaries.
- Developing and implementing a common Monitoring and Evaluation System
- Developing and implementing of an Advocacy and Communication strategy

The Secretariat will require **KES 100,000,000** to carry on the activities but was allocated **Kshs. 19.7 million** only in 2014/15 estimates

Sub Programme: Child Community Support Services

To scale up the child Community Support Services, the Ministry will require **Kshs. 160million** in 2014/15 FY. This will also cater for strengthening the National Adoption Committee and setting up an integrated database for children on adoption cases to harmonize, supervise and monitor adoption societies. These funds have not been provided for in the 2014/2015 budget estimates.

Programme 4: National Safety Net Programme

The Ministry had planned to scale up the Cash transfer to Older Persons from 103,000 in the 2013/2014 Financial Year to 285,000 in 2014/2015 Financial Year. However, the Ministry will be able to reach 210,000 beneficiaries equal to an allocation of Kshs.5,051 million. The Ministry will require Kshs. 1,789 million to cover the balance of 75,000 beneficiaries.

Programme 5: General Administrative, Planning and Support Services

i. Construction of the National Labour Complex

The ministry currently spends approximately KShs. 186 million per year on rent for departments housed in the National Social Security Fund (NSSF), and the Kenya Industrial Research and Development Institute (KIRDI). To address the above challenge, the Ministry plans to construct a National Labour Complex at estimated cost of **Kshs. 1.2 billion**. The Ministry will pursue acquisition of suitable land, feasibility study and other pre-project activities before commencing and completing actual construction during the Second MTP period.

ii. Recruitment of Technical Staff

Nearly 18% of (300 of 1291) technical officers are aged 50yrs and above. This situation is worsened by the fact that there is increased workload since Labour Social Security and Services function is not devolved. The Ministry had budgeted **Kshs.131 million** each year for additional recruitment of 270 technical officers staggered over the 2014/15-2016/17 MTEF budget period. These funds have not been provided in the 2014/15 financial year budget.

COMMITTEE OBSERVATION

The Committee observed that;

1. 5000 Orphans and Vulnerable Children will be eliminated from the OVC Programme yet they have been benefiting from the same programme as the Budget has a short fall of Ksh 120 million. This is as a result of the expiry of the period over which the World Bank was funding the programme prompting the government to fund it.
2. With the high level of unemployment experienced among the youth in Kenya, there is need to establish an Employment Promotion Centre.
3. The ministry Created Social Administration Committees that are not catered for in the Budget posing a logistical challenge for the administration of the cash transfer funds at ground level.
4. The formation of the Trade Union Mediation Commission is untimely thus should be stopped creating a saving of 51 Million .

RECOMMENDATIONS

The Committee recommended that;

1. **Ksh 120 Million** be allocated towards OVCs. The money to be obtained from Urban Food Subsidy Cash Transfer which is meant to support only one urban centre in the National Social Safety Net programme.

2. **Ksh 300 Million** be allocated towards Establishing an Employment Centre in the Ministry of Labour and Social Services. The money to be obtained from any saving made at the budget committee level .

3. **156 Million** to be allocated towards SACs in the Ministry of Labour towards administration of the cash transfers. The money to be obtained from cash transfer for older persons

4. **51 Million** be saved from the formation of the Trade union Mediation Committee .

RESOURCE ALLOCATIONS FOR 2014/15 FINANCIAL YEAR IN THE MINISTRY OF SPORTS CULTURE AND THE ARTS

The Cabinet Secretary for sports Culture and the Arts appeared before the Committee and presented the Ministry's budget as follows;

The Ministry's allocated resource ceiling is **Kshs. 3,804.05 Billion** out of which **Kshs 2,494.05 Billion** is recurrent expenditure and **Kshs.1, 310.00 Billion** is development expenditure.

The identified priority flagship projects have been financed within this ceiling.

	Estimates	Proposed
	2013/14	2014/15
Recurrent Expenditure	2,572.24	2,494.05
Compensation of Employees	415.00	356.05
Use of Goods and Services	658.24	639.00
Current Grants to other Govt.		1,499.00

Agencies	1,499.00	
Development Expenditure	934.50	1,310.00
Acquisition of Non-Financial Assets	245.50	1,030.00
Capital Transfer to government Agencies	689.00	280.00
TOTAL	3,506.74	3,804.05

The above overall budget is detailed in the programmes as follows:

Programme 1: Sports

Sub-Programme 1: Sports Training and Competitions

	2013/14	2014/15	
	Estimate s	Allocatio n	% change
Recurrent Expenditure	586.22	599.66	0.02%
Compensation of Employees	75	83.52	0.11%
Use of Goods and Services	406.22	408.92	0.007%
Current Grants to other Govt. Agencies	105	107.22	0.02%
TOTAL	586.22	599.66	0.02%

The sub programme has been allocated Ksh. 599.66 million for the 2014/15 Financial year.

1. **Kshs. 83.52 million** towards Employees' compensationcaters for personnel emoluments in the sports departments, registrar's office, sports disputes tribunal and staff seconded to the Parastatals namely, Sports Kenya; Kenya Academy of Sports and the National Sports Fund within the transition period of the implementation of the Sports Act 2013.

- II. **Kshs. 438 million** will be used in operations and maintenance in the Sports Directorate including international competitions (**Kshs 372.72 million**).
- III. The grant of **Kshs 107.22 million** is provided for operational support to National Sports Fund (**Kshs 10 million**), Sports Kenya (**Kshs 87.22 million**) and Kenya Academy of Sports (**Kshs 10 million**).

S.P II: Development and Management of Sports Facilities

	2013/14	2014/15	
	Estimate	Allocation	% change
Development Expenditure	197.5	700	254.4%
Acquisition of Non-Financial Assets	102.5	-	-100%
Capital Transfer to government Agencies	95	700	635.8%
TOTAL	197.5	700	254.4%

- I. **Kshs 350 million** has been allocated under Sports Kenya for Construction of the International Academy of Sports, a Key vision 2030 flagship project. The funds will accelerate the completion of hostels and classrooms so that the Academy can begin to operate as the contractor proceeds with the rest of the work.
- II. **Kshs 150 million** has been allocated to Sports Kenya to pay for ongoing construction works and settle pending bills for works already certified for the three regional stadia in Eldoret (Kipchoge Keino Stadium - **Kshs 85 million**), Mombasa (Mombasa Municipal Stadium – **Kshs 50 million**) and Kisumu (Moi Stadium - **Kshs 15 million**). The rehabilitation of the stadia will bring them to internationally accepted standards ready for use by teams preparing for upcoming international events.
- III. **Kshs. 200 million** has been allocated to cater for preliminary works in relation to the two remaining regional stadia (in Nakuru and Garissa) envisaged in the Jubilee Manifesto. Development and rehabilitation of

sports stadia will bolster achievement of excellence in sports performance through enabling the youth to actively develop and tap the immense talent in sports as well as training sports personnel.

Programme 2: Culture

S.P I: Conservation of Heritage

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	638	621.98	-2.51%
Current Grants to other Govt. Agencies	638	621.98	-2.51%
Development Expenditure	106	-	-100%
Capital Transfer to government Agencies	106	-	-100%
TOTAL	744	621.98	-16.40%

National Museums of Kenya (NMK) is allocated Kshs 621.98 Million under recurrent expenditure. This provision is allocated to the following specific areas:

- I. NMK Personnel Expenditure (P.E) Kshs 600 million;
- II. Natural Product Industry (NPI) Initiative activities Kshs 5 Million;
- III. Research carried out by the Institute of Primate Research (IPR) Kshs 14 Million and Annual subscription to the International Heritage Organisations Kshs 2.2 Million.

S.P II: Public Records and Archives Management

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	123.90	116.32	-6.11%
Compensation of Employees	64	62.00	-
Use of Goods and Services	59.90	54.32	-9.31%

Development Expenditure	48	-	-100%
Acquisition of Non-Financial Assets	48	20.00	-58.33
TOTAL	171.9	136.32	20.70%

The Kenya National Archives and Documentation Services (KNADS) department is allocated **Kshs 116.32 Million** under recurrent expenditure;

- I. **Kshs 62 Million** to cater for Personnel Expenditure (P.E)
- II. **Kshs 54.32 Million.** for Operation and maintenance
- III. **Kshs 20 million** for Construction of a regional Records Centre in Embu and purchase of mobile shelves for existing records centers .
This is an effort to improve heritage and culture awareness, knowledge appreciation and conservation.

Sub-Programme III: Development and Promotion of Culture

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	128	85.21	-33.43%
Compensation of Employees	77	37.85	-50.84%
Use of Goods and Services	29	27.36	-5.65%
<i>Current Grants to other Govt. Agencies</i>	<i>22</i>	<i>20</i>	<i>-9%</i>
Development Expenditure	20	-	100%
<i>Capital Transfer to government Agencies</i>	<i>20</i>	<i>-</i>	<i>100%</i>
TOTAL	148	85.21	-38.48%

- I. The Department of Culture is allocated **Kshs 65.21 Million** under recurrent expenditure ;

II. Kshs 37.85 Million to cater for Personnel Expenditure (P.E) and

III. Kshs 27.36 Million for Operation and maintenance.

IV. The Kenya Cultural Centre (KCC) is allocated Kshs 20 Million under recurrent expenditure.

This provision is allocated to Strengthen KCC institutional capacity for effective service delivery. This will provide for establishing an operational organization structure and staff establishment; and develop internal control systems and processes

Sub-Programme IV: Promotion of Kenyan Music and Dance

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	49	42.42	-13.43%
Compensation of Employees	22	21.70	-
Use of Goods and Services	27	20.72	-23.26%
Development Expenditure	20	-	-100%
Acquisition of Non-Financial Assets	20	-	-100%
TOTAL	69	42.42	-38.52%

under recurrent expenditure

Kshs 42.42 Million is allocated to the Permanent Presidential Music Commission (PPMC)

I. Kshs 21.70 Million to cater for Personnel Expenditure (P.E) and

II. Kshs 20.72 Million Operation and maintenance.

3

1

3

1

Programme 3: Library Services

Sub-Programme I: Library Services

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	581	558	-3.95%
<i>Use of Goods and Services</i>	17	13	-23.53%
Current Grants to other Govt. Agencies	564	545	2.89%
Development Expenditure	349	500	43.27%
<i>Acquisition of Non-Financial Assets</i>	7	-	-100%
Capital Transfer to government Agencies	342	500	46.2%
TOTAL	930	1,058	13.76%

The Kenya National Library Services (KNLS) is allocated **Kshs 1,045 million**. The recurrent expenditure amounts to **Kshs 545 Million** of which will be utilized on Personnel Expenditure (P.E) and operations and maintenance. The department has a branch Network of 59 libraries, 4 mobile libraries and a workforce of 670 persons. The department of Library Services is allocated **Kshs 13 million** to continue the promotion of library services under the Central Government.

For development expenditure **Kshs 500 Million** has been allocated to accelerate the ongoing construction of the National Library of Kenya which commenced in April 2012. The project involves upgrading the National Library capacity for preservation of national documentary heritage and involves construction of an integrated multi-storey digital National Library of Kenya and a Commercial Tower to generate income to supplement government funding for Library services. This will enable part of the library to be used and thus contribute towards improving the reading culture in the country.

Programme 4: The Arts
Sub-Programme 1: Film Services

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	122	118.59	-2.79%
Compensation of Employees	66	65.72	0.4%
Use of Goods and Services	56	52.87	-5.5%
<i>Current Grants to other Govt. Agencies</i>	<i>161.65</i>	<i>157.62</i>	<i>-2.49%</i>
Development Expenditure	64	80	25%
Acquisition of Non-Financial Assets	64	80	25%
<i>Capital Transfer to government Agencies</i>	<i>126</i>	<i>-</i>	<i>-100%</i>
TOTAL	186	198.59	6.76%

The Department of Film Services (DFS) is allocated **Kshs 198.59 Million**.

The recurrent expenditure amounts to **Kshs 118.59 Million** of which;

- I. **Kshs 65.72 Million** will be expended on Personnel Expenditure (P.E) and
- II. **Kshs 52.87 Million** on operations and maintenance.

For development expenditure they propose an allocation of **Kshs 80 Million** to initiate and operationalize the School of Film. The School will contribute towards achieving a vibrant arts industry and promoting indigenous Kenyan creativity and harnessing of talent.

The Kenya Film Classification Board (KFCB) is allocated **Kshs 77.62 Million** under recurrent expenditure

- I. **Kshs 55 Million** to cater for Personnel Expenditure (P.E) and

II. **Kshs 22.62 Million.** Operation and maintenance

The Kenya Film Commission (KFC) is allocated **Kshs 80.32 million.**

- I. **Kshs 60 Million** will be expended on Personnel Expenditure (P.E); and
- II. **Kshs 20.32 Million** on operations and maintenance.

Programme 5: General Administration, Planning and Support Services

	2013/14	2014/15	
	Estimates	Allocation	% change
Recurrent Expenditure	177	176.59	-
Compensation of Employees	110	113.20	3%
Use of Goods and Services	67	63.39	-5.4%
Development Expenditure	4	10	250%
Acquisition of Non-Financial Assets	4	10	250%
TOTAL	181	186.59	3%

The Ministry General Administration and Support Services department is allocated **Kshs 196.59 Million** under recurrent expenditure. This provision is allocated to the following specific areas:

Personnel Expenditure (P.E) **Kshs 113.2 Million;**
Operation and maintenance **Kshs 63.39 Million.**

They propose to allocate **Kshs 10 million** for development expenditure to facilitate in streamlining and strengthening effective delivery of services in the sub-sector.

EXCEPTIONAL RESOURCE REQUIREMENTS

1. African World Heritage Fund– **Kshs 100 million**

At the 22nd African Union Heads of State Summit the Government committed to support the African World Heritage Fund to the tune of **Kshs 100 Million**. Due to the tight ceiling allocated to the Ministry for the 2014/15 F/Y they are not able to meet this additional requirement. The Ministry therefore sought National Assembly intervention by providing an additional **Kshs 100 Million** to enable the Government meet this international obligation.

2. Pan-African Federation of Filmmakers (FEPACI) secretariat– **Kshs 84 Million**

They further sought an additional **Kshs 84 million** to provide for the establishment of Pan-African Federation of Filmmakers (FEPACI) secretariat. Kenya bid and won the rights to host the regional institution FEPACI therefore failure to domicile the institution jeopardizes our national image and the benefits that would accrue to the film industry; They run the risk of the body going to another competing country at this time when Kenya has earned international recognition in film industry.

Notwithstanding that the Ministry has stayed within its resource ceiling it is imperative the National Treasury considers funding these two exceptional requests for reasons given so that the country maintains its respectable presence in the region and the world at large.

3. COUNTY STADIA

Through the spirit of devolution, Sports Kenya is partnering with the counties to improve the status of at least one stadium in each of the 47 counties. The improvement of the county stadia in partnership with the counties will need Kshs 11 million per county totaling to Kshs. 520 million. Model stadia will have to be prepared to be replicated in the respective counties. County stadia will help in giving opportunity to the youth in those areas to have venues where they can develop their talents in sports. In addition, this will be a way to take some competitions to areas outside the traditional stadia of MISC and Nyayo Stadium.

4. Pending Bills – Kshs.30 million.

- The ministry contracted KIPPRA to undertake research and prepare a report on “The Role of the Creative Industry in the National Economy” at a cost of Ksh. 10 million
 - Ksh. 20 million for Kenya National Archives
5. Kshs. 30 Million Consolidated Salary/Emoluments for the National Soccer Team (Harambee Stars) Coach at Kshs. 2.5 Million per month.
 6. Cultural Centers Kshs. 250 million
 7. Natural Product Industry (NPI) need money Kshs. 50 million

COMMITTEE OBSERVATIONS

1. At the 22nd African Union Heads of State Summit the Government committed to support the African World Heritage Fund to the tune of Kshs 100 Million.

2. Kenya bid and won the rights to host the regional institution Pan-African Federation of Filmmakers FEPACI therefore failure to domicile the institution jeopardizes our national image and the benefits that would accrue to the film industry

3. As a Nation we need to have National Sports teams that we are proud of and thus the need to motivate Harambee Stars our National soccer team.

RECOMMENDATIONS

From any other saving;

1. **Kshs 100 Million** to be allocated towards African World Heritage Fund thus enabling the Government meet its international *obligation*.

2. Kshs 84 Million to be allocated to the ministry of sports to provide for the establishment of Pan-African Federation of Filmmakers (FEPACI) secretariat to be able to host the regional institution FEPACI.
3. Kshs. 30 Million be allocated towards Consolidated Salary/Emoluments for the National Soccer Team (Harambee Stars) Coach at Kshs. 2.5 Million per month.

RESOURCE ALLOCATION FOR 2014/2015 FINANCIAL YEAR IN THE NATIONAL GENDER AND EQUALITY COMMISSION

The National Gender and Equality Commission Chief Executive Officer appeared before the committee and informed the committee as follows;

In the financial year 2012/2013 the Commission was allocated KES.261,535,394.00 which was made up of KES 191,535,394 and KES 70,000,000 in Revised Estimates II of that financial year. In the year 2013/2014 the Commission was allocated KES.194, 025,586.00.

The Commission has spent KES 197,710,166.66 which is KES 3,684,850.66 above the allocation for the financial year 2013-2014. This is a result of an over expenditure in the Refurbishment of Residential Buildings line totaling to KES 39,969,209.00 as a result of the unapproved allocation for partitioning of KES 40,000,000.

On 28th of June 2013, the Commission received an allocation of KES 70,000,000 in Revised Estimates II. The Commission was only able to expend KES 30,000,000 in already concluded procurements.

The balance of 40,000,000 was intended for the partitioning of the Solution Tech Place (the Commissions new office premises). The contract was signed on 12th June 2013 and was therefore not completed to facilitate payment within the financial year 2012-2013.

The Commission wrote to the National Treasury for authority to use the 40,000,000 in the financial year 2013-2014. Authority was granted by the National Treasury (letter attached) but approval was not given by the National Assembly. The Commission consequently lost the budget allocation

of 40,000,000 for which expenses had already been incurred earlier in the financial year 2013-2014.

The Commission has an over expenditure of KES 40,000,000.00, in the line of Refurbishment of Residential Buildings. The funds to make these payments were drawn from all other budget items pending approval of the KES 40,000,000 budget.

Consequently the Commission will be unable to pay:

- a. Salaries for the months of May and June 2014 amounting to KES 16,377,700.00.
- b. Rent for the Commission offices for the quarter IV of KES 10,438,354.68.

PROPOSED NGENC ALLOCATION 2014-2015

The CEO informed the Committee that;

The Commission participated actively on the budget process in the Treasury sector working group in 2013-2014. The NGENC costed work plan for 2014-2015 amounts to 1.2B. The Commission was allocated KES 313,000,000 including an allocation of KES 10,000,000 in development funds during the sector working groups.

The Commission was allocated KES 196,000,000 and then a further reduction to KES 189,250,930.00 by the National Treasury.

	Description	Amount
	Total Allocation	189,250,930.00
1	Personnel Emoluments	106,000,000.00
2	Rent for Head office and Regional offices	44,755,094.00
3	Operations and Maintenance (Balance)	38,495,836.00

In the year 2013/2014 the operational costs were KES.42,639,744.67 up to April 2014. Going by the expenditure, the balance of KES. 38,495,836 is not enough for operations and maintenance and therefore no allocation for programmatic activities.

9. URGENT FUNDING REQUIREMENTS

	Description	Required Funds
1.	Reinstatement of KES.40,000,000.00	40,000,000.00
2.	Reinstatement of development funds	10,000,000.00
3.	Shortfall in Rent	3,389,205.40
4.	Salary deficit for current staff	1,101,540.00
5.	Programmatic interventions	80,000,000.00
6.	Additional Staff	30,000,000.00
	Total Urgent Requirement	164,493,745.40

The Commission is requesting for an additional budget of a bare minimum of KES.164, 493,745.40

COMMITTEE OBSERVATIONS

The committee observed that the NGEc was in dire need of a budgetary allocation of KES 164,493,745.40 to function as an efficient commission.

COMMITTEE RECOMMENDATIONS

The Ksh 61 Million of which Ksh 51Million is a saving from creation of Trade union mediation commission and a balance of Ksh 11Million saving from urban food subsidy to be added to NGEc.



**PARLIAMENT OF KENYA
THE NATIONAL ASSEMBLY**

THE COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT

ON THE 2014/2015 BUDGET ESTIMATES

FOR

**OFFICE OF THE ATTORNEY GENERAL & DEPARTMENT OF
JUSTICE, ETHICS & ANTI-CORRUPTION
COMMISSION, COMMISSION FOR IMPLEMENTATION OF THE
CONSTITUTION (CIC), KENYA NATIONAL COMMISSION ON
HUMAN RIGHTS (KNCHR), OFFICE OF THE DIRECTOR OF
PUBLIC PROSECUTIONS (ODPP), REGISTRAR OF POLITICAL
PARTIES (RPP), WITNESS PROTECTION AGENCY
(WPA), COMMISSION ON ADMINISTRATIVE JUSTICE (COAJ), THE
JUDICIARY AND JUDICIAL SERVICE COMMISSION**

**CLERK'S CHAMBERS
MAY, 2014**

Table of Contents	2
1. O PREFACE	4
1.1 Committee Membership.....	4
1.2 Mandate of the Committee.....	5
1.3 Departments under the Committee.....	6
1.4 The Budget Estimates	7
1.5 Committee Meetings.....	7
1.6 Acknowledgements.....	7
2.0 CONSIDERATION OF THE ESTIMATES	7
2.1 Office of the Attorney General and Department of Justice.....	10
2.2 Autonomous Institutions.....	11
2.3 Ethics and Anti-Corruption Commission.....	13
2.4 Witness Protection Agency.....	14
2.5 Office of the Director of Public Prosecutions.....	16
2.6 Commission for Implementation of the Constitution.....	18
2.7 Kenya National Commission on Human Rights.....	19
2.8 Commission on Administrative Justice.....	20

2.9 Independent Electoral and Boundaries Commission.....	22
2.10 Registrar of Political Parties.....	23
3.0 The Judiciary and Judicial Service Commission.....	24
4.0 GENERAL OBSERVATIONS.....	26
5.0 RECOMMENDATIONS OF THE COMMITTEE.....	27

1.0 PREFACE

On behalf of the Committee on Justice and Legal Affairs, it is my pleasure and duty to present to the Budget Committee Report on Budget Estimates for the 2014/2015 financial year.

1.1 Committee Membership

The Committee on Justice and Legal Affairs was constituted by the House on Thursday 16th May, 2013 comprising of the following members:

1. Hon. Samuel Chepkong'a, M.P. –Chairperson
2. Hon. Priscilla Nyokabi, M.P. –Vice Chairperson
3. Hon. Njoroge Baiya, M.P.
4. Hon. Muriithi Waiganjo, M.P.
5. Hon. Ndirangu Waihenya, M.P.
6. Hon. Florence Kajuju, M.P.
7. Hon. Kang'ata Irungu, M.P.
8. Hon. Benson Mutura, M.P.
9. Hon. John Njoroge Chege, M.P.
10. Hon. William Cheptumo, M.P.
11. Hon. Mohamed Abdi Haji, M.P.
12. Hon. Kangongo Bowen, M.P.
13. Hon. Sammy Koech, M.P.
14. Hon. Moses Cheboi, M.P.
15. Hon. Paul Bii, M.P.
16. Hon. Charles Gimose, M.P.
17. Hon. Johanna Ng'eno, MP.
18. Hon. Boniface Otsiula, M.P.

19. Hon. David Ouma, M.P.
20. Hon. Neto Agostinho, M.P.
21. Hon. Kaluma Peter, M.P.
22. Hon. Fatuma Ibrahim Ali, M.P.
23. Hon. Ben Momanyi Orari, M.P.
24. Hon. T. J. Kajwang', M.P.
25. Hon. (Bishop) Mutua Mutemi, M.P
26. Hon. Olago Aluoch, M.P.
27. Hon. Christine Oduor Ombaka, M.P.
28. Hon. Munuve G. Mati, M.P.
29. Hon. Mwamkale William Kamoti, M.P.

1.2 Mandate of the Committee

The Departmental Committee on Justice and Legal Affairs derives its mandate from provisions of Standing Order No. 216(5) which defines functions of the Committee as being:

- 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 their implementation;
- c) To study and review all legislation referred to it;
- d) To study, assess and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objectives;
- e) To investigate and enquire into all matters relating to the assigned ministries and departments as may be deemed

necessary, and as may be referred to it by the House or a minister; and

- f) To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

In accordance with Second Schedule of the Standing Orders, the Committee is mandated to consider:-

- Constitutional Affairs
- The administration of law and Justice
- The Judiciary
- Public Prosecutions
- Elections
- Ethics, Integrity and anti-corruption and
- Human Rights.

1.3 Departments under the committee

- a) Office of the Attorney General and Department of Justice
- b) Ethics and Anti-Corruption Commission (EACC)
- c) Independent Electoral and Boundaries Commission (IEBC)
- d) Commission for the Implementation of the Constitution (CIC)
- e) Kenya National Commission on Human Rights (KNCHR)
- f) Office of the Director of Public Prosecutions (ODPP)
- g) Registrar of Political Parties
- h) Witness Protection Agency (WPA)
- i) Commission On Administrative Justice (COAJ)

j) The Judiciary

1.4 The Budget Estimates for the 2014/2015 Financial Year

The 2014/2015 estimates of Expenditure were laid in the House on 30th April, 2014. The Committee met all the state departments and Ministries within its mandate, in line with Standing Order No. 235 which states in clause (3) that "Upon being laid before the National Assembly, the Annual Estimates shall stand committed to the respective Departmental Committees according to their mandates", and in clause (4) that "Each Departmental Committee shall consider, discuss and review the Estimates committed to it under this Standing Order and submit its report thereon to the House within twenty-one days after they were first laid before the House."

1.5 Committee Meetings


The Committee held a number of sittings and deliberated on the issues raised by the Parliamentary Budget Office together with the submissions made by the ministries and institutions and has made its recommendations.

1.6 Acknowledgement

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. The Committee also appreciates the Hon. Attorney General, Commissioners, various Accounting Officers and their staff who promptly responded to the Committee's invitations given the tight schedule encountered during the budget review process.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs, to present and commend

this report on the budget estimates for the 2014/2015 financial year, to the Budget Committee for adoption.

SIGNED..........

Hon. Samuel Chepkong'a

(Chairperson)

Dated this 27th.....day of May,.....2014

2.0 CONSIDERATION OF THE ESTIMATES FOR 2014/2015 FY

The Committee had budget hearings and received memoranda from the following departments and agencies within the sector:

- Office of the Attorney General and Department of Justice
- Kenya Law Reform Commission
- Council for Legal Education
- Kenya School of Law
- Ethics and Anti-Corruption Commission
- Directorate of Public Prosecutions
- Commission on Implementation of the Constitution
- Registrar of Political Parties
- Witness protection Agency
- Kenya Nation Commission on Human Rights
- Independent Electoral and Boundaries Commission
- Commission on Administrative Justice
- The Judiciary and Judicial Service Commission.

2.1 OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE- VOTE 120

1. The Office of the Attorney General and Department of Justice has the overall responsibility to co-ordinate and facilitate the realization of democratic governance through protection and enjoyment of fundamental rights and freedoms, creation of a constitutional order, promotion of ethics and integrity and nurturing a cohesive society and to provide quality and efficient legal services to the Government and the Public and otherwise protect the national and public interest.
2. The mandate of the office is set out in Article 156 of the Constitution as: to provide and promote the legal framework for the administration of justice, democracy, rule of law and good governance to flourish and for the protection of human rights, people and property among others.
3. The core functions of the office are:
 - Providing legal services to the National Government;
 - Representing the National Government in courts, tribunals and other alternative dispute resolution forums;
 - Negotiating, drafting and vetting of local and international instruments, treaties and agreements involving the Government and its institutions;
 - Undertaking review of laws, drafting of Bills, Subsidiary Legislation, notices of appointments to State Corporations, Constitutional Offices and Public Offices;
 - Adjudicating complaints made against practicing advocates, firms of advocates, a member or employee thereof and where necessary ensuring that disciplinary action is taken;

- Reviewing and overseeing legal matters pertaining to registration of Companies, Business Names, Societies, Adoptions and Marriages, Court of Arms and Official Receiver among others; and
- Reviewing and overseeing legal matters pertaining to the administration of Estates and Trusts (Public Trustee).

2.2 Autonomous Institutions under Office of the Attorney General and Department of Justice.

- a. Nairobi Centre for International Arbitration established under the NCIA Act 2013.
 - b. Assets Recovery Agency established under the Proceeds of Crime & Anti-Money Laundering Act 2009
 - c. The Central Authority for Mutual Legal Assistance
 - d. The Witness Protection Agency
 - e. The National Crime Research Centre
 - f. The Kenya Copyright Board
 - g. Kenya School of Law
 - h. Other Independent commissions under chapter 15 of the Constitution.
4. The total allocation for the Office of Attorney General and Department of Justice for 2014/2015 Financial Year is **Ksh.3,313,661,691** billion comprising of **Ksh.2,779,486,691 billion of recurrent expenditure** and **Ksh.534,175,000 Million** of development expenditure.
 5. The total request by the OAG presented for funding is **Ksh.** for the 2014 / 2015 financial year.
 6. The effect of this reduction will if not addressed, grossly affect programmes which the office considers priority in the financial year under reference. The areas particularly affected are:

a) Devolution-Decentralization

This area is fundamental in so far as the discharge of the mandate of the office of the Attorney General is concerned. The intention was to decentralize to Counties in a phased approach in the financial year 2014-2015 where it was envisaged that 10 counties will be covered in addition to the existing ones.

- The Office of the Attorney General has developed a model County office structure that will be replicated in select counties.
- The need to devolve is critical given that the Judiciary has already opened new offices in most of the Counties. It is estimated that each county office will cost ksh.40 million which translates to a total of ksh.400 million in 10 counties.

b) Information Communication Technology (ICT)

This area has been identified as essential in transformation process of the OAG to enable it deliver real value and satisfaction of its customers. The need for automation revolves around;

- Improving access to services;
- Improving operational efficiency;
- Safety of data; and
- Enhancing internal and external communication among other issues.

Given financial support, the OAG intends to realize comprehensive process management for efficiency and real time service delivery.

7. The Committee noted that the major challenges experienced by the State Law Office due to budgetary constraints are:
 - a) Lack of adequate capacity – the current staff, especially those in civil litigation, are overstretched. This is further complicated by the fact that the office cannot retain staff

due to highly competitive terms of service in other institutions both in private and public sector.

- b) Lack of a conducive working environment as a result of limited and decent office space.

2.3 ETHICS AND ANTI-CORRUPTION COMMISSION (EACC) – VOTE 122

1. The Commission was formed pursuant to Article 79 of the Constitution and the Ethics and Anti-Corruption Act of 2011. The core functions are stipulated in the Act.
2. The mission of the EACC is ‘to combat corruption and economic crime through law enforcement, prevention and public education.
3. It should be noted that this is the second year that the Commission is operating independently, having been initially under the Ministry of Justice, National Cohesion and Constitutional Affairs.
4. The Commission, in the 2014/2015 budget estimates, has been allocated **Ksh.1, 823,600,000 billion** and **Ksh.277, 600,000** which will be used for Recurrent and Development expenditure.
5. **The following are some of the constraints and challenges facing the EACC:**
 - i. Low staff establishment
The Commission’s staff establishment was increased to officers who the Commission expects to hire in the 2014-2015 FY. The Commission seeks approval from treasury

to be accorded an expanded staff establishment so as to respond to the new constitutional order requiring the commission and other Government agencies to devolve their operations and services.

- ii. There has been no increment of salaries for staff for the last seven years resulting to stagnation of staff.

The Commission is in consultation with the treasury to be allowed to sell its Karen plot to realize monies for purchase of an already built office block. This will result in savings to the Commission and free sizable amount of other resources to other priority activities.

2.4 THE WITNESS PROTECTION AGENCY (WPA) – VOTE 127

1. The Kenya Witness Protection Agency was established as a corporate body under the Kenya Witness Protection Act, Cap 79, Laws of Kenya; it was operationalized on 1st September 2008 vide Legal Notice No. 110/2008 dated 19th August 2008. The Act was amended in 2010, and the revised regulations came into force on 5th August 2011 vide Legal Notice No. 99 of 2011.
2. The WPA was formed for the purpose of providing special protection, on behalf of the State, to witnesses in possession of important information and who are facing potential risk or intimidation due to their co-operation with prosecution and other law enforcement agencies.
3. The functions of the Agency, therefore, include to:
 - i. Establish and maintain a Witness Protection Programme;
 - ii. Determine the criteria for admission to and removal from the witness protection programme;

- iii. Determine the type of protection measures to be applied;
 - iv. Advise a government ministry, department, agency or any other person on adoption of strategies and measures on witness protection; and
 - v. Perform such functions as may be necessary for the better carrying out of the purpose of this act.
4. This will be the third year for the organization to operate independently from the State Law Office.
- The Agency has been allocated **Ksh.167.7 million for the FY 2014/2015** estimates. This amount is lower than the Agency was allocated for the **FY 2013/2014 of Ksh.196.7 million** which was later revised to **Ksh.168 million** in supplementary estimates No.1 and to be revised in supplementary estimates **No.II of 2013/2014** to be submitted to the National Treasury by 16th May 2014.
 - Provide for witnesses already in the programme, with inability to take in more.
 - Victims Compensation Fund: requires **Ksh.50 Million**.
 - The Witness Protection Programme: requires **Kshs.105 Million**.
5. The Committee also notes that due to the nature of its work, being mostly classified, there is need for maintaining its confidentiality. The Agency therefore needs to have its estimates printed as a one-line item in the printed estimates.

The Committee observed that;

- The WPA has not been more proactive in engaging the Justice Committee and the public ostensibly to understand its mandate and activities.
- The Agency seems to have ignored whistle blowers
- The Agency has not exploited the provisions of the Act to make regulations for effective discharge of its core mandate.

Challenges experienced by the WPA in execution of its mandate include:

- Financial Constraints
- Staffing of the Agency
- Capacity to implement the Act
- Inadequate awareness of the Witness protection programme

2.5 OFFICE OF THE DIRECTORATE OF PUBLIC PROSECUTIONS (ODPP)-VOTE 124

1. The office of the Director of Public Prosecutions (DPP) exercises state powers of prosecution under Articles 157 and 158 of the Constitution
2. The Office of the Director of Public Prosecutions Act (No.2 of 2013) was enacted to elaborate on the office of the prosecution's mandate. The Constitution and the ODPP Act provide the powers, functions, accountability and reporting mechanisms for the office.
3. The ODPP is now an independent office having previously operated under the State Law Office.
4. The total allocation to the Office of Directorate of Public Prosecutions for 2014/2015 FY is **Ksh.1.851 billion**

Comprising of **Ksh.1.732 billion** of recurrent expenditure and **Ksh.119 million** of development expenditure.

5. The allocation is against a request of **Ksh.7.725 billion for 2014/2015 FY.**
6. The following are the priority areas for the Directorate;
 - Decentralization of prosecution services, establishment and operationalization of sub-county prosecution offices in all areas with a Magistrate's Court Station.
 - Quality assurance of prosecutions through an inspection system to ensure enhanced and uniform service provision.
 - Deployment of Prosecution Counsel in all Court stations.
 - Witness/Victims support programme. The office intends to actualize a juvenile justice policy to ensure that the two groups are supported from the pre-trial to post-trial stages.
 - Staff Welfare. The office require adequate funding to cater for group life insurance cover as approved by SRC, pension scheme, mortgage and car loan for staff.
 - Modernization and Automation-ICT of ODPP offices. This will harness ICT to improve service delivery.
 - Establishment of a National Prosecution Institute. The establishment is considered as a key strategy due to emerging complex crimes that demands comprehensive training manuals and curriculum.

The Committee observed that;

- The Directorate of public prosecutions plays an integral and critical role in the administration of criminal Justice and thus is key to realization of national development goals.
- The terms and service of the DPP are not competitive to attract and retain the best staff.
- The DPP has not been supported commensurate to the critical role the department plays in the Criminal justice system.

2.6 COMMISSION FOR IMPLEMENTATION OF THE CONSTITUTION (CIC)- VOTE 125

1. The Commission was established under Section 5 of the Sixth Schedule of the Constitution, with the following functions:
 - (a) monitor, facilitate and oversee the development of legislation and administrative procedures required to implement this the Constitution;
 - (b) co-ordinate with the Attorney-General and the Kenya Law Reform Commission in preparing, for tabling in Parliament, the legislation required to implement this Constitution;
 - (c) Report regularly to the CIOC on;
 - (i) progress in the implementation of this Constitution; and
 - (ii) any impediments to its implementation; and
 - (d) work with each constitutional commission to ensure that the letter and spirit of this Constitution is respected.
2. The CIC has been allocated **Ksh.306 million** in the 2014/2015 estimates, against their request for **Ksh.485 million**.

The Committee observed that;

The Commission has played a critical role in so far as implementation of the Constitution is concerned and may need adequate funding for auditing and conclusion of its work before exit in less than two years.

2.7 KENYA NATIONAL COMMISSION ON HUMAN RIGHTS (KNCHR) – VOTE 201

The Commission was initially a statutory body under the Ministry of Justice, National Cohesion and Constitutional Affairs, but is now an independent commission per Article 59 of the Constitution. This is its second year for the Commission to operate under its own vote.

As per its strategic plan, KNCHR has achieved the following:

- Reduction of systematic human rights violations.
- Mainstreaming HR in Implementation of the Constitution.
- Increased knowledge and practices of HR standards.
- Organizational growth

4. KNCHR been allocated **Ksh.267, 000,000 Million** in the 2014/2015 budget estimates against a request of **Ksh.470, 754,958 Million**.

Priorities for 2014-2015 FY

The year 2014-2015 will mark the first year of implementation of the new strategic plan 2013-2018; which will focus on the following strategic objectives;

- To promote the respect and observance of HR standards in public institutions.
- To increase the application of HR principles and standards in institutions and mechanisms of justice.
- To enhance the realization of social and economic rights in Kenya.
- To enhance the effectiveness and efficiency of the Commission.

The Commission's main focus areas are;

- Infusing HR in devolution of governance
- Investigations of human rights violations
- Public education on human rights
- Public interest litigation
- Policy and legislative reviews

Constraints and Challenges

- Inadequate Human Resource Capacity: During 2013-2014 FY the Commission operated with a limited capacity of against a staff establishment of .
- The second challenge has been unreliability and inadequacy of funds. The Commission should be fully funded by the state as per the Paris principles that establish NHRIs. The government has only been funding administrative aspects but not programmatic aspects.

Observations

The programmatic activities of KNCHR are mainly funded by development partners and the operating expenses by the government of Kenya.

2.8 COMMISSION ON ADMINISTRATIVE JUSTICE (CAJ) – VOTE 213

1. The Commission on Administrative Justice was established following the enactment of the Commission on Administrative Justice Act 2011, in line with Article 59 of the Constitution.
2. It is now an independent commission with its own vote, formerly operating as the Public Complaints Standing Committee (PCSC) under the Ministry of Justice, National Cohesion and Constitutional Affairs.
3. The mandate of the Commission can be described as:

- Quasi-judicial mandate to deal with maladministration
- Ensuring compliance with leadership, integrity and ethics requirements.
- Litigation and quasi-judicial functions.
- Reporting obligation.
- Training of Government ministries, departments and agencies.
- Resolution of inter-governmental conflicts.
- Provision of advisory opinions and recommendations.
- Promotion of Constitutionalism and Human Rights advocacy, and
- Performance contracting.

Commission on Administrative Justice's purpose, therefore, is to investigate any abuse of power, manifest injustice and unlawful, oppressive, unfair or unresponsive official conduct. The Act also gives the Commission additional functions in a bid to improve efficiency and timeliness in delivery of public services.

1. The CAJ requested **Ksh.430, 116,964 million**, but was allocated **Ksh.272, 485,500 million** in the 2014/2015 budget estimates.
2. The following are the activities that will be affected by the financing gap in line with the Commissions strategic plan;
 - Devolution of CAJ Services to county levels
 - Investigations and research undertaking will be affected
 - Automation of Commissions operations
 - Building the Human Resource Capacity of the Commission
 - Strengthening of complaint handling system
 - Advocacy and outreach services will also be curtailed.

Members observed that the Commission's budget has been shrinking though its work has been growing tremendously.

2.9 INDEPENDENT ELECTORAL AND BOUNDARIES

COMMISSION (IEBC) – VOTE 203

1. The IEBC was formed under Article 88 of the Constitution, and operationalized by the Independent Electoral and Boundaries Commission Act of 2011.
2. Its mandate, per the Constitution, includes:
 - The continuous registration of voters and revision of the voter's roll
 - The delimitation of constituencies and wards;
 - The regulation of political parties process;
 - The settlement of electoral disputes;
 - The registration of candidates for elections;
 - Voter education;
 - The facilitation of the observation, monitoring and evaluation of elections;
 - The regulation of money spent by a candidate or party in respect of any election;
 - The development of a code of conduct for candidates and parties;
 - The monitoring of compliance with legislation on nomination of candidates by parties.

The Commission requested **Ksh.4,430 million** from Treasury. However, the allocation received is **Ksh.3, 091,379,681 million** in the 2014/2015 budgetary estimates.

The IEBC cites numerous challenges that will arise from the shortfall,

Observations

- The IEBC has not done much to publicize its continuous voter registration and education exercise.
- The IEBC intention to purchase a Commission Office block/Headquarters at Ksh.2.15 billion may not be a viable option if the Commission could get one of the existing Government buildings.

2.10 OFFICE OF REGISTRAR OF POLITICAL PARTIES (RPP) – VOTE 126

1. This Office was established under Section 33 of the Political Parties Act of 2011 as a State Office under Article 260 of the Constitution. It previously operated as an office with the Electoral Commission.
2. The mandate of the Office includes:
 - i. To register, regulate, monitor, investigate and supervise political parties to ensure compliance with the Act;
 - ii. To maintain a register of political parties and symbols of the political parties;
 - iii. To administer the political parties fund.
3. The Office of the Registrar of Political Parties has been allocated **Ksh. 466.9 million** in the 2014/2015 budget estimates against a request of **Ksh.3,375,300,000 million** or **0.3 percent of the National Revenue for political parties fund as stipulated under the Act.**
4. Projects/activities that will be affected by budgetary shortfalls from the estimates include:
 - Political parties fund
 - Office infrastructure
 - Publicity and awareness

The Committee observed that the office has continuously been underfunded and the Treasury has not complied with the statutory requirement of 0.3 percent.

3.0 THE JUDICIARY AND JUDICIAL SERVICE COMMISSION

The Judiciary is established under Article 159 of the Constitution and vested with judicial authority exercised by the courts and tribunals established by or under the Constitution.

The Judiciary consists of the following offices;

- I. Judges of the superior courts, magistrates, other judicial officers and staff.
- II. Office of the Chief Justice
- III. Office of the Deputy Chief Justice
- IV. Chief Registrar of the Judiciary
- V. Offices of the Registrar as established by the JSC from time to time.

The Judicial Service Commission is established under Article 171 of the Constitution with the following functions:

- a. To facilitate the independence and accountability of the judiciary and the efficient, effective and transparent administration of justice.
- b. Recommend to the President persons for appointment as judges.
- c. Review and make recommendations on the conditions of service for judges and judicial officers.
- d. Staff of the Judiciary
- e. Appoint, receive complaints against, investigate and remove from office or otherwise discipline registrars, magistrates, other judicial officers and other staff of the judiciary.
- f. Preparation and implementation of programmes for continuing education and training of judges and judicial officers.
- g. Advise the National government on improving the efficiency of the efficiency on administration of justice.

Judiciary Fund

The Judiciary fund is established under Article 173 of the Constitution and is administered by the Chief Registrar of the Judiciary.

- The fund shall be used for Administrative expenses of the Judiciary and other such expenses as may be necessary for discharge of the functions of the judiciary.
- Each financial year, the Chief Registrar shall prepare estimates of expenditure for the following year and submit them to the National Assembly for approval.
- On approval of the estimates by the National Assembly, the expenditure of the Judiciary shall be a charge on the consolidated fund and the funds shall be paid directly into the Judiciary Fund.

The total allocation to the Judiciary in the 2014/2015 FY is **Ksh. 12,167,000,000 millions.**

The allocation to the Judicial Service Commission in the 2014/2015 FY is **Ksh. 438,000,000 millions.**

Observations

The Committee observed that the budget for construction of Law Courts in Bomet and Lodwar are subjects of audit queries and therefore it's not prudent to retain the allocation as printed.

4.0 GENERAL OBSERVATIONS

- The Governance, Justice and Law (GJLOS) is a sector-wide institution that needs sufficient funding to adequately address its broadening policy. Departments under the Committee's mandate are critical to the criminal justice system, the rule of law and democracy among others.
- There is a lot of disparity in the terms of service as obtained in the institutions in the Legal sector. This has made offices such as the Attorney General's office not to retain staff within its establishment.
- Public awareness in the work and mandate of institutions has increased demand for services from respective bodies. This has not been translated into increments in terms of budgetary allocations.
- Through strengthening the Justice system, better law and order will help reduce not only crime but also crime prevention.
- There is no sufficient consultation between the Treasury and departments or ministries in so far as the budget-making process is concerned.

5.0 RECOMMENDATIONS

The Committee having considered presentations and submissions by various Departments and Agencies under its Mandate recommends as follows:

- I. **On the Judiciary**, the allocation be reduced by **Ksh.826 million** by scaling down allocation earmarked for construction of Law courts at Lodwar and Bomet to **Kshs.400 million and 350 million** respectively.
- II. **On the Office of the Attorney General and Department of Justice**, the allocation be increased by **Ksh.544 million**. The increased allocation comprises of **Ksh.150 million** for computerization of registries and **Ksh.394 million** for additional staff.
- III. **On the Office of the Commission on Administrative Justice**, the allocation be increased by **Ksh.102 million**.
- IV. **On the Kenya National Commission for Human Rights (KNCHR)**, the allocation be increased by **Ksh.100 million**.
- V. **On the Witness Protection Agency**, the allocation be increased by **Ksh.80 millions**.

-END-

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – FIRST SESSION

THE DEPARTMENTAL COMMITTEE
ON
HEALTH

REPORT
ON
THE EXAMINATION OF FINANCIAL ESTIMATES FOR THE YEAR 2014/2015
YEAR

FOR
THE MINISTRY OF HEALTH (VOTE 108)

PARLIAMENT BUILDINGS
NAIROBI

MAY, 2014



PREFACE

Mr. Chairperson

The Departmental Committee on Health is established pursuant to the provisions of Standing Order No. 216(5) of the Kenya National Assembly and in line with Article 124 of the Constitution (2010) which provides for the establishment of the Committees by Parliament. The mandate and functions of the Committee is to:-

- i) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
- ii) Study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
- iii) Study and review all legislation referred to it;*
- iv) Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;*
- v) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
- vi) Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and*
- vii) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

The Committee Membership is as follows:-

The Hon. Dr. Rachel Nyamai, M.P.	-	Chairperson
The Hon. Dr. Robert Pukose, MP	-	Vice Chairperson

The Hon. Alfred Agoi, M.P.
The Hon. Christopher Nakuleu, M.P.
The Hon. David Karithi, M.P.
The Hon. Dr. Dahir Duale Mohamed, M.P.
The Hon. Dr. David Eseli, M.P.
The Hon. Dr. Enoch W. Kibunguchy, M.P.
The Hon. Dr. James Murgor, M.P.
The Hon. Dr. James Nyikal, M.P.
The Hon. Dr. James O. Gesami, M.P.
The Hon. Dr. Naomi Shaban, M.P.
The Hon. Dr. Patrick Musimba, M.P.
The Hon. Dr. Patrick Musimba, M.P.
The Hon. Dr. Stephen Wachira, M.P.
The Hon. Dr. Susan Musyoka, M.P.
The Hon. Eng. Stephen Mutinda Mule, M.P.
The Hon. Fred Outa, M.P.
The Hon. Hassan Aden Osman, M.P.
The Hon. James Gakuya, M.P.
The Hon. John Nyaga Muchiri, M.P.
The Hon. Joseph O. Magwanga, M.P.
The Hon. Kamande Mwangi, M.P.
The Hon. Leonard Sang, M.P.
The Hon. Masoud Mwahima, M.P.
The Hon. Michael Onyura, M.P.
The Hon. Mwinga Gunga, M.P.
The Hon. Paul Koinange, MP
The Hon. Raphael Milkau Otaalo, M.P.
The Hon. Zipporah Jesang, M.P.

Mr. Chairperson

The Departmental Committee is mandated to cover the functions of the Ministry in accordance with the Fourth Schedule of the Constitution. As such, the Committee exercises oversight role on the work and administration of the Ministry of Health alongside the following SAGAs.

- 1) The Kenyatta National Hospital
- 2) Moi Teaching and Referral Hospital
- 3) Kenya Medical Training College

- 4) Kenya Medical Supplies Authority
- 5) National Hospital Insurance Fund
- 6) Kenya Medical Research institute
- 7) National Aids and Control Council and
- 8) HIV& AIDS Equity Tribunal

The 2014/15 Programme Based Budget of the National Government of Kenya for the year ending 30th June 2015 was laid before the House by the Leader of Majority on Thursday 24th April, 2014. The estimates thereafter stood committed to the various Committee of the House for scrutiny pending reports incorporating recommendations to the House pursuant to provisions of section 221(4) of the Constitution and the Standing Order 253(4).

This Report contains the deliberations of the Departmental Committee on Health, on the 2014/15 Programme Based Budget of the National Government of Kenya for the year ending 30th June 2015 including submissions presented by the Ministry and the eight SAGAs under its purview.

The Committee paid attention to the link between policy goals of the Health sector and the proposed projects and programs while examining the Printed Estimates. The Ministry's policy direction is:-

- i) Eliminate communicable conditions
- ii) Halt and reverse the rising burden of non-communicable conditions
- iii) Reduce the Burden and violence and injuries
- iv) Provide Essential Health care
- v) Minimize exposure of health risk factors and
- vi) Strengthen collaboration with health reacted sectors

Analysis of the budget reveals that the Ministry was allocated reflects 3.8 percent of the total Ministerial National Executive budget.

Mr. Chairperson

The Committee would like to thank all the Cabinet Secretary and technical staff for their submissions during the consultative meetings.

I am grateful for the Members of the Committee whose support enabled the Committee to accomplish this task. Special thanks to the secretariat for their support at all times.

On behalf of the Committee, I now have the honour and pleasure to present this Report on the Examination of the Financial Estimates for the Ministry of Health for the year 2014/15 before the Committee.

Thank You

SIGNED 

HON. (DR. RACHEL NYAMAI, MP)
(CHAIRPERSON)

DATE 22/05/2014

1.0 INTRODUCTION

01. On Thursday, 24th April, 2014, the Leader of Majority laid before the House the 2014/15 Estimates of Recurrent and Development Expenditure of the National Government pursuant to the provisions of Section 221(1) of the Constitution.
02. Section 221 (4) stipulates that **‘a Committee of the Assembly shall discuss and review estimates and make recommendations to the Assembly’**.
03. The Standing Order 253(3) provides that **‘Upon being laid before the House, the Estimates shall be deemed to have been committed to each Departmental Committee without Question put to deliberate upon according to their respective mandates’**.
04. Standing order 253(4) provides that **‘Each departmental Committee shall consider, discuss and review the Estimates according to its mandate and submit its report and recommendations to the Budget and Appropriation Committee within twenty-one days, after being laid before the House’**.
05. The summary of the submissions from meetings with the Ministries and the Semi- Autonomous Governmental Agencies (SAGAs) under the purview of the Departmental Committee on Health are presented here below.

2.0 EXAMINATION OF BUDGET ESTIMATES WITH MINISTRY OF HEALTH (VOTE 108)

06. The Departmental Committee on Health held two (2) meetings with the Ministry of Health and the representatives of the eight (8) SAGAs which it exercises oversight function over on the 14th May 2014 and a follow up on 20th May 2014. They are:-
 - 1) The Kenyatta National Hospital
 - 2) Moi Teaching and Referral Hospital
 - 3) Kenya Medical Training College
 - 4) Kenya Medical Supplies Authority
 - 5) National Hospital Insurance Fund
 - 6) Kenya Medical Research institute
 - 7) National Aids and Control Council
 - 8) HIV& AIDS Equity Tribunal

07. The deliberations focused on achievements in the financial years ending June 2014, the proposed current allocations and how the Ministry intends to ensure the proposed allocations for the Financial year 2014/15 will ensure the governments' development strategy of attaining economic transformation for a shared prosperity is achieved.
08. The Committee was also keen to determine which key priority programs for the various parastatals required funding and have not been allocated funds in the 2014/15 estimates.
09. The vision for the Ministry is 'A globally Competitive, Health and *Productive Nation*' with an *overall goal of the Health Sector being to accelerate the attainment of universal health coverage*. The Key function of the Ministry in line with fourth schedule of the Constitution is Health Policy, National Referral Health Facilities and Capacity Building and Technical assistance to counties.
10. According to the Ministry, the overall goal of the Health sector which is geared towards contributing to the social pillar of the Vision 2030 is to develop a population that is healthy and productive and able to fully participate in and contribute to other sectors of the economy. In fulfilling its mandate, the Ministry has been guided by the following strategic objectives:
- i. Eliminate communicable conditions
 - ii. Halt and reverse the rising burden of non-communicable conditions
 - iii. Reduce the Burden and violence and injuries
 - iv. Provide Essential Health care
 - v. Minimize exposure of health risk factors and
 - vi. Strengthen collaboration with health reacted sectors
11. The Ministry therefore plans to invest in the following areas namely:-
- i. Upgrading and modernizing hospital infrastructure and equipment,
 - ii. Strategic Human Resources Management,
 - iii. Strengthening Public Private Partnerships,
 - iv. Transforming the Health care Financing Systems,
 - v. Strengthening the application of Technology in the delivery of health services,

- vi. Strengthening the procurement and management of health, commodities and technologies, and
- vii. Health Information and Digitization.

12. The Ministry has following as its key priority projects and programmes in that order:-

- i. Free Maternity Services;
- ii. Free Access to primary Health care;
- iii. Strengthening Health Infrastructure and Equipment in health facilities by equipping hospitals, building health infrastructure in slums and modernization of KNH and MTRH Referral Hospitals;
- iv. Providing health insurance by strengthening NHIF, and the Health insurance subsidy Program;
- v. Digitization of health facilities;
- vi. Promotion of locally derived health products;
- vii. Strengthening of KEMSA;
- viii. Improving the referral systems; and
- ix. Health Tourism through Public Private Partnerships (PPP).

13. In his presentation the Principal Secretary under the Ministry of Health highlighted the achievements during the financial year ending June 31st 2014. They were summarized as follows:-

No.	Program	Achievement	Key Performance Indicators
1.	Free Maternity Services	- Implementation of the free maternity Services in all public health facilities that provide Maternity Service. The program was allocated Ksh 3.8Billion in 2013/14 with Ksh 2.61Billion having been disbursed to 2,388 facilities (301 hospitals, 2087 Health centers).	Increase in number of deliveries in public health facilities by 11% from 676,107 in 2012 to 749,987 in 2013 Number of women delivering under skilled health workers up by 64% by end of 2013 Decline in Maternal death by 76% in 2013
2.	Free Health Services at primary health facilities	- Ksh 700Million allocated in 2013/14 as user fee compensation. Ksh 674.3Million disbursed between July 2013 – March 2014 covering 2481	Primary health care facilities utilization increased between June and December 2013 to 18Million from 12Million translating to 50% increase.

		dispensaries and 832 health facilities	
3.	HIV/AIDs, Malaria and TB programs	<ul style="list-style-type: none"> - 83% of eligible Clients are on ARV while 90% of all HIV expectant women are provided with Prophylactic ARVs. - Mass net distribution to Malaria prone areas - Free TB treatment 	<p>Drop in annual incidence of HIV infection from 166,000 in 2007 to 91,000 in 2011 and a drop in national prevalence from 13.9% in 2000 to 6.3% in 2009 and 5.6% in 2013.</p> <p>Reduction in malaria incidences to 26%</p> <p>TB cure has risen to 84% while immunization coverage improved from 83% to 87%</p>
4.	Equipping of health facilities	<ul style="list-style-type: none"> - The program is in its formative stage. With focus on equipping public health facilities (2 per County) with equipment. The Ministry intends to implement the program through lease of equipment as opposed to purchase. This is informed by the high cost of specialized equipment and high rate of obsolescence of the equipment after some years. 	Increase access to diagnostic services
5	Pro-Youth and Women programs	<ul style="list-style-type: none"> - Internship programs and apprenticeship 	1882 internship programs (642 medical officers, 68 dental officers, 25 public health officers, and clinical officers.

Source: Ministry of Health

14. While providing the justifications for the Ministry's expenditure for 2014/2015, the Principal Secretary explained, as follows:-

- 1) The total resource requirement for the Ministry is **Ksh 94,161,131,248**. However due to budgetary constraints, the provide gross allocation is **Ksh 47,362,261,263** broken down as follows into recurrent and development:

Recurrent – **Ksh 26,311,000,363**

Development – **Ksh 21,051,011,786** of which

Development Partners – **Ksh 12,164,511,786**

GoK - **Ksh 8,886,500,000**

This translates to a total deficit **Kshs. 46,798,869,985**. The **Ministry total expenditure estimates is projected to rise to Ksh 49.86B in 2015/16 and Ksh 52.77B in 2016/17**. The largest share of resources in the health sector (40%) is proposed to be allocated towards curative services. However the allocation to the health Ministry is 3.8 percent of the National Executive budget of **Ksh 1,130,468,424,796**.

- 2) The Ministry's budget allocation has increased from **Ksh. 37,518,099,077** in 2013/14 to **Kshs. 47,362,261,263** in 2014/15, reflecting an increase of 21%. The Ministry has also been allocated **Ksh 46,798,869,985** less than the resource requirement. However the resources allocated to the Ministry in 2014/15 are more by **Ksh 9.438B** compared to the ceilings provided in the BPS 2014 and **Ksh 9.044B** more in comparison to the House Resolution on BPS report of 2014. The Committee was concerned about the huge difference between the BPS ceilings and the funds allocated through the estimates given the short period between the release of the BPS in February and the Estimates in May.

15. While considering the Estimates of the Ministry and the presentations made by the Principal Secretary, the Committee noted that:-

- 1) The total allocation to the Ministry is about **3.8%** of the National Executive total budget which is far below the Abuja Declaration of scaling up health funding by government to 15%. However the Committee also noted that the health services are overwhelmingly devolved to the Counties and as

such resources were devolved to fund the programs. The Committee therefore agreed that it may not be feasible to determine how much the Counties are likely to allocate to the health function in their respective counties and therefore difficult to determine the actual percentage contribution of the budget towards health. **The Committee therefore resolved to develop legislation to ring fence how much Counties allocate to health sector and health service delivery in their respective Counties.**

The Committee further recommends that the Ministry commission a study to determine the extent to which productivity is influenced by investment in healthcare delivery to inform future Ministry of health allocations.

- 2) The Ministry in its Health sector Report and the BPS 2014 provides for four (4) programs. These are the Curative health care services, Preventive and Promotive Health care services, Research Development and training and General Administration planning and Support services. However, Maternal and child Health appears as an additional program under the Ministry in the estimates. According to the Ministry this was necessitated by the New Kenya Health Sector Strategic Plan (KHSSP) guidelines and the flagship project under the Jubilee Manifesto. Further this may have informed the increase in the budget allocation to the Ministry from Ksh 38,318Billion as is provided in the House resolution on BPS 2014 to the proposed Ksh 47,362Billion. However, this begs the question what indeed is the rationale of the BPS which is *'an overarching policy document that guided planning budgeting and implementation of programme'*. Further whether there is any possibility that the Ministry and the Executive is serious on linking its policies to programs.
- 3) Donor funded projects under the Ministry account for 58 percent of the Development Expenditure and 26 percent of the Ministry overall budget. Reports from the Ministry indicate that certain critical programs are heavily dependent on donor funding without counterpart funding or minimal funding from the Government. For example, the Health System Management program where donor contribution is Ksh

2.6Billion compared to GoK contribution of Ksh 260Million; Global Fund (HIV/ AIDs) where donor Contribution is Ksh 1.01Billion compared to GoK contribution of Ksh 50Million; Global Fund (Malaria) where the Donor is funding up to Ksh 952.6Million while GoK contribution is Ksh 50Million. It was also noted that the HIV commodities and supplementary feeding for HIV patients program is coming to an end and has been under the support of Donors through KEMSA to a tune of Ksh 1.4Billion.

- 4) The Concern of the Committee is that winding up of some of the donor programs is likely to interfere with the smooth implementation of critical programs. This is likely to happen if the Ministry fails to develop a clear and elaborate take over plan. The Committee felt that this will erode the gains made so far in the health sector. **The Committee therefore recommends that the Ministry develops an elaborate takeover plan for all donor funded programs to cushion Kenyans on the repercussions of sudden withdrawal by donors on strategic interventions.**

- 5) On the programme to equip health facilities with health equipment where the Ministry intends to lease equipment for use at level 4, 5 and 6 facilities, an allocation of Ksh 3.0Billion has been provided. Going by the Ministry submission on the status of implementation of the lease of equipment program, the Committee was not convinced of the capacity of the Ministry to adequately absorb such funds in a single financial year. Additionally, the Committee was concerned about the level of consultation and determination of viability of the leasing strategy adopted by the Ministry.

- 6) Capacity building is a key function of the national Government. To provide for the internship program for doctors, clinical officer, nurses and other health workers, the Ministry has allocated Ksh 3Billion. The Committee was in consensus that this is the beginning of addressing the numerous human resource hiccups occasioned by sudden devolution of health services and which have consequently compromised health services. The Committee is cognizant of the fact that following devolution of the health sector, much of the service

delivery including human resources was devolved. However, the Committee was concerned about the unsubstantiated allocation of Ksh 3.027Billion towards Human Resources Management sub-program and Ksh 500Million allocated to Operation and Maintenance. The foregoing figure could not be justified given that personnel related matters could only account for Ksh 2.42Billion. As such the Committee recommends that Ksh. 1Billion be rationalized from the sub-program Human Resource Management. The Committee further recommended that an additional Ksh 300Million be rationalized from the Operation and Maintenance of the Ministry and an additional Ksh 50Million from the HIV tribunal. This is to be reallocated to fund the most underfunded needs of the Semi Autonomous Government Agencies (SAGAs) and other Ministry agencies in 2014/15.

- 7) The Committee therefore agreed that a total of Ksh 1,350,000,000 be rationalized within the Ministry.

16. Consequently, the Committee noted that:-

The SAGAs and other supporting agencies remain critical national outfits with service delivery spanning two levels of Government. As such the Committee was concerned that the Ministry and specifically the two national referral hospitals may not have the capacity to handle the emerging threats in terrorism and other calamities. For example the Government chemist, the single-most public chemist in the country lacks the requisite lab supplies and equipment. Further owing to lack of training the technologist are not up to date with modern technologies. As such the Committee was of the opinion that key institution like the National Blood transfusion, the Tobacco Control Board, the Government Chemist should be adequately funded to respond to such emerging needs including the recent spike non-communicable diseases.

With the foregoing the Committee recommends that:-

- i. The National Blood Transfusion be allocated additional funding of Ksh 70Million under development
- ii. The Tobacco Control Board is allocated an additional Ksh 50Million for operations.

- iii. The Government Chemist is allocated Ksh 27 Million towards recurrent expenditure: That is; Ksh 5Million towards Training, an additional Ksh 17Million towards lab supplies and an additional Ksh 5Million towards operations and maintenance.
17. The recent roll out of the free Maternity programme and the significant increase in the uptake of this service by expectant women was acknowledged by the Committee. However the Committee was concerned about the viability of the modality of compensation and recommends that the Ministry consider introducing an Insurance program through NHIF for all expectant mothers to cost effectively implement and manage the program.

To address the foregoing challenges at both Kenyatta National Hospital (KNH) and Moi Teaching and Referral Hospital (MTRH) the Committee recommends as follows:

- i. With regards KNH, Ksh 50Million be allocated to boost the emergency capacity of the Hospital; Ksh 50Million for the employment of additional nurses and Kshs 100Million allocated towards developing and ICT Master plan.
 - ii. With regards MTRH, Ksh 25Million allocated towards emergency relief, Ksh 52Million towards recruitment of nurses and Ksh 26Million for the recruitment of specialist doctors. Ksh 10Million was allocated for research purposes
 - iii. On KMTC the Committee recommends that Ksh 250Million be allocated to development for the expansion of MTCs in various Counties.
18. HIV programs at constituency level are likely to be hampered if the Constituency Aids Control Committees (CACCs) operating in the additional eighty constituencies are not adequately funded. Further with the facts presented that 98% of HIV programs are donor funded, the Committee felt compelled to ensure the success of CACCs at grassroots through additional funding of the National Aids and Control Council (NACC).

With the foregoing the Committee recommends that additional funding of Ksh 140Million be allocated towards the funding of CACCs under the National Aids control Council (NACC).

19. The fact that Research and Development in the country has been grossly underfunded was confirmed during the Committee briefs with the Ministry. It was also revealed that KEMRI, the only research arm of the health sector has over the years relied heavily on donor funding at 80% of its budget requirement. Further, that almost 98% of exchequer transfers to KEMRI are utilized on recurrent expenditure and specifically compensation of staff. **To this end the Committee was of the opinion that research and development ought to be the responsibility of the National Government and therefore recommends as follows:**

- i. Khat research project be funded to a tune of Ksh. 50Million, while Ksh 95Million be allocated to pyrethrum research project. Additionally the Committee recommends that Kshs 79Million be allocated towards development and specifically the proposed research and training project in Kirinyaga.
- ii. The Committee further recommends that Ksh204Million be allocated to training of health personnel at the Ministry.

20. The Committee was concerned about the lack of drugs and other hospital commodities in various hospitals around the country despite the existence of the Kenya Medical Supplies Authority (KEMSA) - a national body mandated to procure and distribute medicines and health commodities. The Committee was cognizant of the fact that most counties are opting to procure drugs through other competing institutions. The Committee was of the opinion that there was need for KEMSA to re-engineer itself to guarantee its competitiveness. Further the Parastatal to leverage on ICT to improve on efficiency while reducing on operating costs and increasing its competitiveness. **The Committee therefore recommends that Kshs 50Million be allocated to KEMSA to fund Monitoring and Evaluation (M&E) so as to streamline its services.**

21. Population control and management remains a policy issue. Following the advent of devolution, service delivery on population

management related programs were devolved to county level while procurement and logistics was retained at national level. Data shared by the Ministry indicate that up to 2.4 million women are not accessing family planning services with the scenario expected to get worse following devolution. Further the program is overwhelmingly donor dependant with government contribution geared toward purchase of commodities.

The 2014/15 budget has allocated family planning services as a sub-programme under the maternal and child health program Ksh 8.2m. However, the Committee was of the opinion that this is inadequate to procure the requisite commodities for the service and as such recommends that:-

To this end, an additional Ksh.22Million be allocated towards family planning services under the Maternity and Child Health programme

22. In all, the Committee agreed with Ministry of Health that an amount **not exceeding Ksh 47,362,261,263** be withdrawn from the **Consolidated Fund** to finance the programmes and projects of the **Ministry of Health**.

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY



ELEVENTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE
ON
FINANCE, PLANNING & TRADE

REPORT ON
THE SCRUTINY OF THE BUDGET ESTIMATES 2014/2015 FOR THE
FOLLOWING SPENDING AGENCIES:

- THE NATIONAL TREASURY
- THE MINISTRY OF DEVOLUTION AND PLANNING
- THE MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT
- THE STATE DEPARTMENT OF COMMERCE AND TOURISM
- THE SALARIES AND REMUNERATION COMMISSION
- THE COMMISSION ON REVENUE ALLOCATION
- TRANSITION AUTHORITY
- CONTROLLER OF BUDGET

PARLIAMENT BUILDINGS
NAIROBI

MAY, 2014

1.0 INTRODUCTION

The Departmental Committee on Finance, Planning & Trade is one of the twelve Departmental committees of the National Assembly established under SO 216 and mandated to, inter alia; **'to investigate, inquire into, and report on all matters relating to the mandate, management, activities, operations and estimates of the assigned Ministries and Departments;**

According to the Second Schedule of the Standing Order, the Departmental Committee on Finance, Planning & Trade oversees the following government entities:-

1. The National Treasury
2. Ministry of Devolution and Planning
3. Ministry of Industrialization & Enterprise Development
4. State Department of Commerce and Tourism
5. Commission on Revenue Allocation
6. The Salaries and Remuneration Commission
7. The Transition Authority
8. The Controller of Budget

2.0 COMMITTEE'S MEMBERSHIP

The committee comprises of the following members:-

1. Hon. Benjamin Langat, MP (**Chairman**)
2. Hon. Nelson Gaichuhie, MP (**vice Chairman**)
3. Hon. Jones M Mlolwa, MP
4. Hon. Anyanga, Andrew Toboso, MP
5. Hon. Timothy M .E. Bosire, MP
6. Hon. Shakeel Shabbir Ahmed, MP
7. Hon. Joash Olum, MP
8. Hon. Dr. Oburu Oginga, MP
9. Hon. Patrick Makau King'ola, MP
10. Hon. Abdullswamad Sheriff, MP

11. Hon. Sumra Irshadali, MP
12. Hon. Ogendo Rose Nyamunga, MP
13. Hon. Iringo Cyprian Kubai, MP
14. Hon. Dennis Waweru, MP
15. Hon. Tiras N. Ngahu, MP
16. Hon. Sakaja Johnson, MP
17. Hon. Jimmy Nuru Angwenyi, MP
18. Hon. Ronald Tonui, MP
19. Hon. Mary Emase, MP
20. Hon. Joseph Limo, MP
21. Hon. Lati Lelelit, MP
22. Hon. Kirwa Stephen Bitok, MP
23. Hon. Sammy Mwaita, MP
24. Hon. Daniel E. Nanok, MP
25. Hon. Eng. Shadrack Manga, MP
26. Hon. Abdul Rahim Dawood, MP
27. Hon. Sakwa John Bunyasi, MP
28. Hon. Alfred W. Sambu, MP
29. Hon. Sammy Koech, MP

On, 30th April, 2014, the Budget Estimates for the 2014/2015 financial year were tabled in the House pursuant to Section 37(2) of the Public Finance Management Act and Standing Order 235(3) and thereafter committed to the relevant Departmental Committees for scrutiny.

Section 221(5) of the Constitution provides that the Committees shall also seek representations from the public and their recommendations shall be taken into account when the Committees make recommendations to the National Assembly. The public hearings were conducted on Tuesday 20th May, 2014, and concluded on Thursday, 22nd May, 2014.

This Report contains the deliberations of the Departmental Committee on Finance, Planning & Trade on the Printed Estimates which included the submissions presented by the government entities under its purview.

In its examination of the Printed Estimates, the Committee notes with concern that there is significant deviation of the printed estimates from the House resolution on the Budget Policy Statement. Thus a clear violation of the law on part of the executive in budget making process that vests the ultimate authority in Parliament in so far as appropriating resources is concerned. The Committee

further notes that productive sectors of the economy (Tourism and Industrialization) were grossly underfunded despite the fact that they are the drivers of the economy. The Committee will propose additional allocations to these important sectors in this report.

The Committee further notes that the Transition Authority has not achieved its mandate, largely due to inadequate funding, as the Committee was informed. Key to this is the auditing of the assets and liabilities held by the national government and former councils. To successfully implement its programmes, the authority requires urgent adequate funding and not the KSh. 300M allocated in the 2014/2015 financial year.

While examining the budgets, the Committee noted with concern the duplication of work in the name of capacity building of counties by various spending agencies. There is need for amalgamation of all the resources meant for capacity building counties and coordinated from one point and also in view of the fact that County Governments may also be budgeting for the same.

The Committee further noted that the expenditure of the independent commissions with respect to rentals was too high. The government will save a lot of money if all the commissions were housed within one building owned by the government rather than renting.

The Committee would like to thank all the government entities for their submissions during the consultative meetings. Special thanks go to the members of the public who made the public hearings a success.

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support and services extended to the Members to enable the Committee complete the exercise smoothly. I am grateful for the Members of the Committee whose support enabled the Committee to accomplish this task. Special thanks to the secretariat for their support at all times.

On behalf of the Committee, I now have the honour and pleasure to present this Report on the Examination of the 2011/12.

SIGNED B. Langat

HON. BENJAMIN LANGAT, MP
(CHAIRMAN)

DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING & TRADE

DATE 29-05-2014

3.0 EXAMINATION OF BUDGET ESTIMATES

The Committee examined the budgets of eight (8) government entities under its mandate between 13th and 22nd May, 2014 pursuant to Standing Order 235(4). In examining the estimates, the Committee was guided by Article 221 (4 & 5) of the Constitution which stipulates that *‘a Committee of the Assembly shall discuss and review estimates and make recommendations to the Assembly’ the Committees shall seek representations from the public and the recommendations shall be taken into account when the Committees make recommendations to the National Assembly.*” The Committee was further guided by Section 37(2) of the Public Finance Management Act, 2012 and Standing Order 235.

The observations made during the entire exercise of examining the Budgets are presented below.

3.1.0 COMMISSION ON REVENUE ALLOCATION VOTE 206

On 13th April, 2014, the Committee met with the Commission on Revenue Allocation and considered its 2014/2015 budget estimates. The following are the key highlights of the Commission’s budget:

- 1) The Commission on Revenue Allocation was established in December 2010 in accordance with Article 215 of the Constitution. Under Article 216 of the Constitution, the principal function of CRA is to make recommendations on equitable sharing of revenue raised by the national government. The CRA recommendations are also based on a statutory provision, CRA Act No. 16 of 2011. In 2011/12 financial year the CRA was allocated a budget of Kshs.340 million which was increased to Kshs. 344 million in the subsequent financial year 2012/13. The budget allocation for the current financial year 2013/14 was Kshs. 269 million.
- 2) The Commission’s resource requirement in the 2014/15 was, as resolved by the House in the Budget Policy Statement, Kshs. 319 million. However, these estimates were later revised downwards to Kshs. 265 million in the printed estimates. This reflected a deficit of Kshs. 54 Million.
- 3) The Commission intends to implement one programme *“Intergovernmental Revenue and Financial Matters”* in the 2014/2015 Financial year. The major activities are the recommendation of the revenue sharing between the National and County Governments; initiate the process of developing the next generation revenue sharing formula; general

administration and develop a fiscal responsibility index by holding consultative fora with stakeholders among others.

- 4) The following activities of the commission will be affected due to the budget deficit:
- i. Domestic Travel: county visits to validate the 1st generation formula and development of a 2nd generation one. The allocation to this item is Kshs. 1,474,000 against a request of Kshs 11,245,000 giving a deficit of Kshs. 9,771,000
 - ii. Foreign Travel to bench mark on revenue responsibility and 2nd Generation formula has been allocated Kshs. 2m against a request of Kshs. 9.32m
 - iii. Printing, advertising R Information services have been allocated Kshs. 1.884m against a request of KshsKshs.10.6m
 - iv. Hospitality, supplies and Services that have been allocated Kshs. 3m against a request of Kshs. 16,25m

3.1.1 Committee Observations

While considering the submissions by the Commission, the Committee noted as follows:

- i. The allocations to Fixed Expenditure items especially the Kshs. 59.75m to the Personal allowances paid as reimbursements was too high compared to the Kshs. 83.23m paid to salary and wages to commissioners and staff. This amount was too high considering that the Commissioners are employed on full term basis and therefore are not entitled to allowances.
- ii. There is duplicity of work and hence misuse of public resources in the name of capacity building and training. The Ministry of Devolution and Planning, the Transition Authority, the County Governments and other commissions all request resources for capacity building of counties. In this financial year, the Commission for Revenue Allocation has be allocated Kshs. 2.969m for training.
- iii. The Kshs. 36m paid per year as rent by the Commission on Revenue Allocation is too high considering that the establishment of the

commission is only 54 (Commissioners and members of staff. This translates to 320 sq ft per an individual.

3.1.2 Committee Recommendation

The Committee recommends as follows:

1. There is need for amalgamation and coordination of all the funds meant for capacity building of county governments
2. To save astronomical resources the government is spending on rent for independent commissions, the government should buy and house all independent commissions in one building.
3. Since the Commission on revenue allocation has neither capacity nor mandate to conduct census and household survey, the Committee urges CRA to make use of the data available at the KNBS for the purpose development of the 2nd generation revenue sharing formula

3.2.0 CONTROLLER OF BUDGET

On 13th April, 2014, the Committee met with the Controller of Budget and considered her 2014/2015 budget estimates. The following are the key highlights of the Commission's budget:

1. The Office of the Controller of Budget (OCOB) was established by the Constitution of Kenya 2010, under Article 228(1) and became operational upon the appointment of the Controller of budget on 27th August 2011. The mandate of the Office of the Controller of Budget is to oversee the budget implementation of national and county governments, to create openness and transparency in the budget implementation process and to advise the executive and legislature on budget implementation.
2. During the FY 2014/15 OCOB intends to implement the following activities under the umbrella programme of Control and Management of Public resources:
 - i. Monitoring framework for budget implementation. The office will make numerous visits to the counties to monitor the implementation of budget programmes and projects by both the national and county governments.
 - ii. Provision of information to the public on budget implementation issues by developing an interactive website
 - iii. Capacity building of staff of the OCOB and setting up a library

- iv. Processing of exchequer requests from the MDAs and County Governments
 - v. Development of the standard reporting framework by engaging the relevant stakeholders
 - vi. Development of regulations to the Controller of Budget Act, 2011
3. The total allocation to the Commission in the 2014/2015 printed estimates was Kshs. 415,962,741 against a request of Kshs. 430,000,000. The Kshs. 14m deficit will affect the following activities:
- i. Printing, advertising and information supplies and services has been allocated Kshs. 10.3m against a request of Kshs. 40.3m. The deficit will affect preparation and printing of quarterly reports; holding of four public awareness programmes as per the PFM Act in the participation of budget making and its implementation
 - ii. Foreign travel has been allocated Kshs. 2.535m against a request of Kshs. 4.25m. two benchmarking visits that include invitations by affiliate professional and bodies require an additional Kshs. 2m.

3.2.1 Committee Recommendations

Having examined the 2014/2015 budget estimates for the Controller of Budget, the Committee recommended as follows:

1. Considering the important functions the Commission plays in ensuring prudent management of financial resources in the National and County Governments, the Commission should be reallocated additional **Kshs. 14m** requested. The amount should be used to undertake the activities that were underfunded as outlined in 3 above.
2. There is a worrying trend in the duplication of work among the government entities that are tasked with the responsibility of building capacities of the county governments. Going forward, all the resources for building capacities of counties should be amalgamated and coordinated from one entity.

3.3.0 SALARIES AND REMUNERATION COMMISSION

On 13th April, 2014, the Committee met with the Salaries and Remuneration Commission and considered her 2014/2015 budget estimates. The Commission will undertake its mandate under the programme “Salaries and Remuneration Management in the Public Service” in the 2014/2015 financial year under various sub-programmes. The total allocation as per the printed estimates amounted to Kshs. 344m against a request of Kshs. 614m. The Following sub-programmes will be implemented in the 2014/2015 financial year:

3.3.1 Compensation to Employees – Kshs.161, 007, 000.00

The Commission looks forward to an optimal staff establishment of 84 employees in the 2014/2015 financial year during which salaries and allowances of the stated amount shall be paid to the secretariat staff. The amount also includes provision for pension contribution for the same staff.

3.3.2 Use of Goods and Services – Kshs.187,321,033

This amount accommodates provisions for key operations and maintenance services during the coming financial 2013/2014, amount requested was Kshs 450,319,733.00, however the allocation to this vote was Kshs 183, 000,000.00 thus a budgetary deficit of Kshs 267319.733.00. Key of the areas underfunded includes:

- a) Foreign travel and subsistence was allocated **Kshs. 4,058,269.00** against a **request of kshs. 15,108,333.00, a deficit of kshs. 11,050,064.00**. The sum shall cater for the planned three benchmark visits overseas to learn from best practices on policy and legislative framework on remuneration and benefits, pensions management, and integrated remuneration system. In addition it will fund staff and commissioners scheduled to attend the African Association of Public Administration and Management (AAPAM) and Commonwealth Association of Public Administration and Management (CAAPAM) workshops in Africa. What staff and commissioners learn in these visits is used to inform and enrich policies and recommendations on remuneration and benefits.
- b) Printing, advertising and information supplies and services was allocated kshs. 5,347,291.00 against a request of **Kshs.22,167,400**. **This is a budgetary deficit of kshs 16,820,109**. This will provide for printing and publishing of reports including quarterly and annual reports which are statutory, purchase of newspapers and journals for information, reference

and analysis as well as advertising and publicity in print, mass and electronic media.

- c) Training expenses was allocated **Kshs.4,865,600 against a request of kshs. 10,000,000, a deficit of kshs. 5,100,000.** This will cater for training of staff and commissioners on remuneration matters and staff career development through tuition fees, travel costs and accommodation as may be applicable. Remuneration and benefits is a new area with limited training opportunities world-over. It is a specialized skill that is not readily available. It is for this reason that additional **Kshs.5,000,000** is called for to develop staff and commissioners with adequate skills for the work. Besides, staff and commissioners will be exposed to other skills on governance, financial management, among others.
- d) Hospitality supplies and services was allocated **Kshs.39,966,500 against a request of Kshs.64,000,000.** This amount will cater for stakeholders' forums and workshops, commissioners' sitting, transport and accommodation allowances as per terms and conditions of services as well as office hospitality. Some of the key forums the Commission will hold in the New Year will address job evaluation, communication strategy, pension's policy and framework, public wage policy and proposed legal framework among others.
- e) Insurance costs of **Kshs.12,950,000.** In this category, the Commission pays for premiums in respect of both staff and assets insurances
- f) Specialized materials and supplies of **Kshs.1,000,000.** The Commission has set up a resource centre (library) at the office and will continue to equip and stock it from this kitty in order to have materials for reference and borrowing by staff.
- g) Office and general supplies and services at **Kshs.5,400,000 against a request of Kshs. 10.8m.** The amount will be applied to purchase general stationery and computer/printer related accessories that the Commission requires in large numbers to facilitate its working.
- h) Fuel oil and lubricants has been allocated **Kshs.1,295,000.00.** The Commission operates 7 vehicles which are quite busy on official duties, and therefore this allocation is **only a third of the need** considering hiking fuel and lubricant prices. An additional **Kshs.2,405,000.00** is necessary for effective service delivery.
- i) **Other operating expenses,** the Commission was allocated Kshs.46,318,800. This is against the request of Kshs 270 million for this item. The on-going

job evaluation that requires Kshs. 250m will be greatly affected. Critical consultancies in this category include Job evaluation which is on-going – that is estimated to cost Kshs.250,000,000.

3.3.3 Committee Observations

Having examined the commission's budget, the Committee noted the following:

1. Since the establishment of the Commission, it is the opinion of the Committee that the Commission has build enough capacity and therefore no need of further benchmarking trips. Therefore the **Kshs. 4m** allocated to this course is sufficient.
2. Further, the **Kshs. 120m** requested for the job evaluation consultancy is too much considering that the Commission has a well trained staff establishment to undertake the exercise. It is therefore the opinion of the Committee that the Kshs. 54m allocated to for contracted professional service will suffice.

3.4.0 STATE DEPARTMENT OF COMMERCE AND TOURISM (VOTE 157)

On 15th May, 2014, the Committee met the Cabinet Secretary and considered the 2014/2015 budget estimates for the state department of Commerce and Tourism. The department of Commerce and Tourism was established through an executive order No. 2/2013 of the organization of government structure and was charged with the responsibility of implementing of national trade policies and tourism sector development. The following SAGAs help the Ministry in the execution of her mandate:

1. Bomas of Kenya
2. Tourism Fund
3. Kenya Tourism Board
4. Tourism Finance Corporation
5. Kenya Utalii College
6. Kenyatta International Conference Center
7. Export Promotion Council
8. Kenya National Trading Corporation
9. Kenya Investment Authority
10. Brand Kenya Board
11. Tourism Regulatory Authority
12. Kenya Consumer Protection Advisory Committee

In the Financial year 2014/2015, the Department was allocated Kshs. 4,335,707,394 out of which Kshs. 2.75billion was recurrent and Kshs. 1.58 billion was earmarked for development. Though the Department had requested Kshs. 11.537 billion in development expenditure, it was allocated only Kshs. 1.58 billion while the allocation to recurrent was Kshs. 2.75 billion against a request of Kshs. 6.381 billion. The department intends to utilize the allocated resources in the following programmes:

- Tourism Development and promotion
- Trade Development and Promotion
- General Administration Planning and Support Services

Allocations to specific items and their shortfalls are itemized in the table below:

3.4.1 The Department of Tourism

The following are the priority projects that require funding under the Tourism Department for financial year 2014/15;

Development estimates for Financial Year 2014/15

Project/ department	Source of financing	status	Requested Amount Ksh.	Allocated Amount Ksh.	Deficit being requeste d Ksh	Expected date of completi on
Kenya tourist board, market Recovery Programme and branding (TMPR III)	GoK	ongoing	2.5B	500M	2B	June 2015
Bomas of Kenya Construction of a Perimeter wall art gallery and equipping conference centre	GoK	ongoing	180M	155M	25M	June 2015
Ronald Ngala Utalii college	GoK	ongoing	2.0B	22.3M	1.9B	June 2017
KICC- Installation of the security system at the centre& fencing	GoK	ongoing	500M	151M	349M	December 2014

Brand Board	Kenya	GoK	ongoing	230M	0	230M	June 2015
Kenya college Individual Training kitchen	Utalii	GoK	ongoing	566M	41.4M	524.6M	June 2015
Tourism product services		GoK	ongoing	50M	0	50M	June 2015
Headquarters Administration tourism refurbishment		GoK	ongoing	10M	1M	9M	June 2015
Total for department of tourism				6.035B	870.7M	5.087B	

Recurrent Estimates for Financial Year 2014/15

Delivery unit/programme	Requested	Allocated	Deficit being requested Ksh
Tourism Headquarters	340M	232M	108M
Kenya Tourist Board	700M	550M	150M
Tourism Regulatory Authority	575M	92M	483M
Kenya Utalii College-Scholarships	68M	20M	48M
Tourism Product Development	150M	67M	83M
Kenyatta International Convention Centre	100M	40M	60M
Kenya Utalii College	192M	106M	86M
Bomas Of Kenya	400M	200M	200M
Brand Kenya	150.5M	79.1M	71.4M
Total recurrent for tourism	2.676B	1.386B	1.290B

3.4.2 Department of Commerce

The following are the priority projects that require funding under the Department of Commerce for financial year 2014/15 budget estimates;

Development Estimates for Financial Year 2014/15

Project/ department	Source of financing	Status	Requested Estimates Ksh.	Allocated Amount Ksh.	Deficit being requeste d Ksh.	Expected date of completi on
Recovery and advertising in the international Media for all Kenyan product	GoK	ongoing	1B	405M	595M	June 2015
DIT-commodities exchange consultancy services	GoK	ongoing	100M	100M	0	June 2015
EPC Distribution infrastructure Product development Market Research Expo Milano Italy 22015 (350M)	GoK	ongoing	878.7M	80M	798.7M	June 2015
Entrepreneurial business services Partitioning & Equipping of Parklands Building	GoK	ongoing	500M	84M	416M	June 2014
Kenya Investment Authority- for one stop shop where investors can get information and the necessary permits.	GoK	ongoing	693M	0	693M	June 2015
Fair trade and consumer protection purchase of new calibration equipments.	GoK	ongoing	607M	44.5M	562.5M	June 2015

DIT Development Maragua Wholesale Hub Athi River Tier One Retail Market	GoK	ongoing	1B	.02M	980M	June 2017
Joint Loan Boards	GoK	ongoing	200M	0	200M	June 2015
Kenya National Trading Corporation to revive the corporation so that it can be productive	GoK	New	500M	0	500M	June 2015
Total for department of commerce			5.478B	713.52M	4.745B	

Recurrent estimates 2014/15

Delivery unit/programme	Requested	Allocated	Deficit being requested
Headquarters Administration (commerce and tourism)	343M	292M	51M
Kenya Investment Authority	402M	180M	222M
Business Premises Rent Tribunal	60M	36M	16M
Export Promotion Council	400M	260M	140M
Regional Integration	255M	255M	0
Department Of Internal Trade	125M	90M	44M
Kenya Institute Of Business Training	150M	93M	57M
Fair Trade and consumer protection services	170M	101M	69M
Kenya Consumer Protection Advisory Committee (KECOPAC)	1,800M	27M	1,773M
Total	3.705B	1.334B	2.371B

Total deficit for the commerce department both development and recurrent is **Kshs. 7.116M**. Whereby **Kshs. 2.379B** is for recurrent estimates and **Kshs. 4.745B** is for development estimates as shown above in order of priority for 2014/15 financial year.

3.4.3 Committee Observations

After examination of the estimates of the State Department of Commerce and Tourism, the Committee noted the following:

1. The department keeps on shifting its priorities of the projects to be implemented against 2 MTP of the vision 2030. A case in the point is the envisaged construction of resort cities in Isiolo, Lamu and Turkana Resort cities. These projects have been shelved. Another project that was a prioritized in 2013/2014 financial year and was further reallocated Kshs. 500m in the supplementary budget was the construction of Ronald Ngala College. It was surprising to note that the project has only been allocated Kshs. 22.3m against a request of Kshs. 2 billion due to the change of the department's priorities.
2. There are minimal efforts from the government to achieve the target of 3 million tourists coming into the country and growing tourism earnings to Kshs. 200 billion by 2017 in line with vision 2030. The government's marketing strategies are clearly not working either due to underfunding of the sector or not putting the right policies and executing them properly.
3. The huge budget request of Kshs.1.8bn by the Kenya Consumer Protection Advisory Committee could not be justified. Though the actual allocation was scaled down to Kshs. 27m in the printed estimates, there is need for spending entities to be objective whenever they make budgetary requests.

3.4.4 Committee Recommendations

1. Most of the SAGAs that have not been allocated resources and perform almost similar functions should be merged to create a coherent, leaner and efficient entity that can be adequately funded to achieve the optimal returns in terms of out puts.
2. More resources need to be put in the Marketing of Kenya as one of the best tourist destinations if at all the 3million tourists target will be reached by 2017.
3. The Committee recommends that the State Department for Commerce & Tourism should be allocated additional **Kshs.500m** to be used in the on-

ongoing construction of Ronald Ngala Utalii College and Tourism Promotion.

3.5.0 MINISTRY OF DEVOLUTION AND PLANNING

3.5.1 Introduction

On 15th and 22nd May, 2014, the Committee met the Cabinet Secretary and considered the 2014/2015 budget estimates for the Ministry of Devolution & Planning. The Ministry of Devolution and Planning was established through an executive order No. 2/2013 of the organization of government structure and was charged with the responsibility to provide effective leadership and coordination in planning; policy formulation and tracking results; human resources development and public service delivery and devolution support services. The Ministry also promotes, coordinates, monitors and evaluates youth empowerment, gender equality, social development, care and protection of persons with disabilities as an integral part of national development.

The Ministry executes its mandate through the following Semi-Autonomous Government Agencies (SAGAs):

1. The National Youth Council
2. Women Enterprise Fund
3. NGO Co-ordination Board
4. NEPAD/APRM
5. Vision 2030 Delivery Secretariat
6. National Council for Population and Reporting
7. Kenya National Bureau and Statistics
8. Kenya Institute of Public Policy Research and Analysis (KIPPRA)
9. Constituency Development Fund Board
10. Kenya School of Government
11. National Drought Management Authority
12. Community Development Trust Fund
13. National Economics and Social Council
14. National Youth Service
15. Inspectorate of State Corporations
16. Efficiency Monitoring Unit (EMU)
17. National Humanitarian Fund
18. Street Families Rehabilitation Fund

In the Financial year 2014/2015, the Ministry of Devolution and Planning will implement the following key programmes:

- Restructuring of the National Youth Service and other youth matters
- Fully implementation of Huduma Centers across the country
- Strengthening of the Africa Review Mechanisms under NEPAD/APRM; and
- Women and gender empowerment

The Ministry has been allocated a gross total of **Kshs.73,227,553,333** out of which **Kshs.56,181,467,393** is development and **Kshs.17,046,085,940** is recurrent in the 2014/2014 financial year to implement the above programmes. The gross allocation to development has a total of Kshs.7,854,793,000 (i.e 3.9 billion grants and 3.9 billion loans) that will be financed by the development partners. The allocated resources will be utilized in various programmes as itemized below.

3.5.2 Programme 1: Economic Policy and National Planning

This programme has been allocated **Kshs. 34.7 billion** to implement sub-programmes of the policy research, coordination of the vision 2030 , community development, macro-economic policy planning and regional integration, economic planning coordination services and Infrastructure, science, Technology and Innovation. The allocation to CDF under this programme is **Kshs.27.97 billion** while the allocation to social development fund to county women representatives is **Kshs. 2.03 billion**.

3.5.3 Programme 2: Gender and Youth Empowerment

This programme has been allocated Kshs. 20.1098 billion. The Key highlight of this programme is the allocation of Kshs. 18.2 billion for running and restructuring of the NYS to increase capacity for recruitment of more youth. The rest will be allocated to gender mainstreaming, youth development services, youth coordination and representation, and gender and socio economic empowerment.

3.5.4 programme 3: Public Service Transformation

This programme has been allocated Kshs.9.5 billion to be used in human resource management, human resource development, management consultancy services, performance management and Huduma Kenya Service Delivery (Kshs.4.168 billion). The ministry has successfully implemented 3 Huduma centers in Nairobi and is planning to complete 36 countrywide in the 2014/2015 financial year. The estimated cost per center is Kshs.56.5m. The ministry also intends to audit the workers in the public service with a view to identifying loopholes in the establishment.

3.5.5 Programme 4: National Statistical Information

This programme has been allocated Kshs.847.38m. This is a transfer to the Kenya National Bureau of Statistics (KNBS) for its operations.

3.5.6 Programme 5: Monitoring and Evaluation Services

This programme has been allocated Kshs. 522.5m to implement the National Integrated Monitoring and Evaluation (NIMES), corporate governance (EMU) and Promotion of Accountability Kenya (inspectorate of state corporations).

3.5.7 Devolution Services

This programme has been allocated Kshs.955.6m to be used in management of devolution affairs, intergovernmental relations and capacity building. The Transition Authority has been Allocated Kshs.300m under this programme.

3.5.8 Special Initiatives

This programme has been allocated Kshs.5.93 billion to be used in relief and rehabilitation, resettlement and reconstruction and drought management. Key to this programme is the allocation of Kshs.750m towards resettlement of the remaining IDPs under the national humanitarian programme.

3.5.9 General Administration, Planning and Support Services

This programme has been allocated Kshs.661m to be used in human resource support services, financial management services and information communication services

3.5.10 shortfalls in the 2014/2015 allocation to the Ministry

Implementation of the following programmes will be affected due to underfunding:

1. Inspectorate of state corporations that requires additional Kshs. 350m
2. Resettlement of IDPS, and care & management of persons with disabilities initiatives that require additional Kshs.400m
3. Capacity building of counties requires Kshs.1 billion
4. Facilitation for council of governors require additional Kshs.220m
5. Audit of human resource in the public service requires additional Kshs. 800m
6. NYS requires an additional Kshs.10 Billion

3.5.10 Committee Observations

Having examined the Ministry's budget and visited one of the Huduma Centers at the Teleposta Building, the Committee observed that:

(a) Huduma Centers

Though Huduma Center concept is a brilliant idea meant to bring services closer to the people, fully implementation of the project may not be achieved within the 2014/2015 financial year. This comes with the understanding that assessment of the works to be done in some counties has not even began. Contrary to the Ministry's assertion that all the centers countrywide will be a replica of the Teleposta one in terms of services and space was not practical considering diversities of population and different demands countrywide.

The costing of each Huduma Centers appears to be inflated (Kshs. 56.5m). For instance the cost of equipment (generators, UPS), refurbishment (Kshs.19m) and installations do not reflect the market rates.

(b) Allocation to the Transition Authority

The Transition Authority in an independent Commission with a clear mandate under the Transition to devolved government Act. The audit of all the assets and liabilities belonging to the National Government and former Councils is one of the major functions that the Transition Authority has not managed to undertake due to inadequate resource allocation. An allocation of **Kshs. 300m** to the Transition Authority in the 2014/2015 is way below the requirement and there are fears that it would barely cater for personnel emoluments.

(c) Allocation to Constituency Development Fund

According to the Budget Policy Statement that was passed in the House, the allocation to CDF was Kshs.35.6m. This amount was scaled down to Kshs. 27.97 billion in the printed estimates under unclear circumstances.

(d) Capacity building

Various spending agencies have requested for resources in the name of building capacities of counties. There commission on Revenue Allocation, the Salaries and

Remuneration, Ministry of devolution (allocated Kshs.39m in 2014/205), Controller of Budget and the County Government's themselves. This is a clear duplication of roles.

3.5.11 Committee Recommendations

The Committee recommends as follows:

1. With respect to Huduma Centers that has been allocated a total **Kshs.4 billion**, the Committee recommends that **Kshs. 1 billion** be reallocated to other programmes. This is due to the Committee's resolution that may not be practical to establish all the 36 Huduma Centres in a single fiscal year. It was also noted that the cost of most of the items appeared inflated. Therefore the proposal to reduce the amount by 25%.
2. With respect to the allocation to the KNBS to conduct Kenya Integrated Household Budget survey (KIHBS), the Committee recommends that the **Kshs.500m** held for a repeat of the 2009 should be reallocated to conducting the Kenya Integrated Household and Budget Survey (KIHBS).
3. With respect to capacity building of counties, all the government entities that are charged with that responsibility of the same should form a coordination committee to spearhead the process to avoid duplicity.
4. With respect to the allocation to the Constituency Development Fund, there is need to enhance the funding from the allocated **Kshs. 27.7 billion** to **Kshs. 35.6 billion** as per the House resolution regarding the Budget Policy statement.
5. With regard to the Transition Authority, the Committee recommends that the National Treasury reopens vote 170 that was initially held by the Authority and releases the Funds to the vote rather than pass through the Ministry of Devolution and Planning. Further, the Kshs. 300m allocated to the Transition Authority is not adequate to even settle the salaries of the staff and commissioners. The Committee therefore recommends that the Transition Authority should be allocated additional **Kshs. 400m** to be used in the audit of the Assets held by former county councils and those held by the National Government.
6. Under the programme: Headquarters Administrative Services – Planning, the allocation under Civil Service Reforms Secretariat –PSM be reviewed as follows:

(a) Recurrent

- I. The KSh. 158M under the item 'office and general supplies' be reduced by **KSh. 100M**
- II. KSh. 58M for 'routine maintenance' be reduced by **KSh 50M**
- III. KSh. 247M for 'purchase of office furniture' be reduced by **KSh. 200M**

(b) Development (GoK)

- I. KSh. 1.69B for 'routine maintenance' be reduced by **KSh. 1.2B**
 - II. KSh. 1.151B for 'purchase of specialized plant and equipment' be reduced by **KSh. 600M**
7. Under the Programme Monitoring and Evaluation, the allocation of KSh. 164M for Efficiency Monitoring Unit (EMU) be reduced by kshs.64 million.
8. The allocation to the Inspectorate of State Corporations of KSh. 218M be reduced by Kshs.50 million.

The Ministry should consider relocating these two functions to the office of the Auditor General

3.6.0 MINISTRY OF INDUSTRIALIZATION AND ENTERPRISE DEVELOPMENT

3.6.1 Introduction

1. On 15th May, 2014, the Committee met the Cabinet Secretary and considered the 2014/2015 budget estimates for the Ministry of Industrialization and Enterprise Development. The Ministry of was established through an executive order No. 2/2013 of the organization of government structure and was charged with the responsibility to promote and provide an enabling environment for industrialization and Enterprise development.
2. The allocations to the Ministry is itemized in the table below as follows:

	2013/14 approved Khs.	2014/15 requirements Khs	2014/15 allocated Khs	2014/2015 shortfall Khs.
Recurrent	2,749,154,229	3,285,000,000	2,259,717,028	(1,025,282,972)
Development	3,395,969,403	24,619,000,000	6,421,911,200	(18,197,088,800)

Total	6,145,123,632	27,904,000,000	8,682,628,228	(19,222,371,772)
--------------	----------------------	-----------------------	----------------------	-------------------------

3. Had the ministry been allocated enough resources as itemized in the table, the following programmes could have been implemented:

- i. Special economic zones, textile, leather and ease of doing business at cost of Khs.10.91bn
- ii. Revival of government collapsed industries at a cost of Khs.9.5bn
- iii. Transfers to the SAGAs at a cost Khs.5.28bn
- iv. And the recurrent expenditure for the ministry at a Khs.2.211bn

4. The key programmes that will be implemented in the 2014/15 fiscal year include the following:-

Programme	Allocation (Kshs.)
General Administration, Planning and Support services(promotion of industrial development and investment at 3.8bn, promotion of industrial property rights at 23m, promotion of industrial training at 179m)	1,744,869,149
Industrial Development and Investments (business financing of MSMEs at 367m, promotion of industrial products at 199m, industrial research and innovation at 1.9bn, standardization and conformity at 88m)	4,009,095,008
Standards and Business Incubation(governance and accountability at 208m, cooperative advisory services at 89m, marketing and value addition at 7.8m)	2,622,224,004
Cooperative Development and Management	305,183,784
Total	8,681,628,228

3.6.2 Committee observations

Having examined the Ministry's budget, the committee observed the following

1. The funding to the productive sectors of the economy (industrialization) has not been prioritized as reflected by the budget deficit of Khs.19.22billion. Kenya's economy can only grow if there is adequate funding to the productive sectors of the economy.
2. The huge budget deficit in 2014/15 will affect key programmes like the establishment of Special economic Zones at the coast, improving ease of

doing business in Kenya, reviving of collapsed industries (PanPaper, Sugar industries, letter industry).

3. The high cost of energy in Kenya is one of the factors that is responsible for high cost of industrial production. As a result, most industries are relocating to Ethiopia where the cost is 2cts/kwh as compared to Kenya's 18cts/kwh

3.6.3 Committee Recommendations

The Ministry should be allocated additional resources to be used in implementing the Special Economic Zones and address issues of Ease of doing business. **Kshs. 500M** will suffice in this case.

3.7.0 THE NATIONAL TREASURY

3.7.1 Introduction

On 16th May, 2014, the Committee met the Principal Secretary and considered the 2014/2015 fiscal year for the National Treasury. The National Treasury derives its mandate from the Chapter 12 of the Constitution, Public Finance Management Act, Public Procurement and Disposal Act, and other statutes. The National Treasury was allocated a total of Kshs. 73.37 billion in the 2014/2015 financial year out of which Kshs. 57.744 billion was from the exchequer and Kshs.15.626 billion is from donor A-I-A and donor revenue. The National Treasury will be implementing the following four programmes in the 2014/2015:

1. General administration, planning and support at a cost of **Kshs.37.570 billion**
2. Public Financial Management at a cost of **Kshs.33.370 billion**
3. Economic and Financial Policy Formulation and Management at a cost **Kshs.2.14 billion**
4. Market Competition at a cost of **Kshs. 290M**

In the recurrent budget (Kshs.39.616 billion) of the Ministry, Kshs.1.233 billion will be used for operations and maintenance while Kshs.2.12 billion will be used for personnel emoluments. The specific allocations under recurrent are itemized as follows:

- 1) Human Resource Reforms at Kshs.1 billion
- 2) Legal and sovereign Bond Issue Costs at Kshs.79m
- 3) Leasing of security Vehicles & Equipment at Kshs.6.67billion
- 4) Subscriptions to International Organizations Kshs.204m
- 5) State Corporations Appeals Tribunal Kshs.54m

- 6) Kenya Revenue Authority Kshs.15.058 billion
- 7) Exemption of Duty at Kshs.551m
- 8) Financial Reporting center at Kshs.201m
- 9) National Competition Authority at 209m
- 10) Repayment of Pension Funds Kshs.188m
- 11) Defined Contribution to Pension scheme at Kshs.10 billion
- 12) Group Personal Accident at Kshs.850m
- 13) Public Procurement Oversight Authority at Kshs.350m
- 14) Privatization commission at Kshs.220m
- 15) Kenya Trade Network at Kshs.184m
- 16) Nairobi Financial Center at Kshs.64m
- 17) Unclaimed Asset Authority at Kshs.120m
- 18) Public Private Partnership Secretariat at Kshs.96m

The allocation to the development budget is Kshs.20.041 billion financed by the Government of Kenya at Kshs.18,128 billion, loans revenue at Kshs.466m and grants revenue at Kshs.1.447 billion. The specific allocations to the development vote are itemized as follows:

- 1) Kshs.1.005 billion towards Equity participation in the regional financial institutions (320m for ADB, 440m for EADB, 210m for ESTATD Bank and 34.5 for African Exim Bank)
- 2) Modernization of revenue collection and refurbishment of border post at Kshs.412m
- 3) Construction and equipping Data Recovery Center in Naivasha at Kshs.782m
- 4) Kshs.5 billion for contingencies Fund
- 5) Kshs.3.4 billion for equalization fund
- 6) Kshs.105 million for establishment of expert/service Scheme at the National Treasury
- 7) Kshs.176m for construction of regional/county treasuries and PPOA
- 8) Kshs.800m for IFMIS re-engineering, maintenance and regional roll-out
- 9) Kshs.1.145 billion for capital transfer to Kenya Trade Network Authority to acquire and operationalize the Single Window system.
- 10) Kshs.5.303 billion for various targeted development initiatives i.e KPRL equity participation at kes 435m, uchumi supermarket rights issue at kes 260m, East African marine systems at kes 130m, construction of prefab houses for the police at kes 1300m, public Private Partnership annuity at 1750m, counterpart funding for global fund, microfinance youth programme at 341m, railway development levy at 314m.

3.7.2 Committee Observations

Having examined the budget estimates for the Ministry, the Committee observed the following:

(a) Leasing of police vehicles

The allocation of **Kshs.6670 Million** towards hiring of vehicles and equipment for the police will go a long way to solving security challenges in the country. These monies are domiciled within the National Treasury since it has the fleet management system that can monitor the operations of such vehicles. The Kenya Police requires 8000 vehicles to effectively ease their movements in the work. In the 2013/2014 fiscal year, the National Treasury hired 1200 vehicles for the police and intends to hire 1500 vehicles in the 2014/2015. The total number to be hired will be 2700 at a cost ranging between Kshs.160,000 and Kshs. 237,000 per month depending on the type of vehicle hired. It should be noted that the Police also require Kshs.1.5 billion in 2014/2015 financial year for air patrol. This amount has not been provided for.

(b) Human resource transformation

An allocation of Kshs. 1 billion towards human resource reforms was way too much and not warranted. The assumption of this allocation is premised that public servants approaching the retirement have reached their optimal capacity of contribution to the development of the country and therefore can be persuaded to retire hence containing the skyrocketing wage bill. This assumption is wrong considering that the wage bill can address by growing the economy and improving the efficiency in government. It is not practical that every civil servant nearing retirement has reached optimal capacity of service.

(c) Construction and equipping of Naivasha Data Recovery Center

Allocating this programme Kshs.782m for construction and equipping the center is being over ambitious considering that this is a programme that has been going on in the last 3 years. It will be important if the allocation was staggered by providing resources to complete construction in this financial year and equipment aspect of it done later.

(d) Construction of district treasuries

The allocation of Kshs.176m for construction of 100 district treasuries is not warranted considering the current governance structure in the country has changed with the coming in of the new constitution. It will be prudent to have regional offices at county level rather than district ones.

(e) Allocations for IFMIS upgrading

This programme has been allocated Kshs.800m in this financial year. It is a common knowledge that this programme has always been allocated resources in each of the last 5 years for in the name of upgrading and reengineering. At the

end of the day, IFMIS is turning out to be a very expensive investment for the government to undertake.

(f) Defined contribution pension scheme

This programme has been allocated Kshs. 10 billion for the public service pension scheme.

(g) Allocation to Public Private Partnership

The allocation of Kshs.1750m annuity towards the Public private Partnership is unnecessary tying up of capital considering that there is no single successful project that has been implemented under this arrangement. Further, there is no eminent project to be implemented by this programme.

(h) Financial reporting center

Since the financial reporting center is a new body that was set in 2012, it has had minimal results. The major activities in the last two years have been setting up and recruitment of personnel. The Kshs.201m allocated in the 2014/2015 will not be enough to set the systems in place required to run. The additional amount required for the purchase of the systems is about Kshs.300m.

3.7.3 Committee Recommendations

Having examined the budget estimates for the National Treasury, the Committee recommends the following:

- (1) Reallocation of the **Kshs. 1 billion** earmarked for Human resource transformation to more urgent and prudent programmes.
- (2) Reallocation of the **Kshs. 270m** earmarked for leasing of police vehicles. By this move, the programme will remain Kshs.6.5 billion to undertake the project.
- (3) Reallocation of **Kshs.200M** earmarked for IFMIS upgrading leaving a balance of Kshs.600M to undertake the project.
- (4) Reallocation of **Kshs.50M** earmarked for Financial Reporting center leaving a balance of Kshs.151M.
- (5) Reallocation of **Kshs.500m** earmarked for defined pension scheme should be reallocated leaving a balance of Kshs.9.5 billion.
- (6) Reallocation of **Kshs.5M** earmarked for expert service scheme should be reallocated leaving a balance of Kshs.100M
- (7) Reallocation of the **Kshs.250M** earmarked for Public Private Partnership leaving a balance of Kshs.1.5 billion to undertake the programme.
- (8) Reallocation of the **Kshs.182M** earmarked for construction and equipping Naivasha Data Recovery Center leaving a balance of Kshs.600M to undertake the project.

3.8.0 TRANSITION AUTHORITY

3.8.1 Introduction

The Transition Authority derives its mandate from the Transition to Devolved Government Act of 2011 with specific functions and tenure clearly provided for. The Authority is required to unbundle, cost and transfer all functions to county governments within 3 years of the First general election elections as provided for in the 4th Schedule of the Constitution. It is also mandated to audit all the assets held by the both the National and former county councils prior to the coming in of the County Governments.

In the 2014/15, the authority submitted the following budgetary requests:

Budget Item	Budget Estimates (Kshs)
Basic Salaries – Permanent Employees	226,157,170
Personal Allowances	142,482,830
Utilities Supplies and Services	300,000
Communication, Supplies and Services	21,600,000
Domestic Travel and subsistence and other Transport Costs	132,428,610
Foreign Travel	13,500,000
Printing, Advertising and information Supplies and services	175,000,000
Rentals	37,000,000
Training Expenses	265,000,000
Hospitality Supplies	126,871,390
Insurance Costs	38,000,000
Specialised Materials and supplies	300,000
Office and General Supplies and services	29,300,000
Fuel oil and Lubricants	28,500,000
Other operating expenses	283,000,000
Maintenance – vehicle and other transport equipment	17,500,000
Routine Maintenance	49,000,000
Membership fees and dues	2,000,000
Government pension and retirement benefits	18,000,000
Overhaul vehicles	7,500,000
Purchase of office furniture, general and IT equipment	9,500,000
Purchase of specialized plant, equipment and machinery	13,700,000
Total	1,640,000,000

3.8.2 Committee Observations

Having examined the Authority's budget, the Committee made the following observations:

1. The Authority's vote 170 has been closed under unclear circumstances. Its resources will be drawn from the Ministry of Planning and Planning's allocation. This is a clear violation of the letter and spirit of section 28 of Transition to Devolved Government Act that requires Parliament to appropriate enough resources to the Authority's Fund. The authority should be allowed operate its own vote.
2. Section 37 of transition to devolved government provides that the Authority shall stand dissolved three years after the first general elections under the Constitution or upon the full transition to county governments, whichever is earlier. The Committee however notes that the authority has neither transferred all the functions outlined in the 4th Schedule, audited the assets as required by the Act establishing the Authority nor finished three year since establishment.
3. Part of the reasons why the authority has not been able to audit the assets and liabilities is due to financial challenges. That authority has never been allocated resources to undertake this function.
4. The Khs.300M allocated in the 2014/2015 Financial Year is not sufficient for non discretionary expenditure. The Transition Authority's wage bill amounts to Khs.371.8M. This is way beyond the total allocation to the Authority.

3.8.3 Committee Recommendations

The Committee recommends as follows:

1. The National Treasury should reopen Vote 170 to be used by the Transition Authority. All the appropriations by parliament to the Authority should be done through Vote 170.
2. For the Authority to realize its mandate (transfer of functions to the County governments and audit of assets and liabilities held by the both the national government and former councils, the authority should be allocated additional **Khs. 400M**.
3. The envisaged formation of the Intergovernmental Relations body with mandate of overseeing operations of county government should be postponed till such a time when the Transition Authority has finished its work to avoid overlaps and duplications of functions.

SUMMARY

Total Savings (5.718 billion)

1. Treasury Khs.2.454bn
2. Devolution and planning 3.264 Billion

Reallocations

1. Ministry of Industrialization Khs.600M
2. State Department of Commerce and Tourism
 - Khs.1B for Narok-Maasai Mara Road (if the road has already been allocated money by the relevant sector, then the KSh. 1B to go to CDF)
 - KSh. 1.2B for Ronald Ngala
3. Transition Authority Khs.387M
4. Controller of Budget Khs.14M
5. Commission on Revenue Allocation KSh. 20M
6. Salaries and Remuneration Commission KSh. 100M
7. CDF gets the balance which is KSh. 2.397billion



REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

DEPARTMENTAL COMMITTEE

ON

ENVIRONMENT AND NATURAL RESOURCES

REPORT ON

BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014/15 FOR THE
MINISTRY OF MINING AND THE MINISTRY
OF ENVIRONMENT, WATER AND NATURAL RESOURCES

PARLIAMENT BUILDINGS

NAIROBI

MAY 2014

1.0 INTRODUCTION

1.1 Committee Mandate and Membership

The Environment and Natural Resources Committee is a Departmental Committee established under the National Assembly Standing Orders No. 216(1). The functions and mandate of the Committee are also contained under the National Assembly Standing Orders, No. 216(5) as:-

- (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 the Ministries and departments and the effectiveness of the implementation;
- (c) Study and review all legislation referred to it;
- (d) Study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;
- (e) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- (f) Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and
- (g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The subject matter of the Departmental Committee on Environment and Natural Resources are stated in the Second Schedule of the National Assembly Standing Orders No. 216(f) as follows: Climate Change, Environment Management and Conservation, Forestry, Water Resource Management, Wildlife, Mining and Natural Resources, Pollution and Waste Management.

Current Committee Membership

- 1. Hon. Amina Abdalla, M.P., **Chairperson**
- 2. Hon. A. K. Kosgey, M.P., **Vice Chairperson**
- 3. Hon. Alice Ng'ang'a, M.P.
- 4. Hon. Samuel Ndiritu, M.P.
- 5. Hon. Aisha Jumwa Karisa, M.P.

6. Hon. Ejidius Njogu Barua, M.P.
7. Hon. Jude Njomo, M.P.
8. Hon. Moitalel Ole Kenta, M.P.
9. Hon. Kathuri Murungi, M.P.
10. Hon. Sunjeev Birdi, M.P.
11. Hon. Jackson K. Rop, M.P.
12. Hon. Abdi Noor Ali, M.P.
13. Hon. Joyce Emanikor, M.P.
14. Hon. Abdulaziz Farah, M.P.
15. Hon. Ronald Tonui, M.P.
16. Hon. (Dr.) R. Wanyonyi, M.P.
17. Hon. Gideon Mwiti, M.P.
18. Hon. Hassan Dukicha, M.P.
19. Hon. Zainab Chidzuga, M.P.
20. Hon. Chachu Ganya, M.P.
21. Hon. Opiyo Wandayi, M.P.
22. Hon. Charles G Mongare, M.P.
23. Hon. (Dr.) Wilber K Otichilo, M.P.
24. Hon. Khatib Mwashetani, M.P.
25. Hon. George O. Ogalo, M.P.
26. Hon. (Major) Muluvi Mutua, M.P.
27. Hon. Mohamed, Diriye M.P.
28. Hon. Peter Kinyua, M.P.
29. Hon. Shukra Hussein Gure, M.P.

Mandate of the Ministries

1. **Ministry of Environment, Water and Natural Resources**

The ministry is mandated to manage and conserve the environment, water resources and natural resources in the country. It has two state departments namely the State department of environment and natural resources and the State department of Water.

2. Ministry of Mining

The ministry is mandated to promote mineral exploration and management of mineral resources. The mandate of the Ministry is linked to the Oil and Other Mineral Resources sector of the economic pillar of the Vision 2030. The goal of the country under the Second MTP is to develop the sector so as to increase the export earnings from Oil and Minerals mined in the country.

The state department state department of environment and natural resources has the following semi-autonomous Government Agencies (SAGAs) under it:

NEMA
National Environment Trust Fund
Public Complaints Committee (Environment)
National Environment Tribunal
Kenya Water Towers Agency
Kenya Forest Service
Wildlife Clubs of Kenya
Kenya Wildlife Service
Forestry Research Institute

The state department of water has the following semi-autonomous Government Agencies(SAGAs) under it:

KVDA
TARDA
LBDA
ENSDA
CDA

ENNDA
Water Services Trust Fund
Water Resources Management Authority
Water Services Regulatory Board
Athi Water Service Board
Lake Victoria South Water Service Board
Lake Victoria North Water Service Board
Rift Valley Water Service Board
Coastal Water Service Board
Tana Water Service Board
Northern Water Service Board
Water Appeals Board
TANATHI Water Service Board
Kenya Water Institute
National Water Conservation & Pipeline Corp

Consideration of the ministries FY2014/2015 Budget estimates

On 30th April 2014 Pursuant to Article 221 of the Constitution, the Estimates of Revenue for the FY 2014/15 were submitted to the National Assembly. Subsequently, the Estimates were tabled and upon tabling the Departmental Committees were expected to scrutinize the Estimates within 21 days and later submit a report to the Budget and Appropriation Committee. Section 39(3) of the Public Finance Management Act empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere.

This Report presents an analysis of the 2014/15 budget proposals for the following Ministries, Departments and Agencies which fall under the purview of the committee:

- (i) Ministry of Mining
- (ii) Ministry of Environment, Water and Natural resources- The state department of Water
- (iii) Ministry of Environment, Water and Natural resources- The state department of Environment and Natural Resources

A departure from the past, the budget estimates for the FY 2014/15 were presented based on programmes hence there was inadequate information available for National Assembly to play its budget making role. This Report contains the deliberations of the Departmental Committee on Environment and Natural Resources on the Budget Estimates for the Financial Year 2014/15. In compiling this report, the Committee considered the contents of the Budget Estimates presented to the National Assembly. The Committee also looked at the budget estimates *vis-à-vis* the requests that had been made to the National Treasury. The committee benefited from the brief given by the Parliamentary budget office. The Sections below summarizes the reports received by the committee in analyzing the budgetary estimates.

CONSIDERATION OF THE SUBMISSIONS BY THE MINISTRIES

Submissions by the State Department for Environment and Natural Resources

- 1.1 The 2014/15 FY budget will focus on key priority areas under Environment & Natural Resources as provided for in The Constitution, Vision 2030 and MTP II and other government policy documents. Specifically the resources will be required to finance; modernization of meteorological services and weather modification, environmental regulation & standards investment, increase tree cover by a further 3% , restoration of degraded habitats, climate change mitigation and adaptation measures, wildlife conflict resolution and strengthen forestry/wildlife research. Coordination of the proposed merger of KWS, KFS, and KWTA is a major activity to be undertaken.
- 1.2 The department has established a joint anti-poaching crack unit with security personnel from the Administration Police and the GSU. Furthermore, KWS requires revamping of security through the recruitment, training and deployment of at least 1000 rangers in two years. To operationalize the Wildlife Act, 2013, the Ministry will prepare the National Wildlife Conservation Strategy.
- 1.3 The total net allocations for the FY 2014/205 for the State Department of Environment and Natural Resources is Kes 12.8 billion, of which Recurrent Expenditure is Kes 6.2Billion and Development Expenditure is Kes 6.5 billion against a request for a net GOK allocation Kes. 23.8 Billion to implement its programmes as is detailed in the Environment, Water and Natural Resources Sector Report. However, only Kes. 11.3Billion (GOK) was provided translating to 47% of the amount requested. The net total exchequer expected for 2014/15FY is Kes 12.8 billion of which Kes 6.2 billion is in

Recurrent, Kes 5.1 Billion in Development (GOK) while the balance of Kes 1.45 Billion is through Donor Revenue. In the Recurrent Expenditure 80% of the allocation shall be transfers to SAGAs while 18% shall be utilized for personnel emoluments, leaving only 2 % for Ministry Headquarters' operations.

1.4 Comparatively the allocation of funds for the period 2011/2012 to 2014/2015 financial years has been inadequate. Although there was an increase in allocation of 18% from 2011/12 to 2012/13FY, there was a reduction of 5% of from 2012/13 FY to 2013/14FY. Resources allocation in 2014/15FY did not change from that of last year. The proportion of Recurrent to Development has also averaged 51:49 over the last 5 years.

1.5 The ministry over the last three years has had a good absorption rate averaging 85%. The State Department's absorption capacity currently stands at 83%; Recurrent Expenditure being 96%, while Development 70%. The low absorption in development expenditure is due to slow disbursement of donor revenue as well as Appropriation in Aid funds.

1.6 Some key priority projects have been left out in the 2014/ 15 estimates These include:

- a) Green Schools Programme – Requirement Kes 5 billion , Allocation Kes 716 Million
- b) Forestry Research – Requirement Kes 245 Million , Allocation Kes 85 million
- c) Force modernization in the protection of wildlife and forest resources and Beach Management Programme –Requirement Kes 1.3billion, Allocation Kes 700 million.
- d) No Funding for the Mau Joint Enforcement Unit (*Maasai Mau*) through Kenya Water Towers Agency- Kshs 130million
- e) No funding for KMS accumulated Taxes for goods and equipment for the National Early Warning (Security and Safety) System project- Kes 700 million
- f) Rehabilitation of KAYA forests in Coast and Embombut Forest- Kes 100 million
- g) Operationalization of the Wildlife Conservation & Management Act, 2014 , Requirement Kes 3.5 billion Allocation Kes 193 million.

1.7 The state department needs the following priority areas to be considered for funding in the FY2014/2015 the following areas;

2. Green Schools Programme
3. Recruitment of the second phase of wildlife rangers to strengthen anti-poaching activities
4. Funding of the Mau Joint Enforcement Unit through Kenya Water Towers
5. Wildlife compensation claims
6. Funds to operationalize the Radars installed

.Submissions by the State department for Water

1.8 Budgetary allocation for the department for the FY 2014/2015 is kes 30.3 billion which is only 33.9% of the resource requirement of kes 89.2 billion estimated in the medium terms expenditure 2014/15-2017 budget. In the budget strategy paper 2014/2015 the department had been allocated kes 36.5 billion which has now been reduced by kes 6.2 billion. During the FY2014/2015 the department plans to collect kes 2.1 billion in recurrent AIA. However it will be a challenge for the eight regional water services boards (WSBs) to collect AIA amounting to kes 1.6 billion which is 73.1% of the total AIA.

1.9 The departments intends to implement FY 2014/2015 water resources management programme include: water resource conservation and protection at kes 304 million against kes 1.0 billion, water storage and flood control at 4.8 against kes 6.5 billion, water supplies infrastructure at 20.2 billion against 22.2 billion.

1.10 Under the integrated regional development programme, the integrated basin based development programmes all projects including pending bills for completed project have been allocated only Kes 4.1 Billion against a resource requirement of kes 8.8 billion, land reclamation have been allocated kes 59 million against a resource requirement of kes 71 million.

1.11 Under the general administration, planning and support services programme has a total allocation of the 756 million against a resource requirement of kes 1.7 billion.

1.12 A total of 9 priority projects with a resource requirement of kes 11.5 billion has not been allocated any funds in the FY2014/2015.

BRIEF BY THE PARLIAMENTARY BUDGET OFFICE (BPO)

Ministry of Mining

The Parliamentary budget informed the committee as follows:

1.11 The BPO informed the committee that the ministry of mining has in the Second MTP proposed the following key projects.

- i. Conducting a National Airborne Geo-physical survey
- ii. Establishment of an internationally accredited Mineral Certification Laboratory and Audit Agency

- iii. Establishment of Mineral and Metal Commodity Exchange
- iv. Creation of Special Mineral Processing Economic Zones
- v. Development of rail and road networks for exploration of the coal deposits in Mui Basin
- vi. Commercial production of the Kwale mineral sands project in 2014
- vii. Establishment of a regional geological survey and research center
- viii. Establishment of mineral sovereign fund

1.12 The ministry had prioritized the following proposed projects for implementation in its 2014/2015 budget:

- i. Mineral certification laboratory
- ii. Geological survey and equipment
- iii. Online transactional mining cadastre portal
- iv. Establishment of enabling mineral institutions
- v. Nationwide Airborne Geophysical Survey

1.13 The ministry's recurrent expenditure is largely shared between compensation to employees and use of goods and services. The funds for development are mainly used for acquisition of non-financial assets. A comparison of the budgets for 2013/14 and 2014/15 indicates that the development expenditure has substantially increased while under the recurrent vote, the allocation for use of goods and services has slightly increased.

1.14 The Department proposes to undertake 3 programmes in the 2014/15 compared to 2 programmes it implemented in 2013/14. The additional programme is the 'Resource Surveying and Remote Sensing'

1.15 The 'general administration, planning and support services' programme has only one output, 'Mining Policy Bill' yet it has been allocated Ksh 231.5 million.

The Ministry aims at undertaking an airborne geophysical survey on iron ore and coal exploration mapping. However, the Ministry of Energy and Petroleum also has a lot of funding for coal exploration. Clarity on the roles of both ministries is needed to ascertain no duplication of resources.

1.16 The allocation for use of goods and services for the Ministry of Mining should be restored to the allocation in 2013/14 since the outputs for the Ministry for 2014/15 have been greatly reduced. Similarly, a number of targets weren't achieved with the resources allocated last year. This will create a saving of Ksh 66 million.

1.16 The final programmes analysis is summarized as follows:

Programme 1: Mineral Resources Management				
Objective: to develop and review geological and mineral resources database and existing mining policies and legislations				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
1,113.2	<ul style="list-style-type: none"> • Geo-hazard areas in the country updated by 2015/16 • 6 mineral deposits assessment reports by 2015/16 • Countrywide airborne geophysics data by 2015/16 • 150 inspection of exploration and mining concessions 	758	1,197.9	<ul style="list-style-type: none"> • Revenue collection from mining of Ksh 898.5 million • Establishment of Mineral and Metal Commodity Exchange • 2 gold refinery in Kakamega and gemstones cutting center in Voi • Iron ore and coal exploration mapping (airborne geophysical survey) • Countrywide upto date geosciences database digitalized
Programme 2: General Administration, Planning and Support Services				
Objective: To provide policy and legal guidance for efficient and effective management of mining				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
390.8	-	760	231.5	<ul style="list-style-type: none"> • Mining policy and bill
Programme 3: Resources Survey and Remote Sensing				
Objective: to promote use of Geographic Information Systems, Remote Sensing, databases and tools of monitoring, mapping and assessment of natural resources				
2013/14	Performance Target	BPS	2014/15	Performance Target

Revised Estimates		Ceiling 2014/15	Printed Estimates	
-	-	672	635.3	<ul style="list-style-type: none"> • Survey 5 rangeland counties • Mapping land cover in four counties • Asses land degradation in 1 county • Map 2 water towers • Survey maize/wheat strata in the country • Continued updating of geo-database

COMMITTEE OBSERVATIONS

The committee made the following observations from the analysis of the FY2014/2015 budgetary estimates for the ministry of mining and the Ministry of environment, Water and Natural resources.

1. The total net allocations for the FY 2014/2015 for the State Department of Environment and Natural Resources is Kshs 12.8 billion, of which Recurrent Expenditure is Kshs 6.2Billion and Development Expenditure is Kshs 6.5 billion against a request for a net GOK allocation Kshs. 23.8 Billion to implement its programmes.
2. The committee noted the increase in poaching and challenges faces by KWS in wildlife protection and conservation for future generations. There is urgent need to allocate extra funds to be able to recruit additional rangers for this purpose.
3. Key priority projects such as Mau Joint Enforcement unit(Maasai Mau) through the Kenya Water towers Agency with a resource requirement of kes 130 million and the KMS accumulated Taxes for goods and equipment for the National Early Warning (Security and Safety) System project of kes 700 million have not been allocated any funds in the FY2014/2015
4. Due to the current crisis in the tourism sector the Kenya Wildlife Service is likely to have a shortage in their AIA. There is therefore likelihood of request for supplementary budget to meet the shortfalls in payments of salaries of the staff at the service.

5. Key priority projects in the water sector need to be considered for funding from resources outside the department's allocations. This includes pending bills for the regional development authorities' projects.
6. The exploration of coal is a function of the ministry of mining. The functions are currently being executed under the ministry of energy. It was observed that the Ministry of Energy and Petroleum also has a lot of funding for coal exploration. Clarity on the roles of both ministries is needed to ascertain no duplication of resources

COMMITTEE RECOMMENDATIONS

The committees make the following recommendations to the budget and appropriation committee for the 2014/2015 budget estimates for the ministry of Environment, Water and Natural Resources and the Ministry of Mining.

1. Funding Kenya Wildlife Service rangers recruitment programme

The committee noted the increase in poaching and challenges faces by KWS in wildlife protection and conservation for the present and future generations. The committee agreed to reallocate from within the two ministries in order to assist the rangers recruitment programme by the Kenya Wildlife Service which is targeting a recruitment of 1,500 rangers. An amount of Kes 500 million is to be reallocated from within the budget to address part of the shortfall in the recruitment programme. The kes 500 million is to be recovered from the following programmes/projects:

Department/Ministry	Institution/programme	Source	Budget estimates (KSHs.)	Amount reallocation (KSHs.)
<i>Department for Water & Regional Authorities</i>	Kerio Valley Development Authority	Capital grants to semi-autonomous agencies	212,000,000	20,000,000
	Rural Development Coordination	Capital grants to government agencies and other levels of	245,400,000	40,000,000

		government		
	Development of Multipurpose Dams	infrastructure and civil works	500,000,000	30,000,000
	Tana and Athi Rivers Development Authority	Capital grants to government agencies and other levels of government	206,100,000	20,000,000
	Lake Basin Development Authority	Capital grants to government agencies and other levels of government	228,900,000	30,000,000
	Coast Development Authority	Capital grants to government agencies and other levels of government	336,600,000	30,000,000
	Water Resources	pre-feasibility, feasibility and appraisal studies	100,000,000	30,000,000
<i>Ministry of Mining</i>	Geological Data bank & Internationally Accredited Mineral Certification			100,000,000

	Laboratory			
<i>State Department for Environment:</i>	Broken as follows (KSHs. Mill): KWS – 50million Metrology – 80million KFS – 50million KF-Research Institute – 20million			<u>200,000,000</u>
Total Amount Reallocated to Fund the Ranger Recruitment Program				<u>500,000,000</u>

2. Rangwe Water Distribution System.

This is a joint development programme to distribute water to 30,000 households. The stated department will be reallocating KSHs. 50 Million to complement the Kes. 10 Million already allocated to the project from the CDF fund. The amount is to be reallocated from the *Kimira Oluoch Project* in the state department of water that has a GOK component worth KSHs. 860,000,000 as shown below:

Project	Amount allocated (KSHs.)	Amount reallocated to Rangwe Water project (KSHs.)
Kimira Oluoch	860,000,000	810,000,000
Rangwe Water Project	-	50,000,000
Total		860,000,000

3. Mau Joint Enforcement Unit(Maasai Mau)

This project had no funds allocated to it in the FY2014/205 estimates. Funds amounting to kes.100 Million are to be reallocated to facilitate the activities at the Maasai Mau water tower.

The amounts can be drawn from the *Green Zone Development Project* or from the *Greening Program* both under State Department of Environment and Natural resources. The programmes are allocated KSHs. 214,220,000 and KSHs. 715,820,798 respectively. But the Green Zone Development Program has a donor component worth KSHs. 41,400,000. See table below:

Project Options	Amount Allocated (KSHs.)	Donor Component (KSHs.)	Reallocated amount to Maasai Mau to Amount (KSHs.)	Balance (KSHs.)
Greening Program	715,820,798	-	100,000,000	615,820,798

4. National Early Warning(Safety and Security) system project

This equipment has been lying at the Mombasa port for years. It has accumulated taxes and fees amounting to kes 700 million. No funding has been factored in the FY 2014/1015 to settle the amount. The Committee should consider for funding or seeking tax waiver from the KRA to release the equipment to the ministry.

5. Coal exploration

The exploration of coal is a function of the ministry of Mining. Resources allocated to this function under the Ministry of Energy and Petroleum should be reverted to the ministry of mining.

6. Priority projects

The committee recommends that the following projects be considered for funding. They could not be factored in the ministry's limited allocations for the FY2014/2015. They are recommended for funding in the FY 2014/2015.

Project	Allocated 2014/15 (KSHs. Millions)	Amount to be allocated (KSHs. Million)	Total (KSHs. Million)	Comment:
Chebara	128	294	422	Amount to compensate persons affected by

Projects				the Chebara Projects (Treatment plant & Chebiemit water supply)
Kibuyuni Project (Kwale)		98	98	Project has been ongoing for more than 30 years
Homabay/Rangwe Water Distribution System		50	50	Recommended that Amount retrieved from Rural Development Services (Kimira Oluch) 860 million - to facilitate water distribution to 30,000 homesteads. CDF has already allocated 10 Mill
KEWI	170	830	1,000	To facilitate services offered by the water institute and refurbish the dilapidated status of the institute. The amount is to be settled across 3 year period.
Kursin Fresh water pipeline		80	80	Extension of 25 KM pipeline for fresh water supply to Kursin settlement, Habasewein.
Pending bills		2,760	2,760	Ministry has not taken this with seriousness it deserves, which is against the treasury circular that requires pending bill to be the first charge. Priority should be given to design payments of dams.
Drilling bore holes		660	660	<ul style="list-style-type: none"> - This is to address current short comings in the devolution of Bore hole drilling by county govts. - To facilitate drilling in areas of strategic importance to water supply sustainability. - Project to address emergency response to drought. One expected in December.
Total		5,382	5680	

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

MINUTES FOR COMMITTEE OF ENVIRONMENT AND NATURAL RESOURCES ON
RECOMENDATIONS ON THE PROPOSED BUDGET WHICH WAS HELD ON MAY
26TH 2014 AT C.P.A ROOM AT 2.30pm.

MEMBERS PRESENT

1. Hon. Abdalla Amina, M.P.–Chair Person
2. Hon. Gure Shukra Hussein, M.P.
3. Hon. Mohammed Diriye Abdullahi M.P.
4. Hon. Ole Kenta Richard Moitalel, M.P.
5. Hon. Tonui Rono Rotich, M.P.
6. Hon. Dr.Wanyonyi Reginalda, M.P.
7. Hon. Barua Ejidius Njogu, M.P.
8. Hon. Chidzuga Zainabu Kalekye, M.P.
9. Hon. Ottichilo, Wilber Khasilwa, M.P.
10. Hon. Rop Jackson Kipkorir, M.P.
11. Hon. Peter Kinyua, M.P.

ABSENT WITH APOLOGY

- 1 Hon. Alexander Kosgey, M.P. – Vice Chair
- 2 Hon. Dukicha Hassan Abdi, M.P.
- 3 Hon. Emanikor Joyce Akai, M.P.
- 4 Hon. Ganya Francis Chachu, M.P.
- 5 Hon. Geni Charle Mongare, M.P.
- 6 Hon. Murungi Kathuri, M.P.

7. Hon. George Oner, M.P.
8. Hon. Sunjeev Birdi, M.P.
9. Hon. Farah Abdulaziz, M.P.
10. Hon. Gideon Mwiti, M.P.
11. Hon. Marcus Mutua, M.P.
12. Hon. Khatib Mwashetani, M.P.
13. Hon Samuel Mathenge, M.P.
14. Hon. Abdinoor Ali, M.P.
15. Hon Alice Ngángá, M.P
16. Hon. Opiyo Wandayi, M.P.
17. Hon. Aisha Katana, M.P.
18. Hon. Jude Njomo, M.P.

AGENDA

1. PRAYERS
- 2 DELIBERATIONS ON THE MINISTRY OF MINING AND MINISTRY OF ENVIRONMENT, WATER AND NATURAL RESOURCES BUDGET ESTMATES
- 3 ANY OTHER BUSINESS
4. DATE OF THE NEXT MEETING

MIN 72/2014 PRELIMINARIES

The meeting was called to order, proceedings started with a word of prayer

MIN 73/ 2014 BUDGET RECOMMENDATIONS

The Committee considered the ministry of mining and the Ministry of Environment, Water and Natural Resources Budget Estimates for the FY2014/2015. The committee benefited from the briefing of the parliamentary Budget office. The Committee also considered the presentations made by the Ministries.

After the deliberations the committee agreed on the following recommendations:

- 1) Funding for the Kenya Wildlife Service rangers recruitment programme

The Committee agreed to allocate kes 500 million to this programme. This allocation was to be recovered from various programmes/projects as follows:

Department/Ministry	Institution/program	Source	Budget estimates (KSHs.)	Amount reallocation (KSHs.)
<i>Department for Water & Regional Authorities</i>	Kerio Valley Development Authority	Capital grants to semi- autonomous agencies	212,000,000	20,000,000
	Rural Development Coordination	Capital grants to government agencies and other levels of government	245,400,000	40,000,000
	Development of Multipurpose Dams	infrastructure and civil works	500,000,000	30,000,000
	Tana and Athi Rivers Development Authority	Capital grants to government agencies and other levels of government	206,100,000	20,000,000
	Lake Basin Development Authority	Capital grants to government agencies and other levels of government	228,900,000	30,000,000
	Coast Development Authority	Capital grants to government agencies and other levels of government	336,600,000	30,000,000

	Water Resources	pre-feasibility, feasibility and appraisal studies	100,000,000	30,000,000
<i>Ministry of Mining</i>	Geological Data bank & Internationally Accredited Mineral Certification Laboratory			100,000,000
<i>State Department for Environment:</i>	Broken as follows (KSHs. Mill): KWS – 50million Metrology – 80million KFS – 50million KF-Research Institute – 20million			<u>200,000,000</u>
Total Amount Reallocated to Fund the Ranger Recruitment Program				<u>500,000,000</u>

2. Rangwe Water Distribution System.

This is a joint development programme to distribute water to 30,000 households. The stated department will be reallocating KSHs. 50 Million to complement the Kes. 10 Million already allocated to the project from the CDF fund. The amount is to be reallocated from the *Kimira Oluoch Project* in the state department of water that has a GOK component worth KSHs. 860,000,000 as shown below:

Project	Amount allocated (KSHs.)	Amount reallocated to Rangwe Water project (KSHs.)
Kimira Oluoch	860,000,000	810,000,000
Rangwe Water Project	-	50,000,000

Total		860,000,000
-------	--	-------------

3. Maasai Mau

This project had no funds allocated to it in the FY2014/205 estimates. Funds amounting to kes.100 Million are to be reallocated to facilitate the activities at the Maasai Mau water tower. The amounts can be drawn from the *Green Zone Development Project* or from the *Greening Program* both under State Department of Environment and Natural resources. The programmes are allocated KSHs. 214,220,000 and KSHs. 715,820,798 respectively. But the Green Zone Development Program has a donor component worth KSHs. 41,400,000. See table below:

Project Options	Amount Allocated (KSHs.)	Donor Component (KSHs.)	Reallocated amount to Maasai Mau to Amount (KSHs.)	Balance (KSHs.)
Greening Program	715,820,798	-	100,000,000	615,820,798

4. National Early Warning(Safety and Security) system project

This equipment has been lying at the Mombasa port for years. It has accumulated taxes and fees amounting to kes 700 million. No funding has been factored in the FY 2014/1015 to settle the amount. The Committee should consider for funding or seeking tax waiver from the KRA to release the equipment to the ministry.

5. Coal exploration

The exploration of coal is a function of the ministry of Mining. Resources allocated to this function under the Ministry of Energy and Petroleum should be reverted to the ministry of mining.

6. Priority projects

The committee recommends that the following projects be considered for funding. They could not be factored in the ministry's limited allocations for the FY2014/2015. They are recommended for funding in the FY 2014/2015.

Project	Allocated 2014/15 (KSHs.)	Amount to be allocated (KSHs.)	Total (KSHs. Million)	Comment:

	Millions)	Million)		
Chebara Projects	128	294	422	Amount to compensate persons affected by the Chebara Projects (Treatment plant & Chebiemit water supply)
Kibuyuni Project (Kwale)		98	98	Project has been ongoing for more than 30 years
Homabay/Rangwe Water Distribution System		50	50	Recommended that Amount retrieved from Rural Development Services (Kimira Oluch) 860 million - to facilitate water distribution to 30,000 homesteads. CDF has already allocated 10 Mill
KEWI	170	830	1,000	To facilitate services offered by the water institute and refurbish the dilapidated status of the institute. The amount is to be settled across 3 year period.
Kursin Fresh water pipeline		80	80	Extension of 25 KM pipeline for fresh water supply to Kursin settlement, Habasewein.
Pending bills		2,760	2,760	Ministry has not taken this with seriousness it deserves, which is against the treasury circular that requires pending bill to be the first charge. Priority should be given to design payments of dams
Drilling bore holes		660	660	<ul style="list-style-type: none"> - This is to address current short comings in the devolution of Bore hole drilling by county govts. - To facilitate drilling in areas of strategic importance to water supply sustainability. - Project to address emergency response to drought. One expected in December.
Total		5,382	5680	

MIN 74/2014 AOB

The committee agreed:

1. The committee agreed to invite the ministries to make a status update presentation in September 2014.

2. To allocate specific members responsibilities over the agencies under the ministries for ease of over- sighting the ministries

3. To create a new list of the priority projects that did not receive funding in the FY2014/2015 for future considerations in case of availability of funds from other sources

MIN 75/ 2014 Adjournment

There being no other business, the Committee agreed to adjourn and meet on 27th May 2014 at 8.30 am.

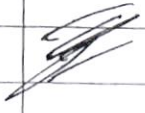
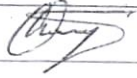


DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL
RESOURCES

DATE: 28/5/2014 TIME: 10AM VENUE: CHA ROOM

AGENDA: ADOPTION OF BUDGET REPORT 2014/2015

1	NAME	SIGNATURE
	Abdalla, Amina CHAIRPERSON	
2	Alexander Kosgey Vice Chairperson	
3	Dukicha, Hassan Abdi	
4	Emanikor, Joyce Akai	
5	Ganya, Francis Chachu	
6	Geni, Charles Mongare	
7	Gure, Shukra Hussein	
8	Ole Kenta, Richard Moitalel	
9	Mohamed, Diriye Abdullahi	
10	Murungi, Kathuri	
11	Ogalo, George Oner	
12	Sunjeev Kour Birdi	
13	Tonui, Ronald Kiprotich	
14	Dr. Wanyonyi, Reginalda N	
15	Farah, Abdulaziz Ali	
16	Barua, Ejidius Njogu	
17	Irea, Gideon Mwiti	
18	Chidzuga, Zainab Kalekye	
19	Muluvi, Marcus Mutua	
20	Mwashetani, Khatib	
21	Ndiritu, Samuel Mathenge	

22	Ottichilo, Wilber Khasilwa	
23	Rop, Jackson Kipkorir	
24	Abdinoor, Mohammed Ali	
25	Ng'ang'a, Alice Wambui	
26	Peter Kinyua	
27	Wandayi, James Opiyo	
28	Katana, Aisha Jumwa	
29	Jude Njomo	

AHMAD A. KADHI

FOR - CLERK OF THE NATIONAL ASSEMBLY



PARLIAMENT OF KENYA
THE NATIONAL ASSEMBLY
ELEVENTH PARLIAMENT
SECOND SESSION
2014

**THE DEPARTMENTAL COMMITTEE ON ENERGY,
COMMUNICATION AND INFORMATION**
REPORT ON THE CONSIDERATION OF
BUDGET ESTIMATES FOR THE FY 2014/2015
OF THE
MINISTRY OF ENERGY AND PETROLEUM -115
AND
MINISTRY OF INFORMATION COMMUNICATION AND
TECHNOLOGY -112

Clerk's Chambers,

MAY, 2014

PRELIMINARY

MANDATE OF THE COMMITTEE

1.0 The Departmental Committee on Energy, Information & Communication is one of the twelve Departmental committees of the National Assembly established under *Standing Order 216* whose mandates are as follows pursuant to the *Standing Order 216 (5)* which outline functions of the Committee as being:

- 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 their implementation;
- c) To study and review all the legislation referred to it;
- d) To study, access and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objective;
- e) To investigate and inquire into all matters relating to the assigned ministries and departments as may be deemed necessary, and as may be referred to it by the House or a Cabinet Secretary;
- 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 No.204 (Committee on appointments); and

2.0 In accordance with Second Schedule of the Standing Orders, the Committee is also mandated to consider:-

- a) Fossil fuels exploration
- b) Development of energy
- c) Production of energy
- d) Maintenance and regulation of energy
- e) Communication

- f) Information
- g) Broadcasting
- h) Information Communications Technology (ICT) development and management

3.0. OVERSIGHT

The Committee oversees two Government Ministries namely **Ministry of Energy and Petroleum** and **Information, Communication and Technology and State Corporations** under the respective Ministries as follows:

Ministry of Energy and Petroleum:

- a) Kenya Power and Lighting Company Limited (KPLC)
- b) Energy Regulatory Commission (ERC)
- c) Rural Electrification Authority (REA)
- d) Energy Tribunal
- e) Kenya Pipeline Company (KPC)
- f) National Oil Corporation of Kenya (National Oil)
- g) Kenya Electricity Generating Company (KenGen)
- h) Kenya Petroleum Refineries Ltd (KPRL)
- i) Geothermal Development Company (GDC)
- j) Kenya Electricity Transmission Company (KETRACO)

Ministry of Information, Communication and Technology:

- a) Communication Authority of Kenya (CAK)
- b) Kenya Broadcasting Corporation (KBC)
- c) Kenya Films Classification Board (KFCB)
- d) Postal Corporation of Kenya (PCK)
- e) Communications Appeal Tribunal (CAT)
- f) Brand Kenya Board (BKB)
- g) Kenya Year Book Editorial Board

- h) Kenya Information Communication Technology Board
- i) Media Council of Kenya
- j) Kenya Institute of Mass Communication (KIMC)
- k) Konza Technopolis Development Authority (KoTDA)
- l) Kenya Film Commission (KFC) National Communications Secretariat (NCS)

4.0 COMMITTEE COMPOSITION

The Parliamentary Departmental Committee on Energy, Communication and information was constituted on May 20th 2013 and its membership is as follows:-

- 1) **The Hon. Jamleck Kamau, EGH, MP.....Chairperson**
- 2) The Hon. Jackson Kiptanui, MP**Vice –Chairperson**
- 3) The Hon. Mohammed Elmi, EGH, MBE, MP
- 4) The Hon. James Rege, MP
- 5) The Hon. (Eng) Nicolas Gumbo, MP
- 6) The Hon. Mithika Linturi, MP
- 7) The Hon. Aramat Lemanken, MP
- 8) The Hon. Athur Papa, MP
- 9) The Hon. Banticha Abdullahi, MP
- 10) The Hon. Daniel Kazungu, MP
- 11) The Hon. Esther Gathogo, MP
- 12) The Hon. Fathia Mahbub, MP
- 13) The Hon. James Lomenen, MP
- 14) The Hon. Aburi Mpuri, MP
- 15) The Hon. Joe Mutambu, MP
- 16) The Hon. Junet Sheikh, MP
- 17) The Hon. Kanini Kega, MP
- 18) The Hon. Mary N. Mbugua, MP
- 19) The Hon. Mati Munuve, MP
- 20) The Hon. Mike Wanjohi, MP
- 21) The Hon. Nicholas Ngikor, MP
- 22) The Hon. Onesmus Njuki, MP
- 23) The Hon. Rachael Amolo, MP

- 24) The Hon. Roba Duba, MP
- 25) The Hon. Ndungu Gethenji, MP
- 26) The Hon. Vincent Musau, MP
- 27) The Hon. William Kisang, MP
- 28) The Hon. Richard Tondi, MP

5.0 INTRODUCTION

- The Kenyan Parliament has made significant strides in exercising budgetary oversight over the last five years, due to extensive reforms in the management of public finances. The **Constitution and the Public Finance Management Act 2012 (sections 38 and 39)** give Parliament the mandate to review the budget estimates and make recommendations before the budget is approved.
- The review of budget estimates is carried out through the Budget and Appropriations Committee as well as the departmental committees of the National Assembly which analyse the budget of the various spending agencies within their purview and make recommendations and **Section 39(3) of the Public Finance Management Act** empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere.
- The Budget Estimates for the Financial Year 2014/2015 were tabled in the House on 30th April 2014 pursuant to Article 221 (4) of the Constitution and committed to the relevant Departmental Committees in accordance to Article Section 37(2) of the Public Finance Management Act, 2012 and Standing Order 235(3) for scrutiny. The Departmental Committee on Energy, Communication and Information considered budgets of the Ministries corporations under its mandate from the **19th -20th May 2014.**

6.0 SUBMISSIONS FROM THE MINISTRIES:

6.1 On **Monday, 19th May, 2014** the Committee held a meeting with the Cabinet Secretary for **Energy and Petroleum** together with all heads of State corporations and Agencies under the Ministry.

The Cabinet Secretary made the following submission to the Committee:

THAT:

The Ministry of Energy and Petroleum Budget Policy Statement has identified three key guidelines to use in allocation of resources in the **FY 2014/2015** Budget:

- 1. Emphasis to be given to on-going projects**
- 2. Projects requiring counterpart funds by GoK to draw finance by Development Partners.**
- 3. Strategic Policy Interventions of the Jubilee Administration that will make Kenya a competitive destination for investors.**

Arising from this, a detailed analysis of the Estimates of the Ministry and its State Corporations is as explained below;

The Ministry of Energy and Petroleum's Gross Budget Estimates for the Financial Year 2014/2015 stands at **Kshs. 76,921 million**. This amount consists of **Kshs.74, 917 million** for development expenditure and **Kshs. 2,004 million** for recurrent expenditure.

A. Recurrent Estimates for Vote R115 – Kshs. 2,004,336,641

- Out of the total Recurrent Budget of **Kshs. 2,004 million**, **Kshs 256 million** is Local Appropriation in Aid while the balance of **Kshs 1,748 million** is the Exchequer component.
- The recurrent expenditure summary is as follows:
 - i. **Ministry of Energy and Petroleum (MOEP)**

a) Personnel Emoluments	Kshs 285,100,000
-------------------------	------------------

b) Operations & Maintenance	Kshs 196,436,641
Sub Total	Kshs 481,536,641

ii. Grants and Transfers:

a) GDC.....	Kshs. 702,000,000
b) KETRACO.....	Kshs. 316,800,000
c) REA.....	Kshs. 504,000,000
Sub Total	Kshs. 1,522,800,000
Gross Expenditure	Kshs 2,004,336,641

B. Development Estimates For Vote D115: - Kshs. 74,917,105,623

The development expenditure estimates are broken down as follows:

(i) Exchequer budget support -	Kshs. 20,358,135,490
(ii) Local AIA -	Kshs. 5,990,200,000
(iii) Development Partner Funds -	Kshs. 48,568,970,133

Details on the proposed utilization of these resources are discussed in the subsequent heads;

115000100-Headquarters Administrative Services- Kshs 145.8 million

The above expenditure will be utilized as detailed below;

- 1. Information Communication Technology Unit-Kshs 4.5 million**-These funds will be used for the development of an Integrated Energy Sector Management System which will cover the Ministry and all the energy sector parastatals to facilitate sharing of information on-line.
- 2. Energy Tribunal- Kshs 9.8 million** -These funds will be used for seminars, workshops and stakeholder conferences across the country to sensitize stakeholders on the revision of the Energy Act in line with the new constitution requirements.
- 3. Kenya Electricity Expansion Project (KEEP)-Kshs 131.5 million**-The

GoK obtained a credit from the World Bank towards the KEEP in July, 2010, with the following two key objectives namely: a) increase the capacity, efficiency, and quality of electricity supply; and b) expand access to electricity in urban, peri-urban and rural areas. This is implemented in 4 components namely: **A** – Geothermal Generation to develop 280MW generation capacity at Olkaria I and IV; **B** – Transmission to extend the network and build new substations; **C** – Distribution to strengthen and extend the network to meet the objectives; and **D** – Sector Institutional Development and Operational Support. These components will be implemented by KenGen, KPLC, KETRACO, REA and MOEP. The MOEP will utilize the above funds from the World Bank to implement the component on sector institutional development and operational support.

115000200-Headquarters Administration and Planning Services- Kshs 4 million- These funds have been allocated for monitoring and evaluation of the various projects of the Ministry and its Agencies.

115000400-Woodfuel Resources Development- Kshs 205 million-This is a department under the Ministry which is charged with the responsibility of promoting and propagating alternative and renewable sources of energy across the country. This is mainly done by Energy Centers which have been established in 16 counties so far. Plans are underway to establish energy centres across all 47 counties. **Kshs 125 million** will be used for capacity building, completion of ongoing and construction of new energy centres, installation of solar power in the energy centres, promotion of wood fuel and bio-fuel supply and for research on stoves for fuel wood and charcoal among other activities.

Capital Grants to Semi Autonomous Agencies-Kshs 80 million: - This is the Ministry's annual contribution to the Kenya Energy Social Responsibility Fund. These funds are used to implement programs in the areas of catchment conservation, energy efficiency and renewable energy technology development. Currently the Ministry is rehabilitating degraded catchment areas in Upper Tana and Sondu.

11500500- Alternative Energy Technologies – Kshs 200.3 million- From the above total expenditure, **Kshs 165.3 million** will be used for promotion of alternative sources of energy, updating of the Wind Atlas, feasibility studies on mini-hydros, mapping of mini hydro potential in the country and construction of community mini hydros. In addition, these funds will also be utilized in the installation of wind masts and data loggers to collect data on wind resources in high potential areas identified in the wind atlas. This will generate information on suitability of various sites within the country for generating electricity from wind. This information is very important for investors who would want to venture in this area.

Capital Grants to Semi Autonomous Agencies-Kshs 35 million -The balance of **Kshs.35 million** is an annual grant for continued support to Kenya Association of Manufacturers in undertaking energy efficiency audits and promoting energy management for energy consumers .

11500600-National Grid System- Kshs 39,859 million

Details of utilization of the above funds are as below:

a. Technical Assistance from AFD-France-Kshs 50 million-

This is a grant from AFD-FRANCE to be used to fund consultancy services which will provide Extended Technical Assistance (ETA) to the power sector to develop a power generation and transmission master plan.

b. Power Generation and Grid Related Feasibility Studies- A

sum of **Kshs.10 million** has been budgeted for feasibility studies on power planning and system expansion.

c. Kenya Power and Lighting Company-11,160 million

This expenditure which is broken down as follows:

1. Capital Grants to Government Agencies-Kshs 2,700 million: -

Subsidy from the Exchequer to KPLC for connectivity.

2. Kenya Electricity Expansion Project (KEEP)-3,420 million: -

These are funds from the IDA which are on-lent from the Government. The funds will be utilized for expansion and upgrading of the power distribution network under the ongoing KEEP programme.

3. Kshs 1,160 million Loan from AFD-France for the Stima Loan project and a loan of **Kshs 3,880 million** from China Exim Bank.

Kenya Electricity Generating Company (KENGEN)-Kshs 5,274 million- These are development partner on lent funds to be utilized under the KEEP programme for Geothermal Generation of 280 MW at Olkaria I & IV. This programme is co-financed by IDA Kshs 860 million, AFD-France 1,058 million, EIB Kshs 860 million and counter-part funding from KenGen of Kshs 100 million. In addition Kshs 1,522 million will be utilized for the development of a 14 MW Wind farm at Ngong Hills

financed by Spanish Government and Kshs 874 million for a similar development to generate 6.8 MW wind energy financed by Belgium.

Kenya Electricity Transmission Company (KETRACO) - Kshs -23,065 million-

The expenditure is made up of Kshs. 4,350 million from the Exchequer in direct budget support as counterpart funding; and Kshs. 18,715 million from various Development Partners in support of ongoing construction of transmission lines.

Nuclear Electricity Project - Kshs 300 million:- These are funds from the Exchequer in direct budget support of the Kenya Nuclear Electricity Board (KNEB). These funds will be utilized for various activities for instance, institutional and human resource capacity building, conducting a pre-feasibility study on self-assessment of Kenya Nuclear Infrastructure Status, formulation of nuclear policies among other related activities.

115000700-Geothermal and Coal Resource Exploration and Development-Kshs 18,784.3 million

Headquarters-Kshs 506.5 million:- These funds will be used in undertaking coal exploration and assessment in Meru and Isiolo Counties; exploratory coal drilling in Kwale and Kilifi Counties; support for coal development in Kitui County; and in concessioning of more coal blocks. The funds will also be utilized for geothermal resource assessments in areas where GDC does not operate with a view to mapping out and ranking more prospects of this resource for private sector exploration and development.

Kenya Electricity Generating Company-Kshs 8,156 million- This is an on lent loan from China Exim Bank for procurement of drilling consumables and services for production wells at Olkaria IV-140MW.

Geothermal Development Company-Kshs 10,122 million- Kshs. 2,702 million from the Exchequer in direct budget support for counterpart funding; Kshs 1,470 million will be local AIA from receipts generated from sale of steam from Olkaria Geothermal Wells and Kshs. 5,949.5 million from various development partners.

Rural Electrification Programme- Kshs 14,075 million-The make-up of this expenditure is as follows:

1. Headquarters –Kshs. 634 million- For ongoing installation of solar electricity generators in secondary schools, boarding primary schools, dispensaries and health centers in ASAL districts through direct Exchequer budgetary allocation Kshs 300 million and Kshs 334 million funded by Spain.

2. Rural Electrification Authority (REA) - Kshs. 12,141 million - Funds will be used to Connect 6,000 primary schools and for Electrification of identified public facilities. The composition of the funds is as follows;

Direct Exchequer	-	Ksh. 7,950 million
5% Electricity Levy	-	Ksh. 1,922 million
Petroleum Development Levy (PDL)	-	Ksh. 687 million
Kenya Oil Storage Facility (KOSF)	-	Ksh. 134 million
World Bank-KEEP	-	Ksh. 1,038 million
BADEA	-	Ksh. 100 million
OPEC	-	Ksh. 110 million
Saudi Fund	-	Ksh. 100 million
Abu Dhabi	-	Ksh. 100 million

Offgrid Equalization Fund – Kshs. 1,300 million- These are funds provided for equalization in the operations of Kenya Power for provision of electrification services in offgrid areas where Kenya Power would normally not operate as they are a profit making organization.

115000900-Petroleum Exploration and Distribution- Kshs 1,643.6 million

Headquarters- Kshs 1,363.6 million-These funds will be used to undertake the following activities:

- (i) Contractual Employees-**Kshs 1.2 million** -for payment of casual laborers employed in the fields where oil and gas exploration by Ministry staff is being undertaken.
- (ii) Printing, Advertising and Information Supplies and Services- **Kshs 8 million - funds** are for printing of promotional material (maps, posters, brochures) for the East African Petroleum Conference and Exhibition 2015.
- (iii) Training Expenses-**Kshs 120 million- funds** will be used to train Ministry staff, NAFFAC members and inter-ministerial teams on Oil and Gas technology.
- (iv) Hospitality, Supplies and Services-Kshs 70 million- Ministry of Energy and Petroleum's contribution to regional oil and gas conference e.g East African Petroleum Conference and Exhibition 2015,payment for exhibition booths, delegates fees and workshop charges.
- (v) Other Operating Expenses-**Kshs 80 million-** funds will be used to procure consultancy services in the review of legal, regulatory and fiscal framework for oil and gas; procurement of Audit Firm to audit recoverable costs in exploration and development incurred by International Oil Companies.

- (vi) Membership Fees and Dues and Subscription to International Organization- Kshs 6 million:- Subscription to PLATTS for information on petroleum pricing- Kshs. 6 million.
- (vii) Capital Grants to Government Agencies-**Kshs 48.7 million**:- exchequer contribution to the Energy Regulation Commission to support some of their critical activities for example LPG Inspection, renewable energy regulation, petroleum product monitoring (fuel marking) among others.
- (viii) Construction of Buildings- **Kshs 248.7 million**:- funds will be used for completion of Ministry's headquarter building at South C, Nairobi.
- (ix) Purchase of Vehicles-Kshs 20 million:- purchase of two (2) 4 wheel drive (9-seater) land cruiser vehicles for use by field officers during monitoring and evaluation of petroleum exploration and production activities.
- (x) Purchase of Specialized Plant and Equipment-**Kshs 260 million**:-funds to be used for purchasing geophysical equipment and their accessories and also technical software to be used in the Ministry Laboratory.
- (xi) Research and Feasibility Studies-**Kshs 50 million**-funds are for conducting research on surface seepage geochemistry, Petroleum System Modeling in Kenya's Sedimentary Basins and for conducting Feasibility studies for unconventional resources in Kenya's sedimentary basins.

Lokichar –Lamu Oil Pipeline Kshs 200 million

Plans are underway to build a crude oil pipeline from Lokichar, Turkana County to Lamu. Consultations have been carried out between the Republic of Uganda, the Republic of Kenya and the Republic of South Sudan on the joint development of the Uganda/South Sudan-Kenya crude oil pipeline. (*4th East Africa Northern Corridor Summit held in Kampala in February 2014*). The Ministry is engaging the Ministry of Land, Housing and Urban Development and the National Land Commission to

commence the process of setting apart and acquiring land required under the LAPSSET Project Corridor area. The Ministry has therefore allocated these funds for way leave acquisition for this oil pipeline.

National Oil Corporation-Kshs 280 million- These funds will be used to support activities of the National Oil Corporation including oil exploration activities and for 2D Seismic data acquisition and processing in **Block 14T** in the Tertiary Rift Basin which NOCK operates.

6.2 Submission by the Cabinet Secretary for Information, Communication and Technology on the Budget Estimates for the FY 2014/2015:

On Tuesday, 20th May, 2014 the Committee held a meeting with the Cabinet Secretary for **Information, Communication and Technology** together with all heads of State corporations and Agencies under the Ministry. The Cabinet Secretary made the following submission to the Committee:

THAT:-

- Ministry requested for **Kshs. 20.7billion** in the **2014/15** made up of **ksh15.9billion** and **ksh4.8billion** for development and recurrent but has been allocated **ksh.7.8billion** and **ksh 2.09billion** for development and Recurrent respectively. The **Ksh.7.8billion** comprises of **ksh2.12billion (GOK)** and **ksh5.67billion** from Development Partners.
- The **GOK development budget on vote 112** has been distributed to the following priority projects
 - i. **Konza Techno City ksh. 500m**
 - ii. **Presidential Digital Transformation of Government ksh. 563m**
 - iii. **Kenya Broadcasting corporation ksh.598**
 - iv. **GOK counterpart funds for donor funded projects ksh.316m**
 - (i) **NoFB 2 ksh 167m**
 - (ii) **County connectivity ksh. 149m**
 - v. **KIMC Tuition block (ongoing) project) ksh.143m**

1. KONZA TECHNO CITY BUDGET- The project requires ksh. **1.9billion** for 2014/15 financial year but has been allocated only ksh500m. The ksh.1.9billion for 2014/15 will finance the following:

- a. The Ministry has procured the services of a Consulting firm (MDP2) to supervise the development of the Konza Techno City. The Consulting firm requires ksh.500m. Development of the initial Horizontal infrastructure ksh. 500m. this includes:
 - (i) Roads
 - (ii) Water and sewerage
 - (iii) Electricity distribution
 - (iv) Telecommunications
- b) To facilitate the development of the Konza City, a Sales pavilion has been scheduled to be put up at a cost of ksh. 900m.

The Ministry requests an additional allocations ksh. 1.4 billion for completion of the above mentioned projects.

2. Presidential Digital Transformation of Government

The Project has been allocated ksh.563m against a total budget requirement of **Ksh.8.5 Billion** for full implementation in five years. The 1st phase requires Ksh.4.5 billion (from May to September 2014).

This leaves a deficit of Kshs.3.937billion that need to be financed by the Government. This figure is quite conservative as it assumes that IEBC will partner with this Ministry to provide the following equipment:

- **BVR Kits (16,200)**
- **Laptops (16200)**
- **Generators to run the above equipment**

Out of the Ksh.4.5billion, the project requires immediate funding of **Ksh. I billion** for the following:

- **Public awareness creation,**
- **Recruitment of clerks,**
- **Purchase of equipment such as scanners and special printers**

Partnership with IEBC is crucial as it will save Government from spending additional

Ksh.8billion to purchase extra equipment which already exists.

The Ministry appeal to the Committee for additional Allocation **ksh.3.937billion** for 2014/15 financial year 2014/15 to meet the financing Gap.

3. **KENYA BROADCASTING CORPORATION (KBC)** - In the current financial year KBC requested for **ksh.1.3billion** but was allocated **ksh.600m** to finance costs associated with digital migration. This left a financing gap of **ksh.700m**.

The allocation of **KES. 600m** is to cater for the following:

- **Digital Migration Ksh. 400m**
- **KPLC bills ksh. 200m.**

The financial requirements for 2014/15 financial year is **ksh 2.08 billion** but has been allocated only **ksh598m** leaving a deficit of **ksh.1.482billion**

4. **ICT Infrastructure Connectivity**-This is a programme mainly funded by donors to connect all the 47 Counties under three projects

- National Optic Fibre Backbone Infrastructure II funded by China **kshs.2.6 billion**
- County connectivity funded by Belgium **ksh.929million**
- Kenya Transparency Communication Infrastructure Project II funded by world bank **ksh. 2.368billion.**

The Ministry has therefore provided for **GOK counter-part funding** amounting to **ksh.316m**.

5. **KIMC HOSTEL**-The institute has an ongoing 150 student's capacity hostel project and The institute has been allocated **ksh.143m**

The Overall Additional Financial Requirements

1. Konza Techno City	Ksh.1.4B
2. Presidential Digital Transformation of Government	ksh. 3.937B
3. Kenya Broadcasting Corporation (KBC).....	ksh. 1.482m
Total	ksh. 6.819 billion

ALLOCATION ON RECURRENT BUDGET VOTE 112

On Recurrent Vote 112 the Ministry requested for ksh 4.8billion for recurrent but has been allocated ksh 2.089billion. The Ksh 2.089billion comprises the following:

- Salaries and Allowancesksh617m
- Transfers to SAGAsksh920.8m
- Operations and Maintenanceksh551.2m

The net effect of the reduction is as follows:

1. **Konza Technopolis Development Authority (KOTDA)** will not be able to employ additional required staff to steer the development of the **KONZA CITY**. The inadequacy of staff has also contributed to the delays in the implementation, Monitoring and Evaluation of some vital development projects.

The **Konza Technopolis Development Authority (KOTDA)** is established to oversee the development of Konza Techno City and a very important body in the development of the country, Currently the Authority has a Constituted Board and only 2 (two) seconded officers which is way below the expected minimum. The Authority through this Ministry has already come up with the organization structure, salaries and allowances for the staff. **The Ministry appeals for KSh.300m to operationalize the Authority.**

2. **Information Communications Technology Authority (ICTA)** –Requires the funding for the following activities :

Government Data Centre (GDC)

Funding Required

- a. **Operation and Maintenance (O&M) contract**-This is technical support procured to maintain the data centre equipment and systems. Approximately KES 170m per year
- b. **Utilities expenses**
 - i. Electricity –payments to KPLC at **KES 18M** per month
 - ii. Fuel for the backup generator approx. **KES 1.2 M** per year

Government Core Communication Network (GCCN)

Funding Required

- a. **Operation & Maintenance Contract –Telkom Contract-** This is technical support procured to maintain the GCCN network components and the lease of ducts from Telkom Kenya. Approximately **KES 100m per year.**
- b. **GCCN -Maintenance of Air Conditioners in the equipment rooms -** Approximately **KES 30m per year.** The current Contract runs for two (2) years, ending in 2015 and is between the Government of Kenya and MISORT Africa Ltd.

County Connectivity Project (CCP/NOFBI)-Operations &Maintenance Telkom Collocation Contract at Ksh 150m per year.

Government Internet Connectivity Recurrent Charges

- a. IRU & IP Traffic O&M contract at Ksh 70m
- b. ICT Infrastructure and Connectivity for Mombasa and Nakuru statehouses. This requires ksh 115Million.

In this regard, the Ministry is requesting for an additional amount of Ksh. 484m to meet the shortfall.

TOTAL RECURRENT ADDITIONAL REQUIREMENTS

1. Konza Technopolis Development Authority (KOTDA)	KSH. 250M
2. Information Communications Technology Authority (ICTA)	KSH.202M
TOTAL	KSH.452M

7.0 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Ministry	Observation	Recommendation	Justification
Ministry of Energy & Petroleum	* The Committee observed that the Ministry has requested a grant transfer of Kshs. 35 million to Kenya Association of Manufacturers (KAM) for energy efficiency and audit in the energy sub-sector.	Kshs. 32 Million under Vote D155, Head 500, Sub-Head 502 -Kenya Association of Manufacturers, Item 2630200 be removed and reallocated to Kenya Broadcasting Corporation.	The Ministry should play a facilitative role among the private sector players. The saving will be directed to other priority programmes within the sector.
	The Committee observed that The Nuclear Electricity Board requires additional funds to undertake and finalize on-going study works	The Committee recommends that the allocation under Vote D155, Head 600, Sub-Head 608 – Kenya Nuclear Electricity Board, Item 2630200 enhanced by an additional kshs. 300 million.	To finalize on-going study works.
	<i>request. Not available</i> The Committee observed that the Ministry has requested for additional funds for geothermal projects which is required to achieve the +5000 MW plan.	The Committee recommends an additional <u>Kshs. 1.3 billion</u> to Geothermal Development Company under Vote D115, Head 700 , Sub-Head 703, Item 2630200.	To enhance and accelerate geothermal projects on power generation.
Ministry of Information, Communication and Technology	The Committee observed that Konza Techno City Budget allocation for the financial year 2014/15 is kshs. 541 million against a total request of Kshs. 1.9 billion reflecting a budget deficit of kshs. 1.4 billion	In cognizance of the socio-economic impact of the project and the prevailing resources constraints, the Committee recommends an additional allocation of <u>Kshs. 460 million</u> to Konza Technopolis Development Authority	To recruit additional staffs to fast track the implementation, Monitoring and Evaluation of some vital development projects. <i>Recommended 1 Bn.</i>

		under Vote D112, Head 100, Sub-Head 110, Item 2630200.	
	The Committee noted that the Ministry has requested for additional funding of kshs. 1.482m for KBC	The Committee recommends an additional allocation of <u>Kshs. 32 million Kenya Broadcasting Corporation</u> under Vote D112, Head 100, Sub-Head 108, Item 2630200.	To facilitate restructuring process of the Institution. <i>→ Transferred from KAM. → Found it from self its assets.</i>

8.0 CONCLUSION

Performance Review 2010/2011-2012/2013

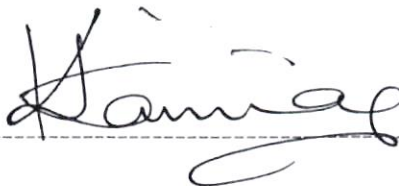
Salient Issues on Performances of the Ministry of Energy & Petroleum

- i) The Ministry of Energy was allocated a total of Kshs. 2.4 billion for current expenditure for the period 2013/2014 financial year. According to the half year Budget Implementation Review Report released in February 2014 by the Controller of Budget, the Ministry has spent Kshs. 1 billion representing 41.5% absorption rate.
- ii) The Ministry of Energy was allocated a total of Kshs. 77.4 billion for capital expenditure for period 2013/2014 financial year. According to the half year Budget Implementation Review Report released in February 2014 by the Controller of Budget, the Ministry has spent a paltry Kshs. 4.9 billion representing 6.3% absorption rate.

Salient Issues on Performances of the Ministry of Information, Communication and Technology

- i) The Ministry of ICT was allocated a total of **Kshs. 2.4 billion** for current expenditure for the period 2013/2014 financial year. According to the half year Budget Implementation Review Report released in February 2014 by the Controller of Budget, the Ministry has spent **Kshs. 0.8 billion** representing **35% absorption rate**.
- ii) The Ministry of ICT was allocated a total of **Kshs. 9.1 billion** for capital expenditure for the period 2013/2014 financial year. According to the half year Budget Implementation Review Report released in February 2014 by the Controller of Budget, the Ministry has spent a paltry **Kshs. 1.3 billion** representing **14.3% absorption rate**.
- iii) Kenya Broadcasting Corporation (KBC) had current expenditure pending bills totaling **Kshs. 1.604 billion** the period 2010/2011-2012/2013. This comprised of **Kshs. 452.3 million** in Value Added Tax (VAT) and PAYE arrears; **Kshs. 600 million** in pensions; and **Kshs. 552 million** owed to the City Council of Nairobi. These pending bills have been always carried forward due to lack of budgetary provisions.
- iv) The Ministry of ICT had a total of **Kshs. 347 million** capital expenditure pending bills in the period 2010/2011-2012/2013 comprising of **Kshs. 197 million** due to lack of liquidity and **Kshs. 150 million** due to lack of budgetary provisions.
- v) The allocation of Kshs. 517.782 million in 2014/2015 financial year to News and Information Services sub-programmes in the Ministry of ICT should be re-allocated to other key priority areas within government. The key outputs of the

sub-programme such as mobile cinema shows, rural press magazine, KNA stories, Mawasiliano publications and Mawasiliano County Editions are functions that should be undertaken by the County Government. The Ministry of ICT should lead the rest of the Government in leveraging on the use of ICT in its public communication services.

Signed:  Date: 26/5/2014.

THE HON. JAMLECK KAMAU, EGH M.P.

CHAIRPERSON

13.4 Bn. REA



REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY



ELEVENTH PARLIAMENT

DEPARTMENTAL COMMITTEE
ON
EDUCATION, SCIENCE AND TECHNOLOGY

REPORT ON
BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014/15 FOR THE
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY AND TEACHERS
SERVICE COMMISSION

PARLIAMENT BUILDINGS
NAIROBI

MAY 2014

1.0 INTRODUCTION

The Departmental Committee on Education, Research and Technology is established under the Standing Order No. 198 (3), and has the following functions:-

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; study the programme and policy objectives of the Ministries and Departments and the effectiveness of the implementation; study and review all legislations referred to it; study, assess and analyze the relative success of the Ministries and Departments as measured by the results obtained as compared with their stated objectives; 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 or a Minister; and make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

In summary, the Committee is mandated to legislate, oversee as well as scrutinize the budget estimates of the following subsectors within the Education sector:-

- Matters related to Education;
- Matters related to Training;
- Matters related to Research; and
- Matters related to Technological Advancement.

The Committee Membership is as follows:-

Hon. Sabina Chege, M.P. -	Chairperson
Hon. Julius Melly, M.P. -	Vice Chairperson
Hon. Rose Rwamba Mitaru, M.P.	
Hon. Joseph Nyumu, M.P.	
Hon. Dr. Susan Chebet, M.P.	
Hon. Eric Keter, M.P.	
Hon. Ceciliah Ng'etich, M.P.	
Hon. Charles Muriuki, M.P.	
Hon. Dr. Wilber Khasilwa Ottichilo, M.P.	
Hon. Geoffrey Makokha Odanga, M.P.	
Hon. Michael Kisoi Manthi, M.P.	
Hon. Halima Ware Duri, M.P.	
Hon. Ibren Nasra Ibrahim, M.P.	
Hon. Mohamed Huka, M.P.	

Hon. Joseph Manje, M.P.
Hon. Mary Seneta, M.P.
Hon. Hellen Sambili, M.P.
Hon. Harrison Kombe, M.P.
Hon. Jacob Macharia, M.P.
Hon. Anthony Kimaru, M.P.
Hon. Moses Injendi, M.P.
Hon. Yusuf Chanzu, M.P.
Hon. Kenneth Okoth, M.P.
Hon. Dr. Christine Ombaka, M.P.
Hon. Opiyo Jared Odhiambo, M.P.
Hon. Kedogo Dorcas Luvalitsa, M.P.
Hon. Makenga Richard Katemi, M.P.
Hon. Silverse Anami, M.P.

The mandate of the Ministry of Education includes, among others; Higher Education Policy; Science and Technology; Technical Education; Institutes of technology; National Polytechnics, Promotion of Research and Technology, National Council for Science and Technology; Research Authorization, Coordination, Inventory and Dissemination; Commission for Higher Education; University Education; Continuing Education; Public Universities and Higher Education.

The fourth schedule of the Constitution spells out the specific functions of the National Government and those of the County Governments. With regards to Education, the following issues lie within the National Governments mandate:

Education Policy, standards, curricula, examinations and the granting of university charters. Universities, tertiary educational institutions and other institution of research and higher learning and primary schools, special education, special education, secondary schools and special education institutions.

On 30th April 2014 Pursuant to Article 221 of the Constitution, the Estimates of Revenue for the FY 2014/15 were submitted to the National Assembly. Subsequently, the Estimates were tabled and upon tabling the Departmental Committees were expected to scrutinize the Estimates within 21 days and later submit a report to the Budget and Appropriation Committee.

Section 39(3) of the Public Finance Management Act empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere.

This Report presents an analysis of the 2014/15 budget proposals for the following Ministries, Departments and Agencies which fall under the purview of the committee:

- (i) **State Department for Education**
- (ii) **State Department for Science and Technology**
- (iii) **Teachers Service Commission**

In addition, there are several Semi-Autonomous Government Agencies (SAGAs) under the Education Sector:

State Department of Education:

- a) Kenya Institute of Curriculum Development
- b) Kenya National Examinations Council
- c) Kenya Education Management Institute
- d) Kenya Institute of Special Education
- e) Jomo Kenyatta Foundation
- f) Kenya Literature Bureau
- g) Institute for Capacity Development of Teachers in Africa
- h) Kenya National Commission for UNESCO

State Department for Science and Technology

- a) Higher Education Loans Board
- b) Commission for University Education
- c) National Commission for Science, Technology and Information
- d) Kenya National Innovation Agency
- e) National Research Fund
- f) *Universities and Constituent colleges

**This is a program which was erroneously captured under State Department of Science and Technology in the budget of FY 2014/2015.*

In addition, the following SAGAs are in the process of being operationalized following enactment of the Universities Act, 2012 and the TVET Act, 2012.

- g) Universities Funding Board
- h) Universities and Colleges Placement Board
- i) The TVET Authority
- j) TVET Funding Board
- k) Curriculum Development, Assessment and certification council

A departure from the past, the budget estimates for the FY 2014/15 were presented based on Programmes hence there was inadequate information available for National Assembly to play its budget making role.

This Report contains the deliberations of the Departmental Committee on Education, Research and Technology on the Budget Estimates for the Financial Year 2014/15.

In compiling this report, the Committee considered the contents of the Budget Estimates presented to the National Assembly. The Committee also looked at the budget estimates *vis-à-vis* the requests that had been made to the National Treasury. The Committee considered the following departments and Commission:

- (i) The Ministry of Higher Education, Science and Technology
- (ii) Department of Education; and
- (iii) The Teachers Service Commission

2.0 BRIEF BY THE PARLIAMENTARY BUDGET OFFICE

Flagship projects for the education sector in the second medium term plan;

The Parliamentary Budget Office informed the committee that;

The following are the flagship projects for the education sector in the second medium term plan;

- a) Mainstreaming of Early Childhood Development Education
 - b) Curriculum Review and Reform
 - c) Integrating Information, Communication and Technology into Teaching and Learning
 - d) Laptop programme
 - e) Establishment of Education Management Information System(EMIS) Centres
 - f) Training of Artisans
 - g) Basic Education Infrastructure
 - h) Technical, Vocational Education and Training (TVET) Infrastructure and Equipment
 - i) Human Resource in Support of University Education
 - j) Education in Arid and Semi-Arid Lands
- 1.1.1 Broadly, the priorities in the Education Sector as contained in the Budget Estimates appear to be consistent with the priorities as highlighted in the sector report, the Budget Policy Statement and the second Medium Term Plan.
- 1.1.2 However, it should be noted that one flagship project; education in ASAL areas appears to be lagging behind. The activities under the NACONEK (National Council for Nomadic Education) have not been clearly elaborated and have no real deliverables in terms of the Programmes targets. The Directorate of Policy, Partnership and East Africa Community which is the delivery unit for operationalization of NACONEK, has been granted 177 million for training expenses with no clear allocations for NACONEK.
- 1.1.3 The school feeding programme with an allocation of Ksh. 1.3 billion (which is a grant) is also expected to enhance enrolment and retention in schools in ASAL areas. However, the overall tone of the education sector budget appears to sideline this key flagship project.

Ministry	BPS Ceiling	House resolution	Printed Estimates	Deviation
State Department for Education			76,499	
State Department for Science and Technology			66,481	
Ministry of Education, Science and Technology	136,627	134,831	142,980	8,149
Teachers Service Commission	162,345	160,770	165,614	4,844

The proposed budget 2014/15 has been presented in form of state departments which are reflective of the former ministry of education; and ministry of higher education, science and technology. This is not the format that was used when the BPS was presented.

It is noted that the 2014/15 budget proposals do not comply with the house resolutions on the BPS which should form the basis of the budget. The Budget for the Education Sector should therefore be re-aligned to the resolutions of the House.

TEACHERS SERVICE COMMISSION (TSC)

PBO informed the committee that;

The overall goal of the Teachers Service Commission is to provide adequate teaching services and improve performance and professional conduct of teachers for increased learning outcomes in public educational institutions.

In the 2014/15 financial year, the Teachers Service Commission has been allocated a total of Ksh. 165.61 billion. This comprises Kshs. 165.48 billion for recurrent expenditure and Kshs. 135 million for development expenditure.

3.0 COMMITTEE OBSERVATIONS

- 1.1.4 Achievability of the Programmes/outputs: some of the performance targets for the various outputs are not clearly defined, in that they are not measurable and therefore would not be good indicators of performance. For example: number of surveys carried out, accuracy of data, effective service delivery etc.
- 1.1.5 Some projects appear too ambitious to be carried out in one financial year. For instance, there are targets to establish model and disability centers in every county, 1000 adult and continuing centers, 314 Alternative Provision of Basic Education and Training schools among others. This appears overly ambitious given the process of setting up a school/centre. Furthermore, it is not clear what constitutes a centre making it difficult to determine if the centers can actually be completed in one year.
- 1.1.6 Some targets also appear to be a bit vague. For instance, under general administration, planning and support services, there are outputs such as good service delivery; or improve education standards in Kenya which cannot really be measured.
- 1.1.7 Some outputs/targets appear to be repeated under some sub-Programmes implying a possibility of double funding for the same output.
- 1.1.8 Under Free Primary Education sub-programme, one of the targets is to develop one model and disability friendly school per county which is also an output under the Special Needs Education.
- 1.1.9 Another output under FPE is provision of laptops for 1,203,539 pupils which is also an output under ICT capacity developing – providing 1,280,000 pupils with laptops
- 1.1.10 Under Secondary Teachers Education Services sub-Programmes, most of the targets are similar to those of secondary teachers in-service sub-programme. 824 teachers trained in Kibabii Teachers Training College and 979 teachers trained in Kagumo TTC in both sub-Programmes.
- 1.1.11 County Administrative Services headquarters, most of the outputs are similar to those of Headquarters Administrative Services with the delivery units being County Education Services and District Education Services respectively. The difference in output for the County Education Services and the District Education Services is not clear though it appears that the District Education Services focuses on sub-county level for similar output as the County Education Services.
- 1.1.12 Bulk of resources allocated to Semi- Autonomous government agencies: the bulk of resources in the budget for the State Department of Science and Technology is allocated to SAGAs. This makes it difficult to review the budget of this ministry.

- 1.1.13 Alteration/Addition of Programmes: in the budget proposals, a new programme titled 'Technical Vocational Education and Training' has been added which did not exist at the BPS level. Furthermore, programs such as the general administration, planning and support services has been split into two under State Department of Education and State Department of Science and Technology.
- 1.1.14 Some expenditure that are 'recurrent' in nature have been classified under development expenditure. Under the directorate of technical education, there are allocations for domestic travel, printing and advertising, hospitality supplies and services and other operating expenses which are classified ideally, under recurrent expenditure

4.0 MINISTRY OF EDUCATION SCIENCE & TECHNOLOGY (MOEST) 2014/2015 ESTIMATES

The Ministry of Education Science and Technology is charged with the responsibility providing, promotion and coordinating quality education and training and integrating science, technology and innovation in sustainable social- economic development process. This is explicitly captured in the ministry's vision and mission.

The Ministry implements the following Programmes in financial year 2014/2015;

State Department of Education

- (i) Primary Education
- (ii) Secondary Education
- (iii) Quality Assurance and Standards
- (iv) General Administration, planning and support services.

State Department of Science and Technology

- (i) Technical vocational Education and Training
- (ii) Research, Science, Technology and Innovation
- (iii) Youth Training and Development
- (iv) General Administration, Planning and Support Services.

The Principal Secretary informed the Committee that on implementing the programs; the Ministry will undertake the following key activities during the financial year 2014/2015 as per the schedule given.

NO	ACTIVITY KSHS.	REQUIREMENT	ALLOCATION KSHS.	FINANCING GAP	REMARKS
1.	Sanitary pads	2.6 B	400 M	2.2 B	Provision of sanitary to 1,300,000 girls against 2,100,000 in primary and 800,000 in secondary schools
2.	Provision of Laptops for Primary Schools	17.5 B	17.5 B	Nil	The Ministry is in the process of procuring the laptops despite court challenges and awaiting case clearances
3.	Special Needs education	650 M	230 M	420 M	The Ministry will reach 70,000 against 150,000 learners
4.	Free Primary Education	9.9 B	13.766 B		This will cater for Reviewing the rates of 1020 capitation per student to about 30% targeting 9.4 million pupils in public primary schools.
5.	Rehabilitation of Primary School Infrastructure	450 M	135 M	315 M	This will cater for 80 schools against the targeted 290 schools.

6.	Free Day Secondary	22.6 B	27.867 B		The amount is to review the rates of capitation of 2.067 million students.
7.	Kenya Examination Council	600 M	420 M	180 M	
8.	Rehabilitation of Secondary Schools infrastructure	472M	108M	364M	This will cater for 86 schools against a target of 290 constituencies
9.	Kenya Institute of Curriculum Development(KICD) Resource center	1.2B	114M	1.086B	This is an ongoing project. The amount is allocated for construction (phase 1) of the resource center.
10.	Infrastructures of universities	4B	4B	NIL	This will cater for infrastructure for the new/ upgraded universities.
11.	Recurrent allocation to universities	53B	44.435B	8.565B	This is for capitation grant to public universities to cater for salaries, pension and implementation of CBA.
12.	Higher Education Loans Board (HELB)	11.227B	5.840B	5.387	This is to cater for students loans for University and TVET students.

13.	Construction of new public Technical Training Institutions	2.5B	2.5B	NIL	This is to cater for construction of newly Technical Training Institution at the constituency level.
14.	Capitation Grants to Technical Training Institute	1.6B	598M	1.002B	Additional funding is required to cater for expenditure to Technical Training Institutes.
15.	Construction of NACOSTI Headquarters	853M	180.4M	672.6M	This is not enough to complete the headquarters building for housing staff.
16.	Research Fund	882M	377.9M	504.1M	Provide report for research and innovation projects in both public and private institutions.
17.	Revitalization of Youth Polytechnic	1.6B	1.1B	500M	Provide capitation fees to Youth Polytechnics Trainee, infrastructure support, curriculum and policy review, and M&E.

TEACHERS SERVICE COMMISSION

The overall goal of the Teachers Service Commission is to provide adequate teaching services and improve performance and professional conduct of teachers for increased learning outcomes in public educational institutions.

In the 2014/15 financial year, the Teachers Service Commission has been allocated a total of Ksh. **165.61 billion**. This comprises **Kshs. 165.48 billion** for recurrent expenditure and **Kshs. 135 million** for development expenditure.

TSC REQUIREMENT VS ALLOCATION

DESCRIPTION	ACTUAL REQUIREMENT KSHS. BILLIONS	PROPOSED BUDGET KSHS. BILLIONS	DEFICIT KSHS. BILLIONS
Recruitment 20,000 teachers	9	2.25	6.75
Promotion	6.6	2	4.6
Last phase commuter allowance	5.925	3.8	2.1
Adjustment of Secretariat salaries	2.5	0	2.5
Operation and maintenance	1.5	0.85	0.65

OBJECTIVES OF THE BUDGET

- (i) To ensure that there are enough resources for payment of personal emoluments continue supporting decentralization to the counties by providing the necessary infrastructure.
- (ii) To achieve digitalization of commissions records.
- (iii) To provide enough resources for discharge of the commission's mandate outlined in the constitution.

COMMITTEE OBSERVATIONS

The Committee observed the following;

- 2.1.1 Free Primary education had a budgetary requirement of Ksh. 9.9 B but was allocated Ksh. 13.766 B resulting to a surplus allocation of Ksh.3. 866 B. This is attributed to increased capitation per student to cater for the KCPE exam fee registration.
- 2.1.2 Free Day Secondary has a budgetary requirement of Ksh.22.6 B but was allocated Ksh.27.867 B resulting to a surplus allocation of Ksh.5.267 B. This is attributed to increased capitation per student to cater for the KCSE exam fee registration.
- 2.1.3 The Committee observed that Teachers Service Commission budget on promotion is underfunded and seeks to increase their allocation by Ksh.4.6B to cater for the promotion of 7,500 teachers.
- 2.1.4 The Committee observed that Teachers Service Commission Budget on Commuter allowance was under budgeted and seeks to increase the allocation on Commuter allowance by Ksh.2.1 B.
- 2.1.5 The Committee noted that the government signed a Collective Bargaining Agreement with teachers on the commuter allowances amounting to Ksh.5.925B. The committee further observed that recruitment and promotion of teachers required Ksh. 9.0B and 6.6B respectively. This amounts to a total of Ksh.15.6B. The government should therefore set aside funds to meet the TSC shortfall amounting to Ksh. 13.45 billion for recruitment, promotion and teacher commuter allowances.
- 2.1.6 The Committee observed that Kenya Institute of Curriculum Development was under budgeted and seeks to increase the allocation by Ksh. 600 M.
- 2.1.7 The Budgetary allocation for sanitary pads has doubled from Ksh. 200 M for FY 2013/2014 to Ksh. 400 M for FY 2014/2015.

COMMITTEE RECOMMENDATIONS

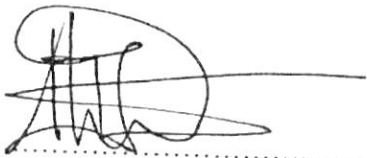
The Committee recommends the following;

- 3.1.1. That; the Budget and Appropriation committee should consider allocating additional funds for the Commuter allowance for the teachers which was negotiated under Collective Bargaining Agreement (C.B.A). The Commuter allowance is in its final phase and has a deficit of Ksh 2.1 B.

Other projects with deficit are:-

- Recruitment of additional 5000 teachers over and above 5000 teachers that had already been budgeted for at a cost of Ksh 2.25B
- The TSC had proposed to promote 7500 teachers at a cost of Ksh 6.6B. However, they have been allocated Ksh 2.0B for promotion of teachers. The Budget Committee should consider an additional allocation of Ksh 4.6B for TSC.

3.1.2. That; the Kenya Institute of Curriculum Development (KICD) be allocated additional Ksh 600M in the FY 2014/2015 for curriculum review to align it to vision 2030.

Signed.....
(CHAIRPERSON)

Date..... 28-5-2014

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – SECOND SESSION, 2014

**REPORT OF THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN
RELATIONS ON EXAMINATION OF THE 2014/2015 ESTIMATES FOR FOLLOWING
VOTES;**

- VOTE 104 – MINISTRY OF DEFENCE**
 - VOTE 105 – MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL
TRADE**
 - VOTE 123 – NATIONAL INTELLIGENCE SERVICE**
 - VOTE 156 – STATE DEPARTMENT OF EAST AFRICAN AFFAIRS**
-

**CLERK'S CHAMBERS
NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI**

MAY 2014

TABLE OF CONTENTS

CONTENT	PAGE
PREFACE.....	3
OBSERVATIONS AND RECCOMMENDATIONS	8
MINISTRY OF DEFENCE (VOTE 104)	13
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (VOTE 105).....	16
NATIONAL INTELLIGENCE SERVICE (VOTE 123).....	20
STATE DEPARTMENT FOR EAST AFRICAN AFFAIRS (VOTE 156).....	22

PREFACE

Mr. Chairperson of the Budget and Appropriation Committee,

On behalf of the Members of the Departmental Committee on Defense and Foreign relations, and pursuant to the provisions of Standing Order No. 235, it is my pleasure to present to the Budget and appropriation committee the report on the Examination the following Votes:

- i) 104 – Ministry of Defence
- ii) 105 – Ministry of Foreign Affairs and International Trade
- iii) 123 – National intelligence Service
- iv) 156 – State Department of East African Affairs in the Ministry of East African Affairs, Commerce and Tourism

Committee Membership comprises of the following: -

- i) Hon. Ndungu Gethenji, M.P. - Chairperson
- ii) Hon. Elias Bare Shill, M.P. - Vice-Chairperson
- iii) Hon. Adan Keynan, M.P.
- iv) Hon. Jakoyo Midiwo, MGH, M.P.
- v) Hon. Katoo Ole Metito, EGH, MGH, MP
- vi) Hon. Nyiva Mwendwa, EGH, M.P.
- vii) Hon. Maj-Gen (Rtd) Joseph Nkaisserry, MGH, M.P.
- viii) Hon. Gonzi Rai, MGH, M.P.
- ix) Hon. Joel Onyancha, MGH, M.P.
- x) Hon. Richard Onyonka, M.P.
- xi) Hon. Col (Rtd.) Ali Dido Rasso, M.P.
- xii) Hon. Joseph Kiuna, M.P.
- xiii) Hon. John Lodepe Nakara, M.P.
- xiv) Hon. Roselinda Soipan, M.P.
- xv) Hon. Anna Nyokabi Gathecha, M.P.
- xvi) Hon. David Wafula, M.P.
- xvii) Hon. Elisha Busienei, M.P.
- xviii) Hon. Abass S. Mohamed, M.P.
- xix) Hon. Joyce Wanjalay Lay, M.P.
- xx) Hon. Chrisantus Wamwalwa, M.P.
- xxi) Hon. Joseph Gitari, M.P.
- xxii) Hon. David Pkosing, M.P.
- xxiii) Hon. Ibrahim Sane, M.P.
- xxiv) Hon. Dennitah Ghati, M.P.
- xxv) Hon. Wamunyinyi Wafula, M.P.
- xxvi) Hon. Joel Onyancha, M.P.
- xxvii) Hon. Lekuton Joseph, M.P.
- xxviii) Hon. Yusuf Hassan, M.P.
- xxix) Hon. Beatrice Nyaga, M.P.
- xxx) Hon. Ken Obura, M.P.

The Departmental Committee on Defense and Foreign Relations is one of the Departmental

Committees established under Standing Order No. 216 whose functions are inter alia:-

- 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 the Ministries and Departments and the effectiveness of the implementation;
- iii) study and review all legislation after First Reading subject to the exemptions under Standing Order 101 A (4);
- iv) study and review all legislation referred to it;
- v) study, assess and analyse the relative success of the Ministries and Departments as measured by the results obtained as compared with its 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 or a Minister; and
- vii) make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

Further, Standing Order No. 235 provides that:-

- i. Upon being laid before the National Assembly, the Annual Estimates shall stand committed to the respective Departmental Committees according to their mandates.
- ii. Each Departmental Committee shall consider, discuss and review the Estimates committed to it under this Standing Order and submit its report thereon to the Budget and appropriation committee within twenty one days after they were first laid before the House.

The Committee is mandated to consider the following issues; on Defence, intelligence, foreign relations diplomatic and consular services, international boundaries, international relations, agreements, treaties and conventions.

In executing its mandate, the Committee oversees the following Ministries:

- i. Ministry of Defence
- ii. Ministry of Foreign Affairs and International Trade
- iii. National Intelligence Service
- iv. State Department for East African Affairs in the Ministry of East African Affairs, Commerce and Tourism

Mr. Chairperson,

The Constitution of Kenya, 2010, Chapter Twelve, Section 221(1) stipulates that “At least two months before the end of each financial year, the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of the revenue and expenditure of the national government for the next financial year to be tabled in the National Assembly”. This was done on 30th April 2014 as per the requirements of the Constitution. The Constitution further states in Section 221 (1) (4) that “Before the National Assembly considers the estimates of revenue and expenditure, a Committee of the Assembly shall discuss and review the estimates and make recommendations to the Assembly”.

This Committee is expected to discuss and review the estimates of revenue and expenditure of the Ministries/Agencies that it oversees and make recommendations that shall be included in the Budget Committee Report on estimates of revenue and expenditures to the National Assembly.

Further, pursuant to Standing Order 235 upon being laid before the National Assembly, the Estimates stand committed to the relevant Departmental Committee for Examination. The Departmental Committee on Defence and Foreign Relations examined the printed estimates of the following votes;

- Vote 104 – Ministry of Defence
- Vote 105 – Ministry of Foreign Affairs and International Trade
- Vote 123 – National Intelligence Service
- Vote 156 – State Department of East African Affairs

In considering the Estimates, the Committee held a total of six sittings. The Committee received a comprehensive brief from the Parliamentary Budget Office on the Estimates. The Committee later held meetings with the Principal Secretaries for Defence, and Foreign Affairs and International Trade. The Committee also met with the Cabinet Secretary for Commerce, Tourism and East African Affairs. The Committee too met with and the Director General of the National Intelligence Service, where it received submissions, presentations and other reports.

They were accompanied by Technical Officers in their respective Ministries and Departments. The minutes of these sittings are appended to this report.

The Committee also considered the following policy papers and budget documents in their scrutiny of the annual estimates for the respective Ministries:-

- i. Vision 2030
- ii. Medium Term Plan
- iii. Printed Estimates for the Financial Year 2014/2015 for the votes 104, 105, 123 and 156
- iv. Budget Outlook Paper for the Financial Year 2014/2015
- v. Budget Strategy Paper for Financial Year 2014/2015
- vi. Economic Survey for 2014
- vii. Other relevant documents

In its Examination, the Committee mainly dealt with the following issues:-

- i. Total net allocations for each of the Ministries/Departments;
- ii. Total net requested from the Exchequer for each of the Ministries/Departments;
- iii. Comparison with the 2013/2014 financial year allocations;
- iv. How the Ministries/Departments spent their 2013/2014 allocations;
- v. Performance and implementation status of projects/programmes in 2013/2014 budget;
- vi. Allocations to new projects/programmes;
- vii. Details on all projects financed in the development estimates giving start date, how much had been spent so far and expected date of completion all development projects (new, on-going and stalled);
- viii. Ministries/Departments absorption capacity;
- ix. Areas/projects left-out of the 2014/2015 Estimates;

- x. How the Ministry/Departments intends to live within the shortfall between total net requested and the estimates;
- xi. Critical policy issues that the Ministries/Departments intend to achieve during the financial year 2014/2015;
- xii. Proposed allocation vis-à-vis the achievements of the Ministries/Departments Strategic Plans; and
- xiii. Other budget related issues as may arise in the course of the meetings.

Mr. Chairperson,

In MTEF Sector classifications, the Ministry of Defence together with the National Intelligence Service are classified under the National Security Sector. The Ministry of Foreign Affairs and International Trade is classified under the Public Administration and International Relations, whereas the State Department of East African Affairs is classified under the General Economic, Commercial and Labour Affairs (GECA) Sector under the medium Term Expenditure Framework (MTEF). The sectors are key in the delivery of goals and objectives of the three Pillars of Vision 2030.

The Ministry of Foreign Affairs and International Trade budgetary allocation for both recurrent and development increased marginally from KShs.8.8 billion in FY 2011/12, KShs.10.5billion in FY 2012/13 and KShs.10.2 billion in FY 2013/14, with an absorption capacity of 95.4 percent. The budget of the ministry has risen by 9.5 percent from 11.369 billion in 2013/14 to Kshs.12.454 billion in 2014/15, reflecting the inclusion of the additional programme of “International trade and investments promotion.

The budgetary allocations for the Ministry of Defence during this period were KShs.65.5 billion in FY 2011/12, KShs. 77.5 billion in FY 2012/13, and KShs.74.5 billion in FY 2013/14, with an average absorption capacity of 99 percent.

In the recent performance information, the National Intelligence the Service was allocated Ksh. 13.749 billion in FY 2013/14 and spent the whole of it. Similarly, the service spent Kshs. 10.627 billion in 2010/11 and Kshs. 14.016 billion in 2011/12.

The budget of the Department of East African Affairs rose from Kshs. 1.479 billion in FY 2013/14 to Kshs. 1.684 billion in FY 2014/15 with the East African Common Market sub-programme taking the larger proportion of the resources, (about 45% of total resources for the department).

However, the mandates of the above Ministries and Departments are so key to the country’s economy and the delivery of goals and objectives of the three Pillars of Vision 2030, hence there is need for them to be considered for adequate funds allocations to enable them execute their mandates more effectively.

Acknowledgements

The Committee wishes to thank the Office of the Honorable Speaker and the Liaison Committee for the necessary support extended to it in the execution of its mandate as well as the Office of the Clerk

programmes/ projects during the current financial year, this was however adversely affected by Exchequer shortfall of Kshs.4.48 billion which the Ministry suffered in the FY 2012/13 giving rise to pending bills of an equivalent amount. This had to be treated as first charge on the allocations of the FY 2013/14 budget.

The introduction of the Railway Development Levy in July 2013 and the Amendment to the VAT Act in September 2013 further compounded this situation in that the Ministry was compelled to pay unbudgeted liabilities in form of taxes amounting to Kshs.3.3 billion.

The Ministry should be funded adequately to be able to achieve its strategic objectives and safeguard the Country's national boundaries and territorial integrity.

2. MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE - VOTE 105

Based on the submissions, presentations and evidence adduced, the following are the underfunded areas of concern in the Ministry:-

- i. **Personnel Emoluments:** The Ministry was not funded to the tune of **Kshs 289.4million**.
- ii. **Operations and Maintenance:** The Ministry was not funded to the tune of **Kshs 1.85billion** including:-
 - **State Visits** which requires additional funds of **Kshs. 500million**.
 - **Purchase of protocol and representational vehicles:** The Ministry is facing acute shortage of vehicles especially protocol and representational vehicles for use at the ministry headquarters for VIP transport and by our missions abroad respectively. The Ministry is seeking for additional funds of **Kshs 400million**.
 - **Opening of new Missions:** The Ministry intends to open new missions in Cuba, Algeria, Morocco, Angola, Malawi and Senegal at cost of **Kshs. 650million**.
 - **Diaspora portal project:** The Ministry is the process of developing Diaspora web port which will enable access of information on government and investment opportunities and also serve as social platform for engagement by the Diaspora. Ministry requires additional **Kshs. 300 million**.
- iii) The development projects including:-
 - a) **Kampala – construction of a chancery and ambassador's residence:** Uganda is currently Kenya's largest trading partner, and is considered of economic as well as political strategic importance. Ownership of property to house the Chancery as well as the ambassador's residence is considered of significant importance to the relationship between the two countries. From a political perspective, it will be seen as a sign of permanence, and will enhance the image of Kenya in the East African region. The project is estimated to cost **Kshs 450million**.
 - b) **New York - Purchase of office space:** The city of New York is of strategic importance to most countries the world over, being home to the United Nations Headquarters. The presence of

for providing the necessary logistical and technical support. The Committee is also grateful to the Parliamentary Budget Office for the technical support provided. The Committee further wishes to thank the Cabinet Secretary for Commerce, Tourism and East African Affairs; Principal Secretaries for Defence, and Foreign Affairs and International Trade; the Director General of the National Intelligence Service, and all the Technical Staff who appeared before the Committee for providing the necessary information and responding to issues raised by Members during the examination of the estimates.

1. THE MINISTRY OF DEFENCE – VOTE 104

Based on the submissions, presentations and evidence adduced, the following are the underfunded areas of concern in the Ministry:-

- Pending bills carried forward from the FY 2012/13 amounting to Kshs. 4.48 billion.
- Security operations.
- AMISOM Expenses.
- Military modernization which is long overdue.
- Introduction of the Railway Development Levy in 2013 and the Amendment to the VAT Act in September 2013. The Ministry is thus compelled to pay unbudgeted liabilities in form of taxes amounting to Kshs. 3.3 billion.

Recommendations

The Committee is agreeable to the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of **Kshs.73.281 billion** divided into Kshs.1.52 billion for Sub-head 000100-Headquarters Administrative Services and Kshs.71.761 billion for Sub-head 000200- Kenya Defence Forces.

In addition, the Committee proposes that Kshs. 1 billion be reallocated from the Budget Estimates of the National Intelligence Service to the Ministry of Defence to be distributed as follows:-

- i. **Kshs. 0.50 billion** towards Communication Programme to make the total allocation under this item **Kshs.0.68 billion**.
- ii. **Kshs. 0.50 billion** towards Infrastructure Programme to make the total allocation under this item **Kshs. 2 billion**.

Rationale:- To retain fighting power and capacity whenever and wherever required to meet any threat, communication is key. Replacement of communication equipments such as radios is indeed long overdue. In addition, more funds should be allocated towards infrastructure, in particular the construction of houses for the Kenya Defence Forces.

Further, the Committee recommends that the Ministry be allocated an additional **Kshs. 24.48 billion**, to cover the shortfall hence be able to achieve the Ministry's strategic objectives effectively. The fund would be used to meet Exchequer shortfall of Kshs. 4.48 billion, Security Operations - Kshs. 4.0 billion and the Military Modernization Programme - Kshs. 16.0 billion.

Rationale:- Although the Ministry of Defence was able to implement most of its planned priority

most countries in New York, Kenya included can be considered indefinite. Therefore, the acquisition of space in New York is of both political and economic importance. The project is estimated to cost **Kshs 1billion**.

- c) **Geneva - Purchase of a chancery and ambassador's residence:** Geneva is one of the most costly missions in terms of rent, which amounts to Kshs. 80.0 Million per annum. Like New York, Geneva is a permanent mission where Kenya is expected to maintain presence indefinitely. It is therefore important that a chancery and a residence are purchased to save on rent and accumulate capital gains in the long term. A budget of **Kshs 800 million** had been requested for this purpose.
7. Whereas the priorities of the Ministry are to realign foreign diplomacy and representation under thematic areas, there is limited evidence that this is the case given the expansion of missions and consulates across the world. The creation of new missions should be based on the set medium-to-long term priorities, while older missions should be realigned or restructured if they do not fit within these strategic goals.

Recommendations

The Committee is agreeable to the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of **Kshs 12.454 Billion**, of which **Kshs. 10.894 Billion** is for Recurrent activities and **Kshs. 1.56 Billion** for the Development activities respectively.

In addition, the Committee proposes that **Kshs. 1 billion** be reallocated from the Budget Estimates of the National Intelligence Service to the Ministry of Foreign Affairs and International Trade to be distributed as follows:-

- i. **Kshs. 450 million** to be allocated to Kenya's mission in Kampala towards the construction of a chancery and ambassador's residence.
- ii. **Kshs. 350 million** to be allocated towards purchase of protocol and representational vehicles.
- iii. **Kshs. 100 million** to be allocated to Kenya's Embassy in Abu Dhabi and Consulate in Dubai in United Arab Emirates towards International Trade and Investment Promotion.
- iv. **Kshs. 100 million** to be allocated to Kenya's Embassy in Doha, Qatar towards International Trade and Investment Promotion.

Rationale:-

- i. Uganda is currently Kenya's largest trading partner, and is considered of economic as well as political strategic importance. Ownership of property to house the Chancery as well as the ambassador's residence is considered of significant importance to the relationship between the two countries. From a political perspective, it will be seen as a sign of permanence, and will enhance the image of Kenya in the East African region.
- ii. The Ministry is facing acute shortage of vehicles especially protocol and representational

vehicles for use at the ministry headquarters for VIP transport and by its missions abroad respectively. Kenya's image abroad is at stake with reports of constantly vehicles breaking down on the roads.

- iii. The Ministry has expanded Kenya's diplomatic presence and representation by opening a mission in Doha and a consulate in Dubai. In addition, the mission in Abu Dhabi is very key. There is need to strengthen the bilateral cooperation between Kenya and, UAE and Qatar as well as enhancing trade and investments.

Further, the Committee recommends that the Ministry should be allocated an additional Kshs **8.046 billion - Kshs 5.806 billion** under the Recurrent and **Kshs. 2.24 billion** under the Development Votes, to meet the shortfall it currently faces. This would enable the Ministry take up the many development projects that were left out of 2014/2015 financial year which include purchase of an Embassy and the Ambassador's residence in Geneva; Purchase of office space in New York. Other areas that were left out include personnel emoluments, operations and maintenance.

3. THE NATIONAL INTELLIGENCE SERVICE – VOTE 123

Based on the submissions, presentations and evidence adduced, the following are the areas of concern in the National Intelligence Service:-

- i. Though the Service has been allocated **Kshs. 17.440 billion**, there is only one programme, the National Security Intelligence and one Subprogramme, the Security Intelligence. Without further disaggregation into subprogrammes with adequate information about outputs, targets, and delivery units, proper scrutiny of the budget remains a challenge. Further, without measurable targets, further oversight and performance review remains impossible.
- ii. From the analysis of the approved estimates for National Intelligence Service, a comparison of the 2013/14 and 2014/15 financial years show an increase of Kshs. 3.46 Billion representing a change of 24 percent. The change appears abnormal, as the Committee was not able to get information regarding the subprogrammes where the funds were being allocated to.

	FY	Amount	Change	% change
1.	2010/2011	10,616,000,000		
2.	2011/2012	13,146,113,300	2,530,113,300	23.83302
3.	2012/2013	13,414,000,000	267,886,700	2.037764
4.	2013/2014	13,980,000,000	566,000,000	4.219472
5.	2014/2015	17,440,000,000	3,460,000,000	24.74964

Source: The National Treasury

- iii. The National Intelligence Service outputs and targets are not well formulated Further, the Service has not managed to achieve many of its the outputs as pr Members in the previous engagements with the Committee.

Recommendations

The Committee is not agreeable to the proposal by the Director General Secretary to withdraw from the Consolidated Fund a sum of **Kshs 17.440 Billion**. The Committee proposes to reduce the sum by **Kshs. 2 Billion to Kshs. 15.440 Billion**. The Kshs. 2 Billion should be reallocated to the Ministries of Defence – Kshs. 1 Billion, and Foreign Affairs and International Trade – Kshs. 1 billion.

Further, though the Service did inform the Committee that it is underfunded in the following areas:-

- i. **Operations and Maintenance (O&M)** and other functional areas.- Kshs.2.652 billion.
- ii. **NIS Modernization** - The projected total cost of the programme is Kshs.6.0 billion. The service will require an allocation of Kshs.2 Billion during the FY 2014/15. Already an allocation of Kshs.1.6Billion has been factored in the budget leaving a funding gap of Kshs.400 million.
- iii. **Expansion of Surveillance Systems** - The expansion of surveillance systems at a cost of Kshs.1.6Billion. Already, an allocation of 1Billion has been factored in the budget leaving a funding gap of Kshs.600 million.
- iv. **Pension contribution and Human resource Development** - Kshs. 4.2 Billion for the FY 2014/15 to allow the NIS Pension Scheme to convert from a Defined Benefit (DB) to a Defined Contribution (DC) Scheme so as to comply with the National Treasury's directive.

The Committee is not agreeable to any additional funding to the National Security Service.

However, the Committee does appreciate that the country is currently facing serious emerging threats and challenges nationally, regionally and globally. The security situation in the world over is also dynamic, calling for constant review and re-engineering of the security sector, necessitating mobilisation of huge budgetary resources. However, the single programme budget by NIS should be disaggregated further into subprogrammes with adequate information about outputs, targets and delivery units, which will form the basis for further oversight, performance review and budget allocations.

4. STATE DEPARTMENT OF EAST AFRICAN AFFAIRS, THE MINISTRY OF EAST AFRICAN AFFAIRS, COMMERCE AND TOURISM – VOTE 156

Based on the submissions, presentations and evidence adduced, the following are the areas of concern in the Department:-

- i. Inadequate Budgetary allocation to the Department which will impact on its core programmes. They include strengthening National Publicity and Advocacy for EAC Integration, strengthening of the Research Reference and Documentation Centre, Strengthening of Directorates on Information, Education and Communications and Participation in the implementation of the EAC Monetary Union and negotiation on Political Federation, and participation in the EAC cross cutting issues: EAC-EU EPA, ESA-EU EPA and COMESA-EAC SADC tripartite negotiations

The protocol was signed in November, 2013 and implementation is scheduled to commence in July, 2014. Negotiations on the annexes to the protocol are due to continue during the financial year.

- ii. Failure to allocate Kshs. 390 million to settle historical arrears owed to Inter University Council of East Africa.

The Departments's Budget for the Financial Year 2014/15 has a short fall of **Kshs. 201,837,030** which is segregated into **Kshs. 189,837,030** (recurrent) and **Kshs 12,000,000(development)** .

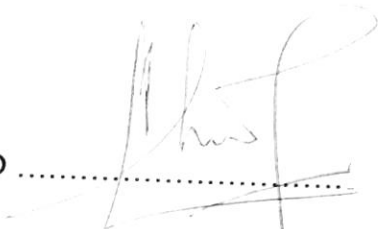
Recommendations

The Committee is agreeable to the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of **Kshs. 1.618** billion.

Further, the Committee recommends that the Ministry be allocated an additional Kshs. **Kshs. 201,837,030** which is segregated into **Kshs.189,837,030** (recurrent) and **Kshs. 12,000,000(development)** to enable the department carry out strong sensitization program as well as Monitoring and Evaluation required for better implementation of the integration process Agenda.

On behalf of the Committee, I now wish to table before the of budget and appropriation committee of the House, the Report on the Examination of Votes: 104 – Ministry of Defence; 105 – Ministry of Foreign Affairs and international Trade; 123 – National Intelligence Service; 156 – Department of State for East African Affairs.

SIGNED



THE HON. BARE SHILL, M.P.
VICE-CHAIRPERSON, DEPARTMENTAL COMMITTEE ON
DEFENCE AND FOREIGN RELATIONS

DATE:.....27TH MAY 2014.....

1.0 VOTE 104 - MINISTRY OF DEFENCE

1.1 Total Net Allocation to the Ministry

Ministry of Defence has been provided with a net allocation of Kshs.73.28 1B in the Financial Year 2014/2015. The Ministry's BROP ceiling was Kshs.64.861B. This was later revised to Kshs.65.081 billion by the time the Budget Policy Statement was being released. This was revised upwards to Kshs.73.281B so as to accommodate AMISOM allowances and monetized allowances. This allocation is to enable the Ministry implement its priority programmes and sub-programmes.

Vote R104 has two main Heads namely, Head 000100 Headquarters Administrative Services and Head 000200 Kenya Defence Forces. While the allocation for Head 000100 is itemized, the allocation for Head 000200 is a one line item captured as Current Grants to Government Agencies and other levels of Government.

Total Net Allocation to the Ministry

Programmes/Sub programmes	2014/2015 (Kshs.B)
1.Defence	
a. Land Defence	30.042
b. National Air Space Defence	8.721
c. Territorial Waters Defence	4.360
d. Defence Policy and Co-ordination	7.986
e. National Space Secretariat	0.558
f. AMISOM Expenses	6.1
g. Monetized Allowances	2.1
h. Modernization	12.0
2. Civil Aid	0.450
3. General Administration and Personnel Services	0.964
TOTAL	73.281

1.2 Total Net Requested from the Exchequer

In the Financial Year 2014/2015, the Ministry of Defence had requested for a budget of Kshs.97.761B to be able it to effectively implement its programmes, however Kshs.73.281B has been provided. This results to a budgetary **shortfall of Kshs.24.48B**. The allocation of Kshs.73.281B is divided into Kshs.1.52B for Sub-head 000100- Headquarters Administrative Services and Kshs.71.761B for Sub-head 000200- Kenya Defence Forces.

1.3 Utilization of Kshs.74.557b Allocated in the FY 2013/14

In the Financial Year 2013/14, the Ministry of Defence utilized its budget on the following areas;

- i. Settlement of pending bills carried forward from the FY 2012/13.-Kshs.4.48B
- ii. Personnel Emoluments(PE) - Kshs. 35.3B
- iii. Security Operations - Kshs.3.0B
- iv. AMISOM Expenses - Kshs.9.0B
- v. Operation and Maintenance(O&M)- Kshs.8.877B
- vi. Military Modernization - Kshs.10.6B
- vii. Taxation-VAT and Railway Development Levy - Kshs.3.3B

1.4 Performance and Implementation of Projects and Programmes in the FY 2013/2014

Although the Ministry of Defence was able to implement most of its planned priority programmes/projects during this financial Year, this was however adversely affected by Exchequer Shortfall of Kshs.4.48B which the Ministry suffered in the FY 2012/13 giving rise to pending bills of an equivalent amount. This had to be treated as first charge on the allocations of the FY 2013/14 budget.

The introduction of the Railway Development Levy in July 2013 and the Amendment to the VAT act in September 2013 further compounded this situation in that the Ministry was compelled to pay unbudgeted liabilities in form of taxes amounting to Kshs.3.3B.

1.5 Allocations to New Projects/Programmes For FY 2014/2015

Early Warning	- Kshs. 1.36B
Fire Power	- Kshs. 6.06B
Protected Mobility	- Kshs. 2.90B
Communication	- Kshs. 0.18B
Infrastructure	- Kshs. 1.50B

TOTAL - Kshs.12.0B

1.6 Projects Financed in the Development Estimates

The budget for Vote R104 is fully financed under the Recurrent Budget Estimates. The implementation of the Military Modernization Programme and the development of infrastructure are undertaken through the Recurrent Vote.

1.7 Absorption Capacity of The Ministry

The Ministry of Defence has a high absorption capacity which enables it utilize all the allocated funds in a given financial year. This capacity is however predicated on availability of exchequer. The Ministry will therefore be able to absorb all the allocated funds in the FY 2014/2015.

1.8 Areas/Projects Left Out of the 2014/15 Estimates

The following are the areas/projects that were left out of the FY 2014/15 Estimates

	AMOUNT (KShs. B)
1. Exchequer shortfall	4.48
2. Close Security Operations.	4.0

3. Military Modernization Programme	16.0
-------------------------------------	------

TOTAL	24.48
--------------	--------------

1.9 Effects of the Shortfall

The issue of Railway Development Levy and VAT remain a critical challenge to the Ministry as tax liability estimated to be Kshs.3.3B has not been factored in the budget estimates in the FY 2014/15.

The National Treasury is expected to approach the National Assembly with a view of restoring back the zero rated status that the Ministry was categorized in prior to the 2013 Amendments. In the absence of this amendment the Ministry's programme implementation will be adversely affected to the extent of the value of taxation.

1.10 Measures of Mitigating Budgetary Shortfalls

Measures to mitigate budgetary shortfalls will include prudent expenditure management to obtain value for money, proper prioritization of Ministerial programmes and projects, compliance with the procurement rules and regulations, cost cutting measures, sustainable maintenance policy of equipment and infrastructure and research and development (Innovation and creativity).

1.11 Critical Policy Issues to be Achieved in the FY 2014/15

The following are critical policy issues that the Ministry intends to achieve in the FY 2014/15:-

- i. Safeguarding our National boundaries and territorial integrity.
- ii. Scaling up of the Modernization programme.
- iii. Self sustainability in food security.
- iv. Securing all Military land.
- v. Defence Reserve policy.
- vi. Fast tracking the provision of Single Accommodation.
- vii. Promotion of regional peace and security.

1.12 Proposed Allocation Vis-A-Vis the Achievement of the Ministry's Strategic Plan

The Strategic Plan for the Ministry of State for Defence is articulated in the Kenya Defence Forces Strategic Defence Review for the period 2010-2020. The Strategic Plan is divided into short term (2010-2013), Medium (2014-2017) and long term (2018-2020). The strategic objectives include the following among others:-

- i. To provide deterrence and should deterrence fail to win the war terminate the conflict on terms favorable to Kenya.
- ii. To retain the fighting power and capacity whenever and wherever required to meet any threat. This will be achieved by enhancing our manpower, modernize our combat equipment, build capacity and provide early warning and have greater firepower, mobility protection and flexibility.
- iii. To take advantage of the synergy of joint operations concept by ensuring that there is smooth inter-operability between the three sister services and other stake holders including government, non-governmental organizations, the media and non state actors.
- iv. To increase the strength of the Defence Forces and to provide the soldier with the best possible equipment that gives him an edge in firepower, mobility, protection flexibility and

night fighting capability.

- v. To align our logistics capability to our expectations by modernizing, enhancing and streamlining the existing supply, repair and maintenance systems.

The proposed budget of Kshs. 73.281B is aimed at achieving the above strategic objectives through the implementation of the Ministries programmes as discussed above. In addition, Kshs 1B is needed to effect the migration as per CCK recommendation.

2.0 VOTE 105 – MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

The Ministry of Foreign Affairs and International Trade is charged with the responsibility of formulating, articulating and implementing Kenya's foreign policy. The Ministry is the primary interface with the rest of the world and works with all other government ministries, departments and agencies within the framework of government policy to promote and protect Kenya's interests globally through effective diplomatic engagement. The Ministry's work is guided by our vision of a *"peaceful and prosperous Kenya effectively contributing to the realization of a stable continent and better international understanding"*.

The Ministry's mandate as spelt out in Presidential Circular No. 1 of May, 2013 include foreign policy, bilateral and multilateral relations, international and regional organizations; Kenya Embassies abroad; foreign missions in Kenya; Treaties, Conventions and Agreements; diplomatic privileges and immunities; state and official visits; protocol matters; consular services; Joint Commissions ; Government spokesman on foreign affairs; peace initiatives; commonwealth affairs; Kenyans in the Diaspora; international jobs and the Foreign Service Institute.

2.1 Total Net Requested From the Exchequer for the Ministry

During the Medium Term Expenditure Framework Sector Working Group (SWG) bidding process held in October, 2013 the Ministry presented a request of **Kshs. 20.5 billion** of which **Kshs. 16.7 billion** was for Recurrent Vote and **Kshs. 3.8 billion** was for Development Vote. However, after the bidding process and to conform to the MTEF Sector ceilings issued by the National Treasury for the Public Administration and International Relations, the Ministry only secured **Kshs 12.454 billion**, of which **Kshs. 10.894 billion** was for Recurrent activities and **Kshs. 1.56 billion** for the Development activities respectively. This occasioned a shortfall of **Kshs 8.046 billion - Kshs 5.806 billion** under the Recurrent and **Kshs. 2.24 billion** under the Development Votes.

2.2 Comparison of the Previous Year's Allocation

Table 1 below provides a summary of allocations under each vote during the last four financial years.

Table 1: Comparison of the last four financial years' allocations

VOTE		APPROVED ESTIMATES 2010/11	APPROVED ESTIMATES 2011/2012	APPROVED ESTIMATES 2012/13	FIRST REVISED APPROVED ESTIMATES 2013/14
RECURRENT	Gross	8,320,633,316	9,996,261,192	10,828,333,521	11,026,767,539
	A-In-A	662,163,316	971,655,692	1,010,030,217	1,065,000,000
	Net	7,658,470,000	9,024,605,500	9,818,303,304	9,961,767,539
DEVELOPMENT		466,400,000	770,032,000	544,900,000	291,000,000

Source: Printed Estimates and First Revised Estimates

Over the last four years, Ministry's budgetary allocation for both recurrent and development increased marginally. Between 2010/2011 and 2013/2014, the Ministry Gross budgetary allocation increased from **Kshs 8.3 billion** to **Kshs 11.03 billion** respectively. However at the vote level, the net recurrent budget for the Financial Year 2013/2014 was increased by Kshs.1,322,826,552 billion to mainly cater for State Visit - **Kshs 350 million**, opening of Hargeissa and Kismayu - **Kshs 144 million**, Personnel Emoluments - **Kshs 133 million**, department of trade - **Kshs 364 million** and other operations and maintenance - **Kshs 331 million**.

The Ministry's development budget has over the four year period, has suffered major reductions witnessed since 2011/2012 financial year. The Ministry Development Estimates have been declining from an allocation of Kshs. 770 million in 2011/12, to a low of Kshs. 291 million in 2013/2014 This erratic nature of budgeting hampers predictability and interferes with the planning process at the Ministry.

It is worth noting that a large portion of the Ministry's budget is spent on renting or leasing of properties abroad, comprising approximately 20% of the total recurrent budget. In the 2013/2014 estimates for instance, the Ministry was allocated a total of Kshs. 1.9 billion for leasing of residences and chanceries.

2.3 Allocations to New Projects/Programmes

The following projects are proposed for implementation under the development vote in the 2014/2015 financial year:-

i. **Acquisition of land and construction of Ministry headquarters**

The Ministry has been allocated **Kshs 500 million** to source for land and start construction work of a new building.

ii. **The Kenya Fund for Technical Cooperation**

The Ministry seeks to strengthen bilateral cooperation with regional countries focusing on areas of capacity building and technical training. The Fund is targeted at providing scholarships, technical cooperation and support to peace building and keeping, amongst others. The fund will further be

used to advance Kenya's influence in the region. It is anticipated that once operational, the fund will be able to attract funding outside the exchequer, thus minimizing reliance on government funding. The Ministry has been allocated **Kshs 400 million**.

iii. **New projects**

The Ministry has secured funds for construction of Chanceries in Kigali, Bujumbura and Kinshasa at a cost of **Kshs 70 million** each giving a total of **Kshs 210 million**.

iv. **Refurbishment of missions abroad and Headquarters**

The Ministry has secured allocation for maintenance of Government properties in Missions abroad and Headquarter of **Kshs 450 million**.

2.4 On-Going Projects

On-going projects include Addis Ababa, Islamabad, Ottawa, The Hague, Ministry headquarters and Pretoria.

2.5 Ministry's Absorption Capacity

On average, the absorption capacity of the ministry has been above 80 percent over the last three years as shown in table 2 below. In 2010/11, the Ministry recorded 84.8 percent absorption rate, 2011/12 financial year the Ministry recorded 91.8 percent and 88.8percent in 2012/13 FY. The Ministry aims to achieve higher absorption rate in the 2013/2014 financial year.

Table 2: Absorption Capacity over the last three years

YEAR	VOTE	APPROVED ESTIMATES	ACTUAL EXPENDITURE	% UTILIZATION
2010/11	Recurrent	8,320,633,316	8,184,646,021	98.36%
	Development	476,400,000	339,412,220	71.24%
2011/12	Recurrent	9,996,261,192	9,752,765,158	97.56%
	Development	770,032,000	662,525,052	86.04%
2012/13	Recurrent	11,153,000,000	10,484,000,000	94.01%
	Development	445,000,000	372,000,000	83.59%

Source: Appropriations Account

2.6 Areas/Projects Left Out of the Estimates

Due to the ceiling provided in the F/Y 2013/2014, the following areas could not be accommodated;

- i. **Personnel Emoluments:** The Ministry was not funded to the tune of **Kshs 289.4M** broken down under various items as highlighted below:-
 - **Kshs. 200M** to cater for basic salaries and Foreign Service Allowance on staff who will be promoted during the financial year.
 - **Kshs. 89.4 million** to review the salaries and other related payments for local Staff in the thirty four (34) missions which did not benefit from the 80M allocated this financial year.

ii. **Operations and Maintenance:** The Ministry was not funded to the tune of **Kshs 1.85billion** as indicated below:-

- **State Visits:** The Ministry is in charge of all State Visits. It should be noted that State visits involving His Excellency the President or those involving high ranking visiting Heads of Government, in many instances tend to be of unforeseen nature. The Ministry cannot therefore pinpoint the likely number of state visits to be undertaken during the financial year except for the few scheduled ones. In order to ensure that state visits are adequately facilitated and going by past experience, this item require additional funds of **Kshs. 500 million.**
- **Purchase of protocol and representational vehicles:** The Ministry is facing acute shortage of vehicles especially protocol and representational vehicles for use at the ministry headquarters for VIP transport and by our missions abroad respectively. The Ministry is seeking for additional funds of **Kshs 400 million.**
- **Opening of new Missions:** The Ministry intends to open new missions in Cuba, Algeria, Morocco, Angola, Malawi and Senegal at cost of **Kshs. 650 million.**
- **Diaspora portal project:** The Ministry is the process of developing Diaspora web port which will enable access of information on government and investment opportunities and also serve as social platform for engagement by the Diaspora. Ministry require additional funds of **Kshs. 300 million**

iii. The **development projects** that were left out 2014/15 financial year include:-

- d) **Kampala – construction of a chancery and ambassador’s residence:** Uganda is currently Kenya’s largest trading partner, and is considered of economic as well as political strategic importance. Ownership of property to house the Chancery as well as the ambassador’s residence is considered of significant importance to the relationship between the two countries. From a political perspective, it will be seen as a sign of permanence, and will enhance the image of Kenya in the East African region. The project is estimated to cost **Kshs 450 million.**
- e) **New York - Purchase of office space:** The city of New York is of strategic **importance** to most countries the world over, being home to the United Nations Headquarters. The presence of most countries in New York, Kenya included can be considered indefinite. Therefore the acquisition of space in New York is of both political and economic importance. The project is estimated to cost **Kshs 1billion.**
- f) **Geneva - Purchase of a chancery and ambassador’s residence:** Geneva is one of the most costly missions in terms of rent, which amounts to Ksh. 80.0 million per annum. Like New York, Geneva is a permanent mission where Kenya is expected to maintain presence

indefinitely. It is therefore important that a chancery and a residence are purchased to save on rent and accumulate capital gains in the long term. A budget of **Kshs 800 million** had been requested for this purpose.

2.7 Proposed Allocation Vis-A-Vis the Key Ministry Achievements

Over the years, the Ministry has excelled in key areas of its mandate as discussed below:-

- The Ministry developed the following draft policies to be finalized in the next MTEF period 2013/14 – 2016/17: the National Diaspora Policy; the policy on property acquisition and disposal in missions; and the HIV Work Place Policy, Anti-Corruption Policy and a Gender Mainstreaming Work Place Policy.
- To improve the legal framework the Ministry also finalized the Foreign Service and Diplomatic Representation bill, 2012.
- The Ministry expanded Kenya's diplomatic presence and representation by opening three missions in Doha, Turkey and Muscat and three consulates in Dubai, Hargeissa and Kismayu.
- The Ministry also renovated, upgraded and also completed construction of Kenya's properties in Islamabad, Windhoek, and Abuja.
- Kenya's interests abroad were promoted by the Ministry through initiating, facilitating or concluding a number of investment and development assistance agreements and other arrangements with our partners. Specifically, the Ministry signed 38 Memorandum of Understanding with 19 countries; signed 7 Bilateral Agreements with 7 countries; and signed 3 trade specific agreements with 3 countries. These agreements were on various thematic areas including agriculture, cooperative, security, Education and Transport among others.

3.0 VOTE 123 – THE NATIONAL INTELLIGENCE SERVICE

3.1 Mandate of the National Intelligence Service

The National Intelligence Service (NIS) was established under Article 242, CoK, 2010 to be responsible for security intelligence, counter intelligence and perform any other function as prescribed by National legislation. The mandate has been operationalized through the National Intelligence Service (NIS) Act, 2012.

3.2 Budget Resource Requirements for FY 2014/15

During the Sector hearings, the service had requested the National Treasury to be allocated Kshs.25.292 Billion to fund the FY 2014/15 programmes and activities. The National Treasury allocate dKshs.17,440 Billion to the Service for the FY 2014/2015. This resulted to a financing gap/shortfall of Kshs.7.852 Billion to the service which is attributed to the following expenditure areas: -

a) Operations and Maintenance (O&M)

Currently, the service funding on operations and maintenance is below the optimal level. This is affecting the operations of the service, especially with regard to emerging and heightened

security threats. The service requires an additional allocation of Kshs.2.652 Billion to fund O&M and other functional areas during the FY 2014/15.

b) NIS Modernization

Due to rapid technological changes, heightened security situation and emerging threats which require targeted investment in modern security equipment, facilities and skills, the service has embarked on the implementation of the Modernization Programme Phase II during the next MTEF period.

The projected total cost of the programme is Kshs.6.0 Billion. The service will require an allocation of Kshs.2 Billion during the FY 2014/15. Already an allocation of Kshs.1.6Billion has been factored in the budget leaving a funding gap of Kshs.400 Million.

c) Expansion of Surveillance Systems

To enhance our efficiency and effectiveness in carrying our mandate, the service urgently requires to strategically invest in the expansion of surveillance systems at a cost of Kshs.1.6Billion. Already, an allocation of 1Billion has been factored in the budget leaving a funding gap of Kshs.600 Million.

d) Pension contribution and Human resource Development

During the next three financial years the service will require additional allocation to allow the NIS Pension Scheme to convert from a **Defined Benefit (DB) to a Defined Contribution (DC)** Scheme so as to comply with the National Treasury's directive.

In view of the rapid advancement in technology, heightened security threats both traditional and emerging like terrorism and cyber crimes there is need for the service to invest in human resource capacity building/development in line with modern human resource management and training methods.

This will include recruitment, re-engineered capacity building and retention to provide appropriate skills to service personnel to effectively deal with these threats. Both expenditure areas, which are critical to the service will require an allocation of Kshs. 4.2 Billion for the FY 2014/15.

3.3 Allocations to New Projects/Programmes

All the resources received are allocated to the National Security Intelligence Programme which is designed to achieve towards: -

- i. Secured and protected Nation
- ii. Cohesive and productive society
- iii. Conducive and competitive investor environment
- iv. Secured and protected intelligence operations
- v. Improved governance and public integrity
- vi. Enhanced intelligence capability
- vii. Operational readiness
- viii. Enhanced professionalism and morale

3.4 Proposed Allocation Vis-A-Vis the Achievements of NIS Strategic Plan

The allocation of Kshs.17.440Billion for FY 2014/15, though not adequate, will be utilized in the implementation of the NIS Strategic Plan, which targets to achieve the following strategic objectives: -

- i. Provision of competitive, reliable and digest/actionable intelligence that adds value to decision making.
- ii. Safeguard the sovereignty and security of Kenya and her citizens.
- iii. Promote harmony, tranquillity and peaceful co-existence among the people of Kenya.
- iv. Promote good governance, ethics and values by providing timely information.

3.5 Conclusion

The country is currently facing serious emerging threats and challenges nationally, regionally and globally. The security situation in the world over is dynamic, calling for constant review and re-engineering of the security sector necessitating mobilization of huge budgetary resources.

National Security is a pre-requisite for socio-political and economic development of any state. This calls for collective efforts from all stakeholders if the nation is to survive both traditional and emerging threats and achieve its planned development programmes.

4.0 VOTE 156 - STATE DEPARTMENT OF EAST AFRICAN AFFAIRS, MINISTRY OF EAST AFRICAN AFFAIRS, COMMERCE AND TOURISM

4.1 Mandate and Core Functions of SDEAA

The mandate of SDEAA is derived from the Presidential Circular No.1 of May 2008 and includes Formulation of policy on the East African Community (EAC); Coordination of government participation in the EAC meetings and institutions; Coordination of implementation of the EAC regional programmes; Implementation of Treaty establishing the EAC; and Promotion and fast tracking of East African integration. The SDEAA does not have any Autonomous and Semi Autonomous Government Agencies.

4.2 Total Budget Requested from the Exchequer and Allocated Funds for the Period 2012/2013

The total budget SDEAA requested from the exchequer for Recurrent and Development vote during Financial Year 2014/15 is Kshs.1.808 billion. However the Budgetary allocation for 2014/15 is KShs. 1.618 billion. The SDEAA will have a shortfall of KShs. 125 million on recurrent vote.

On development vote SDEAA requested Kshs. 77,400,000 while budgetary allocation is Kshs. 65,000,000 on donor component leaving a deficit of Kshs 12million.

4.3 Previous Year's Allocations

In the Financial year 2013/14, the total allocation amounted to Kshs.1.478 billion for recurrent and Kshs.93.7 million for Development. The development is broken down into Donor Component of Kshs.65.4 million and the Government Kshs.28.3 million

4.4 SDEAA'S Budgetary Trend for Period 2009/10 to 2011/2012

Table 3. Comparative Analysis of SDEAA's allocation 2011/12 and 2014/15 Figures in Millions (Kshs.)

VOTE		2011/2012	2012/2013	2013/2014	2014/2015
1.	Recurrent	1,047.8	1265.0	1642.0	1617.1
2.	Development				
	GOK	7.0	11.0	28.3	0
	DFID	65.4	65.4	65.4	65.0
	KESSAP			(257)	0
		1,120.2	1,341.4	1478.7	1683.6

4.5 Ministry Budgetary Trend for Period 2011/12 to 2013/14

SDEAA requested for Kshs 1.808 billion while the total budgetary allocation is Kshs. 1.617 billion leaving a deficit of Ksh.191million.

4.6 Recurrent Budget Analysis

The priority spending areas for Recurrent Budget are on the following:-

- i. Participation in the implementation of the EAC Monetary Union and negotiation on Political Federation
- ii. Participation in the EAC cross cutting issues: EAC – EU EPA, ESA-EU, WTO, bilateral issues and
- iii. COMESA – EAC – SADC tripartite negotiations
- iv. Monitoring the elimination of non tariff barriers
- v. Consolidate Customs Union –implementation of single customs territory
- vi. Implementation of the Common Market
- vii. Hosting of the EAC Summit in Kenya
- viii. Sensitization of citizens on EAC Integration Agenda

Recurrent budget breakdown - Figures in millions (Kshs.)

SUMMARY OF THE 2014/15 BUDGET (Recurrent)				
Item	Amount Requested Details	Requested in 2014/15	Allocated Amount	Variance
Personnel Emoluments	Basic salaries, House allowance, Transport allowance, Extraneous allowance etc	179,737,221	179,737,221	0
Domestic Travel	Travel cost, Accommodation and DSA & sundry costs	42,699,168	28,655,729	14,043,439
Foreign Travel	Travel cost, Accommodation and DSA	111,729,335	123,367,335	11,638,000
Rent for office	Rents and rates	68,347,730	52,962,957	15,384,773
Hospitality	Catering services, Accommodation, Conferences and Seminars	161,507,325	118,711,613	42,795,712
Training	Travel allowance, Hire of	21,394,163	10,661,070	10,733,093

	training facilities, Tuition fees etc			
Contribution to EAC		1,006,751,326	877,853,326	128,898,000
Publicity & awareness	Publishing,	118,271,165	34,872,917	83,398,248
Others	communication, fuel, purchase of office furniture and supplies,	596,580,806	479,526,571	117,054,235
Total		1,808,440,797	1,618,603,767	189,837,030

An analysis of the Recurrent Budget indicates a deficit of Kshs. (189,837,030) in 2014/15 Budget.

4.7 Development Budget

In the 2014/15 Financial Year, the State Department of East African Affairs has been allocated Ksh. 65 million under donor component to undertake the following activities;

- i. Strengthening National Publicity and Advocacy for EAC Integration
- ii. Strengthening of the Research Reference and Documentation Centre
- iii. To undertake research on Knowledge, Attitude and Practice (KAP) on Common Market
- iv. Strengthening the expanded mandate of the Central Planning Project Monitoring and evaluation Unit to undertake research, monitoring and evaluation activities
- v. Strengthening of the Directorate of Information, Education and Communications.

This falls short of our request to have budgetary allocation to enable the State Department acquire a plot for construction of regional integration centres offices in Busia.

4.8 Rationale for the Development Programmes

i. Strengthening National Publicity and Advocacy for EAC Integration

The EAC integration process is not clearly understood by a large portion of the Kenyan population and hence the need for publicity and advocacy on the EAC integration issues. In particular we intend to unpack the meanings and implications of the Customs Union, Common Market, Monetary Union and the Vision of a Political Federation for East Africa. This will be achieved through the implementation of SDEAA's Communication Strategy.

ii. Strengthening of the Research Reference and Documentation Centre

Since a number of developments are taking place in the EAC integration process, there is need for a central depository for information, documentation and research to inform policy on the various integrations initiatives. The Ministry will improve and equip the existing library and establish inter connectivity with EAC Secretariat and other Partner States.

iii. Strengthening of Directorates on Information, Education and Communications

Develop the most appropriate and effective means of building understanding and generating support for regional integration among key stakeholders.

iv. Participation in the implementation of the EAC Monetary Union and negotiation on Political Federation

The protocol was signed in November, 2013 and implementation is scheduled to commence in July, 2014. Negotiations on the annexes to the protocol are due to continue during the financial year.

v. Participation in the EAC cross cutting issues: EAC-EU EPA, ESA-EU EPA and COMESA-EAC SADC tripartite negotiations

Under EPA the EAC Partner States and the European Union initiated a Framework on Economic Partnership Agreement (EPA) on 27th November 2007 to pave way for concluding a reciprocal Trade Agreement which is compatible with the WTO: Kenya alongside other EAC partner States interred into negotiations with the EU to have the comprehensive EPA by November 2010. Kenya therefore is negotiating EPAS in order to sustain current market in the EU and to avoid macroeconomic instability and disruption of economic activities, especially in the agricultural sector, whose growth has relied on EC market.

Under the COMESA-EAC-SADC, the Tripartite Summit of the Heads of State held on 22nd October 2008 resolved to establish a Free Trade Area (FTA) involving the membership of the COMESA, EAC and SADC configurations in recognition of the importance of expanding intra-Africa trade, particularly in the Eastern and Southern African Region. Since then an analytical assessment of its potential gains, a draft Tripartite FTA Agreement and roadmap towards the negotiation of the Agreement has been developed.

4.9 Achievements of SDEAA

Some of the major achievements of SDEAA in this Financial Year include:-

- i. Successfully coordinated the negotiations, signing and the ratification of Monetary Union Protocol. It signed in November, 2013 and come into effect on January, 2014.
- ii. Continues to consolidate the implementation of the Common Market Protocol. It successfully coordinated the negotiations the annexes on free movement of labour, and recognition of education and Professional services and mutual certificates within Partner States.
- iii. Successfully implemented the Customs Union.
- iv. Sensitized members of Kenya parliament on the progress made in the integration process
- v. Sensitizing 47 Counties on the benefits of regional integration.
- vi. ISO Certification process n progress.
- vii. Activities geared towards elimination of NTBs were undertaken through consultative meeting by NTBs Steering Committee and field M & E activities.
- viii. Supporting Private Sector in EAC.
- ix. Monitoring and evaluation visits carried along the border points – Formulating a national integration policy and strategy.
- x. National sensitization campaign on EAC Integration process including:
 - Implementation MEAC Communication Strategy and Policy Handbook.
 - Sensitizing on the opportunities available within the community
 - Recruiting Independent PR firm jointly with DFID; mass rollout of Common Market Protocol awareness campaign currently underway
 - Ascension to Chairmanship (Opportunity)
 - Raising the profile and knowledge of EAC matters in the country.
 - Coordinating the operationalisation of one stop border post

4.10 Emerging Issues and Challenges

Two emerging issues have been identified. They include:-

- iii. Inadequate Budgetary allocation to the Department which will impact on its core programmes.
- iv. Failure to allocate Kshs. 390 million to settle historical arrears owed to Inter University Council of East Africa.

The SDEAA Budget for the Financial Year 2014/15 has a short fall of **Kshs. 201,837,030** which is segregated into **Kshs. 189,837,030** (recurrent) and **kshs 12,000,000(development)** .

The SDEAA will have a strong sensitization program as well as Monitoring and Evaluation required for better implementation of the integration process Agenda.

Kenya stands to gain from the East African Community through:

- i. A market size of **141** million people
- ii. Combined GDP (normal) of US dollars **99** billion
- iii. Employment opportunities for the following workers:
 - Professionals
 - Administrators and Managers
 - Technical and Associate professionals
 - Craft and related workers
- iv. Opportunities for increased trade in goods and opportunity to trade in services in the following sectors:
 - Professional and Business Services
 - Distribution Services
 - Education Services
 - Financial Services
 - Tourism and Travel related services
 - Transport services
- v. Increased opportunities to mobilization of capital through the following categories of capital on a regional basis:
 - Equity and portfolio investments
 - Bonds and other debt instruments
 - Money market instruments
 - Collective investment schemes
 - Derivative products
 - Bank transactions
 - Direct investments

- vi. Projects and programmes for example: the completed Arusha – Namanga – Athi river road, EAC Electricity Master Plan, Tran’s boundary Resource Management, Standard gauge railway line.

Further, because of budgetary shortfall SDEAA will have a challenge to provide leadership as the Chairman of the EAC Summit, Council of Minister’s coordination committee (committee of Permanent Secretaries and all technical committees for the period up to November, 2014.



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE
ON
AGRICULTURE, LIVESTOCK AND COOPERATIVES

REPORT
ON
THE EXAMINATION OF THE PRINTED ESTIMATES FOR THE YEAR
2014/2015

FOR
THE MINISTRY AND THE DEPARTMENT OF:-
1. AGRICULTURE, LIVESTOCK AND FISHERIES (VOTE 116);
2. COOPERATIVE DEVELOPMENT AND MARKETING (VOTE 117);

PARLIAMENT BUILDINGS
NAIROBI

MAY, 2014

1.0 INTRODUCTION

01. The Departmental Committee on Agriculture, Livestock and Cooperatives is established under Standing Order No. 216. Its mandate pursuant to Standing Order 216(5) shall be to-

- i) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
- ii) study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*
- iii) study and review all legislation referred to it;*
- iv) study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
- v) investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House;*
- vi) vet and report on all appointments where the Constitution or any other law requires the National Assembly to approve, except those under standing order 204 (Committee on Appointments); and*
- vii) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

02. The Committee comprises the following Members:-

1. The Hon. Adan Mohamed Nooru, MBS, M.P. - Chairman
2. The Hon. Japhet M. Kareke Mbiuki, M.P. - Vice Chairman
3. The Hon. Kabando Wa Kabando, M.P.
4. The Hon. Raphael Letimalo, M.P.
5. The Hon. Mary Wambui Munene, M.P.
6. The Hon. Francis Munyua Waititu, M.P.
7. The Hon. Peter Njuguna Gitau, M.P.
8. The Hon. Maison Leshoomo, M.P.
9. The Hon. Anthony Kimani Ichung'wah, M.P.
10. The Hon. Alfred Kiptoo Keter, M.P.
11. The Hon. Ayub Savula Angatia, M.P.
12. The Hon. Justice Kemei, M.P.
13. The Hon. Philip L. R. Rotino, M.P.
14. The Hon. Korei Ole Lemein, M.P.
15. The Hon. Silas Tiren, M.P.
16. The Hon. Benjamin Jomo Washiali, M.P.

17. The Hon. (Dr.) Victor Kioko Munyaka, M.P.
18. The Hon. John Bomett Serut, M.P.
19. The Hon. Millie Odhiambo, M.P.
20. The Hon. Fredrick Outa, M.P.
21. The Hon. Maanzo, Daniel Kitonga, M.P.
22. The Hon. James Opiyo Wandayi, M.P.
23. The Hon. Patrick Wangamiti, M.P.
24. The Hon. Ferdinand Kevin Wanyonyi, M.P.
25. The Hon. Paul Simba Arati, M.P.
26. The Hon. Florence Mwikali Mutua, M.P.
27. The Hon. John Kobado, M.P.
28. The Hon. Hezron Bollo Awitti, M.P.
29. The Hon. Zuleikha Hassan Juma, M.P.

MANDATE OF THE COMMITTEE

Mr. Speaker Sir,

The Committee is mandated to cover subject areas relating to:-

- (i) agriculture
- (ii) irrigation
- (iii) livestock development
- (iv) fisheries development
- (v) co-operatives development
- (vi) production and marketing

2014/2015 BUDGET ESTIMATES

The 2014/2015 FY Budget estimates were laid before the House on 30th April, 2014 and were committed to relevant Departmental Committees pursuant to Standing Order 235(3) which states that "*Upon being laid before the House, the Estimates shall be deemed to have been committed to each Departmental Committee without question put, for each such committee to deliberate upon according to their respective mandate*"

COMMITTEE MEETINGS

Pursuant to Standing Order 235 (4) the Committee held meetings with relevant Departments from the Ministry of Agriculture, Livestock and Fisheries to consider, discuss and review the Estimates according to its mandate.

1.4 ACKNOWLEDGEMENTS

(a) The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the necessary support extended to it in the execution of its mandate.

(b) The Chairperson of the Committee takes this opportunity to thank all Members of the Committee for their patience, sacrifice, endurance and commitment to Public Service under tight schedules which enabled us to complete the task within the stipulated period.


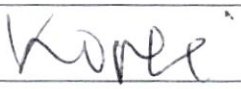
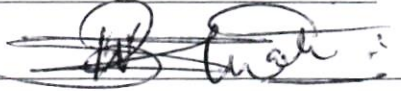
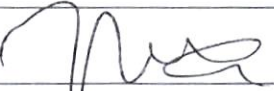

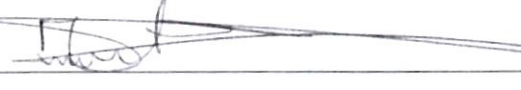
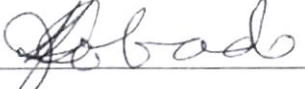
(c) The Committee wishes to record its appreciation to the staff of the National Assembly attached to it for their efforts and input that made the production of this Report a success.

(d) On behalf of the Departmental Committee on Agriculture, Livestock and Cooperatives, it is my pleasure and duty to present to the Budget and Appropriations Committee, the Report of the Departmental Committee on Agriculture, Livestock and Co-operatives on the Printed Estimates for the Financial Year 2014/2015 and its recommendations- thereof;

Thank you.

We the undersigned

1. The Hon. Adan Mohamed Nooru, MBS, M.P.-
Chairman _____
2. The Hon. Japhet M. Kareke Mbiuki, M.P. -Vice
Chairman _____
3. The Hon. Kabando Wa Kabando, M.P. _____
4. The Hon. Raphael Letimalo, M.P. _____
5. The Hon. Mary Wambui Munene, M.P. _____
6. The Hon. Francis Munyua Waititu, M.P. _____
7. The Hon. Peter Njuguna Gitau, M.P. _____
8. The Hon. Maison Leshoomo, M.P. _____

9. The Hon. Anthony Kimani Ichung'wah, M.P. _____
10. The Hon. Alfred Kiptoo Keter, M.P. _____
11. The Hon. Ayub Savula Angatia, M.P. _____
12. The Hon. Justice Kemei, M.P.  _____
13. The Hon. Philip L. R. Rotino, M.P. _____
14. The Hon. Korei Ole Lemein, M.P.  _____
15. The Hon. Silas Tiren, M.P. _____
16. The Hon. Benjamin Jomo Washiali, M.P.  _____
17. The Hon. (Dr.) Victor Kioko Munyaka, M.P. _____
18. The Hon. John Bomett Serut, M.P. _____
19. The Hon. Millie Odhiambo, M.P.  _____
20. The Hon. Fredrick Outa, M.P.  _____
21. The Hon. Maanzo, Daniel Kitonga, M.P. _____
22. The Hon. James Opiyo Wandayi, M.P. _____
23. The Hon. Patrick Wangamiti, M.P. _____
24. The Hon. Ferdinand Kevin Wanyonyi, M.P. _____
25. The Hon. Paul Simba Arati, M.P.  _____
26. The Hon. Florence Mwikali Mutua, M.P. _____
27. The Hon. John Kobado, M.P.  _____
28. The Hon. Hezron Bollo Awitti, M.P. _____
29. The Hon. Zuleikha Hassan Juma, M.P. _____

DATE.....

THE MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES OVERALL EXPENDITURE

The proposed 2014/15 Budget (including the share to county governments) that was submitted to the Assembly amounts to Ksh 1,765 billion. This is a 4% increase from 2013/14 revised budget of Ksh 1,695 billion.

Table 1: Summary of the Overall Expenditure (Ksh billions)

	2013/14	2014/15
Ministerial Recurrent	670.6	689.1
Ministerial Development	450.0	487.0
Consolidated Fund Services	364.3	362.5
County Transfers	210.0	226.7
Total	1,695.0	1,765.2

The budgeting for 2013/14 and 2014/15 have shifted from the traditional itemised approach to the programme based approach in line with the constitution. This implies that each entity should develop programmes that focus on outputs. The outputs and performance targets should be Specific, Measurable, Achievable, Realistic and Time-bound (SMART). These outputs form the basis for oversight of allocated resources, performance review of the spending agencies and future allocation of resources to the entity.

1. Linking Budget Priorities to the National Development Agenda

Agriculture is believed to be the backbone of Kenya's economy contributing approximately 24% of the Country's GDP and being a pivotal employment hub. This has made it identified as one of the critical sectors under the Economic Pillar of the Vision 2030. The ministry is mandated to ensure sustainable development of agriculture, livestock and fisheries for food security and economic development.

For the 2014/15 budget and the medium term, the National Government's strategy of achieving economic transformation through shared prosperity in the Budget Policy Statement (BPS) identified agriculture transformation and food security as one of its 5 pillars. The priority projects identified in the BPS closely resemble the activities the ministry had identified in its Strategic plan.

The ministries strategic programmes include:

1. Increasing production and productivity
2. Increased market access
3. Enhancing National Food Security

The table below compares the priorities of the three departments in the ministry as identified in the Ministry's strategic plan, the BPS 2014 and the printed estimates.

State Department for Agriculture

Strategic Plan	BPS 2014	Printed Estimates 2014/15
<ul style="list-style-type: none"> • Agriculture Policy, • National Food Security Policy, • National Irrigation Policy, • Agricultural Training Colleges, • Strategic Food Reserves, • Crop Research and Development, • fertilizer cost reduction, • agricultural farmers training 	<ul style="list-style-type: none"> • Irrigate 100,000 acres of the Galana/Kulalu Ranch • providing necessary inputs and technology to farmers, • value addition through agro-processing industries, • elimination of post harvest losses • guarantee access to market for produces • Directing agricultural products to their ideal agro-ecological zones with highest yields 	<ul style="list-style-type: none"> • 3,000HA increments in Galana/Kulalu irrigation scheme • 4 adaptation measures against climate change • 540MT assorted seeds distributed • Develop 6 small farmer friendly technologies • 20 field pest surveillance undertaken • 4 million bags of strategic food reserves • 5380 trained in agricultural institutes • Procurement of 90,000MT of subsidized fertilizers

State Department for Fisheries

Strategic Plan	BPS 2014	Printed Estimates 2014/15
<ul style="list-style-type: none"> • Fisheries Policy, • Fishing Licensing, • fisheries marketing, • fish quality assurance and value addition, • regulation of marine ecosystems 	<ul style="list-style-type: none"> • Aquaculture program • Providing necessary inputs and technology to farmers • Elimination of storage losses • Guarantee access to markets • Value addition 	<ul style="list-style-type: none"> • 4,380 schools involved in aquaculture • 10 outlets for aquaculture products developed • 1 mini-fish processing and cold storage facility established • 5 post-harvest technologies developed • 2 seed certification standards developed • 150 people using Electronic Fish Market Information System

State Department for Livestock

Strategic Plan	BPS 2014	Printed Estimates 2014/15
<ul style="list-style-type: none"> • Livestock Policy, • National Livestock Insurance Policy, • Veterinary services and Disease Control Policy, • Livestock Research and Development, • livestock branding, • promotion of bee keeping, 	<ul style="list-style-type: none"> • Commercialization of livestock, dairy and poultry farming • Securing markets for products • Support training facilities • Elimination of storage losses • Agro-processing and value addition 	<ul style="list-style-type: none"> • Increase KMC exports to 45% • Increase KMC installed capacity 75% • Develop 4 livestock policies • Training farmers • 5 new indigenous chicken breeds, 2 rabbit breeds, 4 quality breeding sheep and goat • 500 honey samples analysed • 2000 milk samples tested • 50% establishment of 1 disease free zone (Bachuma)

2. Detailed Budget Analysis

The State Department for Agriculture has been allocated Ksh 29.3 billion which includes Ksh 7.9 billion for recurrent and Ksh 21.4 billion for development. The budget for the department has had a drop from its allocation in 2013/14 in both recurrent and development. Similarly, it is lower than the ceiling proposed by the House.

The State Department for Livestock has been allocated Ksh 5.5 billion of which Ksh 1.8 billion will be for recurrent and Ksh 3.7 billion for development. The budget is an increment of what the department had been allocated in 2013/14 for both recurrent and development. It is quite similar to the ceiling the National Assembly proposed for it.

The State Department for Fisheries has been allocated Ksh 2.1 billion of which Ksh 1 billion will be for recurrent and Ksh 1.2 billion for development. This budget for the department is lower than what was approved in 2013/14. However, it closely resembles what the National Assembly approved as its ceiling.

In summary, the overall Ministry's budget has deviated from the resolutions of the National Assembly. The table 2 below presents a comparison of the budget estimates for the three departments to the BPS Ceiling and House resolutions:

Table 3: Comparison of Estimates and Ceilings for the three Departments (Ksh millions)

Ministry	2013/14	2014/15			Deviation from House Resolutions
	Revised Estimates	BPS Ceiling	House resolution	Printed Estimates	
State Department for Agriculture	32,680	33,461	30,912	29,313	(1,599)
o/w Recurrent Development	9,900 22,780	9,425 24,036	9,000 21,912	7,905 21,408	(1,095) (504)
State Department of Livestock	4,345	4,307	5,500	5,534	34
o/w Recurrent Development	1,762 2,583	1,709 2,598	1,900 3,600	1,838 3,696	(62) 96
State Department of Fisheries	3,454	1,262	2,500	2,134	(366)
o/w Recurrent Development	1,762 2,494	405 857	1,000 1,500	971 1,163	(29) (337)
TOTAL	40,479	39,030	38,912	36,981	(1,931)

Annex 1: Analysis of the programmes for the State Department of Agriculture

Programme 1: General Administration, Planning and Support Services				
Objective: to provide efficient and effective support services for agricultural programmes				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
2,360	<ul style="list-style-type: none"> • 15 policies developed • 10 bills developed 	2,311	1,276	<ul style="list-style-type: none"> • quarterly reports • develop 8 bills • develop 6 policies • test 100 plant samples • train 100 farmers • 4 adaptation measures against climate change • support 40 schools with school feeding programme
Programme 2: Crop Development and Management				
Objective: to increase agricultural productivity and outputs				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
12,767	<ul style="list-style-type: none"> • 50 grain storage facilities developed • 500 Water pans constructed 	14,127	12,919	<ul style="list-style-type: none"> • 540MT assorted seeds distributed • Develop 6 small farmer friendly technologies

	<ul style="list-style-type: none"> • 10 crop and food security assessments done • 15,500MT of assorted seeds distributed • 8 Agricultural Training Centers constructed 			<ul style="list-style-type: none"> • 20 field pest surveillance undertaken • 372 groups supported in community driven food security improvement initiatives • 4 million bags of strategic food reserves • Research reports on silkworm farming • 5380 trained in agricultural institutes
Programme 3: Agribusiness and Information Management Objective: To promote market access and product development				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
6,731	<ul style="list-style-type: none"> • 50 markets constructed • 70 market bulletins published 	412	3,394	<ul style="list-style-type: none"> • Procurement of 90,000MT of subsidized fertilizers • 3,750 agricultural publications • 250 agricultural documentaries
Programme 4: Irrigation and Drainage Infrastructure Objective: To increase utilization of land through irrigation and drainage				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
10,762	<ul style="list-style-type: none"> • Number of hectares under irrigation • Bags of maize under Strategic grain reserves • Percentage of needy people under relief food support 	16,611	11,702	<ul style="list-style-type: none"> • 4,500HA under irrigation in small scale schemes across the country • 3,000HA increments in Galana Kulalu • Initiate 6 small scale irrigation projects • 1.8 million bags of cereals in food reserves
Programme 5: Livestock Resource Management and Development				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
60	•	-	21	-

Annex 2: Analysis of the programme for the State Department of Livestock

Programme 1: Livestock Resources Management and Development				
Objective: To promote, regulate and facilitate livestock production for socio-economic development and industrialisation				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
4,345	<ul style="list-style-type: none"> • 61 million livestock vaccinated • 960,000 livestock branded • Disease surveillance and reporting using digital pen technology • 7,500HA rangelands rehabilitated • 21 abattoirs constructed • 260 farmers groups supported with milk value addition facilities 	4,307	1,276.4	<ul style="list-style-type: none"> • Draft bill for KMC • Increase KMC exports to 45% • Increase KMC installed capacity 75% • Develop 4 livestock policies • Training farmers • Establish 25 water harvesting infrastructures • 5 new indigenous chicken breeds, 2 rabbit breeds, 4 quality breeding sheep and goat • 78,000 veterinary laboratory samples analysed • Test 12 tick control products • 10,000HA of land reseeded • 90,000 trees planted • 500 honey samples analysed • 2000 milk samples tested • 50% establishment of 1 disease free zone (Bachuma)

Annex 3: Analysis of the programme for the State Department for Fisheries

Programme: Fisheries Development and Management				
Objective: To maximize contribution of fisheries to poverty reduction, food security and creation of wealth				
2013/14 Revised Estimates	Performance Target	BPS Ceiling 2014/15	2014/15 Printed Estimates	Performance Target
3,454	<ul style="list-style-type: none"> • Establishment of cold storage facilities and auction centers • Recreational marine park established • Fisheries stocked and habitats restored • Increased annual aquaculture production 	1,262	1,276.4	<ul style="list-style-type: none"> • 4 Fisheries policy • Quarterly reports • 4,380 schools involved in aquaculture • 10 outlets for aquaculture products developed • 1 mini-fish processing and cold storage facility established • 10 fish consumption promotion campaigns • 5 post-harvest technologies developed • 2 seed certification standards developed • 150 people using Electronic Fish Market Information System • 3 critical habitats mapped

AREAS THAT REQUIRE ADDITIONAL FUNDING

State Department of Agriculture

- The committee to allocate additional Ksh 500 million for -Seed Subsidy –order to make high quality seed available & affordable to farmers an additional Ksh.500 million is required
- Additional Ksh. 100 million to support farmers affected by the Maize lethal Necrosis Disease (MLND).
- Additional Ksh 2.5 billion Fertilizer Subsidy- the Ministry requires Ksh. 5 billion. The allocation for 2014/15 financial year is Ksh. 2.5 billion.

Irrigation

The Ministry requires an additional Ksh 47.9 billion for irrigation services as follows;

- Galana/ Kulalu- Ksh 25Bn;
- National Expanded Irrigation Project – Ksh.20Bn;
- Small Holder Irrigation Projects – Ksh 2.9Bn

State Department of Livestock

- Ksh 600 million for Livestock Insurance Fund-to cushion farmers against the effects of natural calamities such as drought.

- Kenya Meat Commission requires additional funds of Ksh.1.2Bn to complete modernization programme to enable it purchase good quality animals for processing for sale both locally and externally.
- Kenya Genetic Research Centre- requires additional Ksh 1.14 billion to procure Liquid Nitrogen plant, modernize quality control laboratory, plant, machinery and equipment for germplasm production and preservation, roll out embryo transfer technology and import 2,000 pedigrees in calf heifers.
- Implementation of Disease Free Zone- additional Ksh 900 million is required to cater for Bachuma DFZ Coast Zone.
- Kenya Veterinary Vaccines Production Institute – requires additional Ksh 1.9 billion for improvement of production technology for more potent vaccines, and expansion of the facility to cover a wider range of diseases and sufficient quantities for local and regional markets.

State Department of Fisheries

- Patrol Boats for Inland Lakes- Ksh 150 million to purchase two (2) patrol boats for patrol of inland lakes to control unlicensed fishing.
- Ksh 250 million required for development of L. Turkana Fisheries master plan which has not received any allocation during the 2014/15 financial year.
- Aquaculture Development- Ksh 2.57 billion -The Ministry requires Ksh 1.9 billion to start fish farming in 3,248 secondary schools in the country, Ksh 470 million as start up for aquaculture development fund to finance the setting up of 47 fish recirculation aquaculture system at a cost of 470m, and Ksh 200m to establish two fish processing plants.
- Operations of MV Mtafiti- Ksh 200 million -The Ministry requires Ksh 200M for the constructions of a jetty for RV MTAFITI to enable researchers carry out their operations away from the Mtongwe Naval Base where the ship is currently based.

COMMITTEE OBSERVATIONS

1. In Fisheries Development Program, Kenya requires an Offshore patrol vessel in our sea waters
2. key flagship projects likely to ensure the achievement of Vision 2030 in addition to programs projected to increase revenue for the country be considered for more

funding in the 2014/15 Financial Year and in the Medium Term and thus 1 billion should be added towards irrigation

3. Programmes that enhance food security of the ministry should be adequately funded ; consequently more funds is required in supplying water for livestock in arid and semi-arid regions.

RECOMMENDATIONS

The committee reviewed the budget for the state departments and noted that despite the provisions, the Departments might not be able to deliver effectively. The Committee agreed to approve the budget as presented but requests the Budget and Appropriations Committee for additional funding over and above the allocations provided in the estimates with availability of saved funds:

1. The State Department of Fisheries to be allocated additional funds of Ksh 100 million towards offshore patrol vessel. *fish production for fish processing plants*
2. The treasury to allocate Ksh 1 billion towards irrigation.
3. The State Department of Livestock Kshs 70 million to be allocated to water pans for livestock in arid and semi-arid areas.

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT – SECOND SESSION - 2014

**DEPARTMENTAL COMMITTEE ON ADMINISTRATION AND
NATIONAL SECURITY**

REPORT ON EXAMINATION OF 2014/2015 ESTIMATES:

THE PRESIDENCY; STATE DEPARTMENT OF INTERIOR; STATE DEPARTMENT
OF COORDINATION OF NATIONAL GOVERNMENT; INDEPENDENT POLICING
OVERSIGHT AUTHORITY; THE NATIONAL POLICE SERVICE COMMISSION; AND
THE PUBLIC SERVICE COMMISSION

VOTES R.101/D.101, R.133/D.133, R.134/D.134, R.215, R.210/D.210 & R.207/D.207

CLERK'S CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI

MAY, 2014

TABLE OF CONTENTS

PAGE

Preface..... 3

**Examination of the 2014/2015 Printed Estimates for the
Presidency 6**

**Examination of the 2014/2015 Printed Estimates of the State Department
Of Interior 6**

**Examination of the 2014/2015 Printed Estimates of the State
Department for the Coordination of National Government..... 7**

**Examination of the 2014/2015 Printed Estimates of the Independent
Policing Oversight Authority..... 8**

**Examination of the 2014/2015 Printed Estimates for the National
Police Service Commission 9**

**Examination of the 2014/2015 Printed Estimates of the Public
Service Commission of Kenya 10**

Recommendations 11

PREFACE

Introduction

The Departmental Committee on Administration and National Security was constituted pursuant to the provisions of Standing Order No. 216 and has executed its mandate in accordance with the provisions of the said Standing Order 216 (5), which mandates the Committee to, inter alia; ***investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments.***

The Cabinet Secretary, National Treasury, laid on the Table of the House the 2014/2015 Budget Estimates on 30th April, 2014. Standing Order 235(3) provides that, once submitted, the Estimates stand committed to the relevant Departmental Committee for examination. Article 221(4) of the Constitution provides that, ***"a Committee of the Assembly shall discuss and review estimates and make recommendations to the Assembly."*** The Committee is required to submit a report to the House within twenty one (21) calendar days, thereafter.

In this regard, the Departmental Committee on Administration and National Security embarked on the process of scrutinizing the 2014/2015 Estimates by inviting the relevant Ministries and Departments which fall under the Committee's mandate, requesting them to present their Estimates before the Committee for consideration.

The Committee subsequently held a briefing session with the National Assembly Fiscal Analysts/Budget Officers on Wednesday 14th May, 2014. Thereafter, the Committee held meetings with the Ministry of Interior and Coordination of National Government on Monday morning, 19th May, 2014; the Independent Policing Oversight Authority on Monday afternoon, 19th May, 2014; the National Police Service Commission on Tuesday morning, 20th May, 2014; the Public Service Commission on Tuesday afternoon, 20th May, 2014; and the Presidency on Wednesday morning, 21st May, 2014.

Subjects

The Committee, according to Schedule II of the Standing Orders, deals with the following subjects:

- i) National security
- ii) Police Services
- iii) Home Affairs
- iv) Public Administration
- v) Public Service
- vi) Prisons
- vii) Immigration
- viii) Management of natural disasters; and,

ix) Community service orders.

Ministries and Departments

In this regard, the Committee examined the Estimates of the following Ministries and Departments:

- (i) The Presidency (Office of the Deputy President, Cabinet Affairs Office & State House)
- (ii) Ministry of Interior and Coordination of National Government
- (iii) The Independent Policing Oversight Authority
- (iv) The National Police Service Commission
- (v) The Public Service Commission of Kenya

Committee Membership

The following are the Members of the Committee:

The Hon. Asman Kamama, MGH, OGW, MP - **Chairperson**
The Hon. Alois M. Lentoimaga, MP - **Vice Chairperson**
The Hon. Ababu Namwamba, MP
The Hon. Joseph Lekuton, MP
The Hon. Alice Wahome, MP
The Hon. Dalmas Otieno, MP
The Hon. Zakayo K. Cheruiyot, MP
The Hon. Timothy W. Wetangula, MP
The Hon. Patrick Ole Ntutu, MP
The Hon. Ali Isaack Shaaban, MP
The Hon. Samuel Moroto, MP
The Hon. Humphrey Njuguna, MP
The Hon. Francis K. Mwangangi, MP
The Hon. Rashid J. Bedzimba, MP
The Hon. David Gikaria, MP
The Hon. Mohamed Shidiye, MP
The Hon. Jane Machira, MP
The Hon. Ibrahim Abdi Saney, MP
The Hon. Joseph O. Ndiege, MP
The Hon. (Maj. Rtd.) John K. Waluke, MP
The Hon. Wanjiku Muhia, MP
The Hon. Akuja Protus Ewesit, MP
The Hon. Joseph M. Kahangara, MP
The Hon. Ahmed Abdikadir Ore, MP
The Hon. Regina Nthambi Muia, MP
The Hon. Grace Kiptui, MP
The Hon. George Theuri, MP
The Hon. James Bett, MP
The Hon. Benard Shinali, MP

Examination of the 2014/2015 Printed Estimates

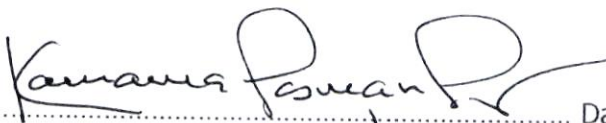
During the examination of the 2014/2015 Estimates of the Ministries and Departments under it, the Committee sought clarifications on pertinent issues arising from the proceedings of the meetings. The Committee looked into the following areas of interest:

- (i) The total net requested from the Exchequer for each of the Ministries;
- (ii) Comparison of the previous and current years' allocations;
- (iii) Expenditures by the Ministries as per the 2013/2014 f/y allocations;
- (iv) Allocations to new projects/programmes;
- (v) Ministries Absorption Capacity;
- (vi) Areas/projects left-out of the Estimates;
- (vii) Proposed allocation vis-à-vis the achievements of the Ministries Strategic Plans;
- (viii) Budgets for State Corporations under each of the Ministries; and,
- (ix) Other issues relevant to the subject matter.

The Committee takes this opportunity to thank the National Assembly for the logistical support which enabled it to perform the tasks before it competently. The Committee is also grateful to the Ministry of Interior and Coordination of National Government, the Independent Policing Oversight Authority, the National Police Service Commission, the Public Service Commission and the Presidency for availing and presenting information and documents as requested by the Committee.

Acknowledgement

On behalf of the Committee, and pursuant to Standing Order 199(6), it is my pleasant duty to present the Report of the Committee on Administration and National Security on its examination of the 2014/2015 Printed Estimates of the relevant Ministry and Departments, for deliberation and adoption.

Signed.....  Date 30/05/2014
Hon. Asman A. Kamama, MGH, OGW
Chairman, Departmental Committee on Administration and National Security

1.0 Examination of 2014/2015 Estimates for the Presidency (R.101/D.101)

Paper Laid

2014/2015 Printed Estimates for the Presidency

1.1 Introduction

1. The Presidency comprises State House, Office of the Deputy President and the Cabinet Affairs Office.
2. The Presidency has the mandate to provide National leadership in implementing National Policies by ensuring the Government works in harmony through improved policy direction, coordination and information sharing between Government Ministries, Departments and Agencies.
3. There is a decreased overall allocation of 31.85%, from Kshs. 6.235 million in 2013/2014 to 4.249 million in 2014/2015.

Allocations for the 2014/2015 Financial Year

1.2 Recurrent Expenditure (R.101)

The total net amount allocated for vote R.101 is **Kshs. 3,454,023,597**. The Presidency also expects to raise **Kshs. 9,000,000** as Appropriations in Aid [A.I.A], to finance its operations.

Examination of Heads (R.101)

After examining the heads, the Committee is agreeable to the proposals by the Presidency that the amounts requested under the Recurrent vote be approved for allocation for expenditure proposed in the items under the various heads.

1.3 Development Vote (D.101)

The total net amount allocated for vote D.101 is **Kshs. 786,500,000**.

Examination of Heads (D.101)

After examining the heads, the Committee is agreeable to the proposals by the Presidency that the amounts requested under the Development vote be approved for allocation for expenditure proposed in the items under the various heads.

2.0 Examination of 2014/2015 Estimates for the State Department of Interior (Vote R.133/D.133)

Paper Laid

2014/2015 Recurrent and Development Expenditure

2.1 Introduction

1. The State Department of Interior coordinates field development and administrative leadership, maintains law and order, mainstreams the campaign against drug and substance abuse, provides printing services to the Government and coordinates National Government services.
2. The Department has the core function of crime prevention and maintenance of law and order for any meaningful development to take place in the country. The Department has the onus duty of providing security to the country.
3. The Department's net budgetary allocation for the 2014/2015 financial year is Kshs. 83,151,658,021 against a total resource requirement of Kshs. 161,828,000,000.

Allocations for the 2014/2015 Financial Year

2.2 Recurrent Vote (R.133)

The total net amount allocated for vote R.133 is **Kshs. 78,525,337,021.**

Examination of Heads (R.133)

After examining the heads, the Committee is agreeable to the proposals by the Cabinet Secretary that the amounts requested under the Recurrent vote be approved for allocation to the State Department of Interior for expenditure proposed in the items under the various heads.

2.3 Development Expenditure (D.133)

The total net amount allocated for vote D.133 is **Kshs. 4,626,321,100.** The Department also expects to raise **Kshs. 71,700,00** being AIA and Donor revenue, to fund its operations.

Examination of Heads (D.133)

After examining the heads, the Committee is agreeable to the proposals by the Cabinet Secretary that the amounts requested under the Development vote be approved for allocation to the Department for expenditure proposed in the items under the various heads.

3.0 Examination of 2014/2015 Estimates for the State Department for Coordination of National Government (Vote R.134/D.134)

Paper Laid

2014/2015 Recurrent and Development Expenditure

3.1 Introduction

1. The State Department for Coordination of National Government aims at strengthening policy, legal and institutional framework for quality service delivery.
2. The Department strives for expeditious administration of justice for a secure and humane containment of offenders.

3. It aims to improve the supervision, rehabilitation and resettlement of offenders and works towards prevention of crime.
4. The Department also aims to create effective regulation and control of gaming and funding for social welfare programmes.
5. It provides policy direction and effective leadership in all Ministerial matters relating to programmes, projects and activities.
6. The Department's net budgetary allocation for the 2014/2015 financial year is Kshs. 16,068,487,019 billion.

Allocations for the 2014/2015 Financial Year

3.2 Recurrent Vote (R.134)

The total net amount allocated for vote R.134 is **Kshs. 15,411,370,819.**

Examination of Heads (R.134)

After examining the heads, the Committee is agreeable to the proposals by the Minister that the amounts requested under the Recurrent vote be approved for allocation to the State Department of Interior for expenditure proposed in the items under the various heads.

3.3 Development Expenditure (D.134)

The total net amount allocated for vote D.134 is **Kshs. 657,116,200.**

Examination of Heads (D.134)

After examining the heads, the Committee is agreeable to the proposals by the Cabinet Secretary that the amounts requested under the Development vote be approved for allocation to the Department for expenditure proposed in the items under the various heads.

4.0 Examination of 2014/2015 Estimates for the Independent Policing Oversight Authority (R.215)

4.1 Introduction

1. The Independent Policing Oversight Authority, among other functions, is vested with the power to investigate complaints against members of the National Police Service and make recommendations on the course of action.
2. The Authority conducts inspections of police premises, including detention facilities under the control of NPS.
3. IPOA cooperates with other institutions on issues of police oversight, including other state organs.

4.2 Recurrent Expenditure (R.215)

The total net amount allocated for vote R.215 is **Kshs. 205,121,165.**

Examination of Heads (R.215)

After examining the heads, the Committee is agreeable to the proposals by the Authority that the amounts requested under the Recurrent vote be approved for expenditure proposed in the items under the various heads.

The Authority has no Development vote for this financial year.

5.0 Examination of 2014/2015 Estimates for the National Police Service Commission (R.210/D.210)

Papers Laid

- i) Printed Estimates for NPSC for 2014/2015
- ii) Police vetting process: Frequently Asked Questions (FAQs)

5.1 Introduction

1. The Commission recruits and appoints persons to hold or to act in offices in the service, confirm appointments and determine promotions and transfers within the National Police Service.
2. The Commission observes due process, exercises disciplinary control over and removes persons holding or acting in offices within the Service.
3. It performs any other functions prescribed by national legislation.
4. The Commission's budget increased from Kshs. 299 million in 2012/2013 to Kshs. 413 million in 2013/2014. However, Kshs. 217 million is earmarked for police vetting only.

Allocations for the 2014/2015 Financial Year

5.2 Recurrent Expenditure (R.210)

The total net amount allocated for vote R.210 is **Kshs. 278,119,240.**

Examination of Heads (R.210)

After examining the heads, the Committee is agreeable to the proposals by the Commission that the amounts requested under the Recurrent vote be approved for allocation for expenditure proposed in the items under the various heads.

The Commission has no Development vote for this financial year.

6.0 Examination of 2014/2015 Estimates for the Public Service Commission of Kenya (R.207/D.207)

Paper laid

Printed Estimates for PSCK 2014/2015

6.1 Introduction

1. The Commission's core mandate is human resource management and development.
2. The Commission also strives to enhance excellence in Public service delivery by providing the required resources in the most effective manner.
3. The Commission promotes national values and principles of public service as stipulated in the Constitution.
4. PSCK monitors and evaluates public service delivery to ensure best HRM practices are achieved.
5. The Commission hears and determines appeals from the County public service.
6. The Commission offers capacity building to county government public service.
7. The Commission's budget was increased by Kshs. 197,460,198.

Allocations for the 2014/2015 Financial Year

6.2 Recurrent Expenditure (R.207)

The total net amount allocated for vote R.207 is **Kshs. 874,204,313**. PSCK expects to raise **Kshs. 8,000,000** as Appropriations in Aid, to finance its operations.

Examination of Heads (R.207)

After examining the heads, the Committee is agreeable to the proposals by the Commission that the amounts requested under the Recurrent vote be approved for allocation for expenditure proposed in the items under the various heads.

6.3 Development Vote (D.207)

The total net amount allocated for vote D.207 is **Kshs. 225,000,000**.

Examination of Heads (D.207)

After examining the heads, the Committee is agreeable to the proposals by the Commission that the amounts requested under the Development vote be approved for allocation for expenditure proposed in the items under the various heads.

7.0 RECOMMENDATIONS

The Committee recommends:

Vote R.101

That the proposal by the Presidency to withdraw from the Consolidated Fund a sum of three billion, four hundred and fifty four million, twenty three thousand, five hundred and ninety seven (Kshs. 3,454,023,597) for the Recurrent Expenditure under the Presidency, be approved.

Vote D.101

- i) That the proposal by the Presidency to withdraw from the Consolidated Fund a sum of seven hundred and eighty six million, five hundred thousand (Kshs. 786,500,000) for the Development Expenditure under the Presidency, be approved.**
- ii) That the Presidency be allowed to raise nine million (Kshs. 9,000,000) as Appropriations-in-Aid, to finance its operations.**

Vote R.133

- i) That the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of seventy eight billion, five hundred and twenty five million, three hundred and thirty seven thousand and twenty one (Kshs. 78,525,337,021) for the Recurrent Expenditure under the State Department of Interior, be approved.**

Vote D.133

That the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of four billion, six hundred and twenty six million, three hundred and twenty one thousand, one hundred (Kshs. 4,626,321,100) for the Development Expenditure under the the State Department of Interior, be approved.

Vote R.134

- i) That the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of fifteen billion, four hundred and eleven million, three hundred and seventy thousand eight hundred and nineteen (Kshs. 15,411,370,819) for the Recurrent Expenditure under the State Department for Coordination of National Government, be approved.**

Vote D.134

That the proposal by the Cabinet Secretary to withdraw from the Consolidated Fund a sum of six hundred and fifty seven million, one hundred and sixteen million, two hundred (Kshs. 657,116,200) for the

Development Expenditure under State Department for Coordination of National Government, be approved.

Vote R.215

That the proposal by the Independent Policing Oversight Authority to withdraw from the Consolidated Fund a sum of two hundred and five million, one hundred and twenty one thousand one hundred and sixty five (Kshs. 205,121,165) for the Recurrent Expenditure under the Authority, be approved.

Vote R.210

That the proposal by National Police Service Commission to withdraw from the Consolidated Fund a sum of two hundred and seventy eight million, one hundred and nineteen thousand, two hundred and forty (Kshs. 278,119,240) for the Recurrent Expenditure under the Commission, be approved.

Vote R.207

- i) That the proposal by Public Service Commission to withdraw from the Consolidated Fund a sum of eight hundred and seventy four million, two hundred and four thousand, three hundred and thirteen (Kshs. 874,204,313) for the Recurrent Expenditure under the Public Service Commission, be approved.**
- ii) That The Commission be allowed to raise eight million (Kshs. 8,000,000) as Appropriations-in-Aid, to finance its operations.**

Vote D.207

- i) That the proposal by Public Service Commission to withdraw from the Consolidated Fund a sum of eight hundred and seventy four million, two hundred and four thousand, three hundred and thirteen (Kshs. 225,000,000) for the Recurrent Expenditure under the Public Service Commission, be approved.**

8.0 Other Recommendations

A. The Presidency [Vote 101]

The Committee recommends that the National Treasury avails funds for the following areas of the Presidency:-

- 1. Kshs. 45 million** for the Office of the Spouse of the Deputy President.
- 2. Kshs. 1.2 billion** to fund the Lamu Port Southern Sudan and Ethiopia Transport project [LAPSSSET].
- 3. Kshs. 20 million** for the Power of Mercy Committee to cover travel expenses across the Country.

4. **Kshs. 200,000,000** for purchase of security equipment.
5. **Kshs. 180,000,000** for the Legislative and Intergovernmental Liaison Office.
6. **Kshs. 100,000,000** for purchase of motor vehicles.

B. Ministry of Interior and Coordination of National Government [Votes 133 & 134]

The Committee recommends that the National Treasury avails funds for the following priority areas within the Ministry of Interior and Coordination of National Government:-

Priority areas

1. National Police Service

a. Police modernization plan – KShs.10 billion

There is need to reinstate the **KShs.10 billion** for Police modernization which was provided for in the current Financial Year 2013/2014. To continue implementing the 5 year plan whose estimated cost is KShs.80 billion. This amount is strictly meant to modernize the police equipment.

b. Fuel and Maintenance of Motor Vehicle - KShs.1.5 billion

National Police Service has an existing fleet of vehicles of about 1800. There is therefore a need to provide at least 15 litres daily per vehicle for the existing fleet, since currently only 2 litres per vehicle per day is provided. These vehicles are meant to supplement the 1,200 vehicles that are under The National Treasury leasing programme.

c. Domestic Travel - KShs.1.6 billion

Currently, we have between 1500 - 2000 police officers who work outside their duty stations on a daily basis either on security operations, attending court, carrying out investigations or transporting prisoners. The amount will cater for their daily subsistence allowance which is averagely pegged at KShs.3,000.00 per day.

d. Operationalization of six new police units

▪ National Police Service Disaster Response Unit	-	KShs.660 million
▪ County Policing Authorities	-	KShs.235 million
▪ Diplomatic Police Unit	-	KShs.150 million
▪ VIP Protection Police Unit	-	KShs.150 million
▪ Internal Affairs Unit	-	KShs.50 million
▪ Anti-Terrorism Police Unit (CID)	-	KShs.220 million

e. Security Equipment (CID) - KShs.400 million

This will cater for purchase of assorted security equipments for the Directorate of Criminal Investigations.

- Expansion of CID Training School - **KShs.150 million.**

2. County Administrative Services

a. District and County Head Offices - KShs.3 billion

There is need to fund completion of the many County Administrative Offices that were constructed under the Economic Stimulus Programme and others done under the Ministry construction programme. Currently, we have 335 offices not complete.

b. Fuel and Maintenance of Motor Vehicles - KShs.5 billion

Currently, there is an existing fleet of 837 vehicles in the Ministry. We need 2 billion to cater for fuel of the vehicles/motor cycles and purchase about 3,000 motor cycles for the Chiefs and Assistant Chiefs around the country. This will boost their mobility and morale.

c. International Border Task Force - KShs. 200 million

This is a programme of National interest. It will require funding to facilitate its activities which mainly deals with international border line maintenance and control through continuous border survey.

3. Directorate of Immigration and Registration Services - 6.5 billion

The following key critical flagship projects require funding in the 2014/2015 Financial Year budget:

- a.** Procurement of e-border/e-visa management system at **KShs.1.5 billion.**
- b.** Development of e-passport system and e-passport books at **KShs.700 million.**
- c.** Development of 3rd Generation Identity Cards System at **KShs.2.3 billion.**
- d.** Upgrade of National Population Data Base (IPRS) System at **KShs.500 million.**
- e.** National Digital People Registry project at **KShs.1 billion.**
- f.** Digitization of Manual Records for Immigration, Civil Registration and Identity Cards at **KShs.500 million.**

4. Prisons and Probation Services - KShs.3 billion

There is need to provide for **KShs.2.3 billion** to cater for food and ration within the correctional facilities and **KShs.700 million** for probation services to facilitate prisons decongestion programmes.

C. Independent Policing Oversight Authority [Vote 215]

The Authority requires **Kshs. 214 million** more for the Recurrent Expenditure in order to enable it to fund its operational costs so as to carry out its mandate effectively.

D. The National Police Service Commission

1. Re-voting of **Kshs. 77 million** to support the completion of police vetting exercise during the 2014/2015 financial year.
2. **Kshs. 92,041,699 million** for the completion of building works at the Commissions new premises at the Skypark Place, Westlands.

E. The Public Service Commission of Kenya [Vote 207]

A lump sum of **Kshs. 357,610,000 million** to fund various items including Review of Terms and Conditions of Service (**Kshs. 90 million**), Research on Innovative and Creative PMS (**Kshs. 50,000,000**), Impact of Capacity Assessment and Rationalization Programme (**Kshs.50,000,000**), Personal Emoluments (**Kshs. 59,000,000**), DC Pension Scheme (**Kshs. 38,610,000**), Group Medical Scheme (**Kshs.61,000,000**), and Group GPA/WIBA (**Kshs. 9,000,000**).

9.0 Reallocations

The Committee recommended the following reallocations:

1. **Kshs. 13,000,000** under head **133000109** State Department of Interior for Construction of building at Mt. Kenya School of Leadership be reallocated to head **133002102** Anti Terrorism Police Unit.
2. **Kshs. 115,000,000** under head **133000401** State Department of Interior for Construction of building at OOP Headquarters be reallocated to head **133002102** Anti Terrorism Police Unit.
3. **Kshs. 30,000,000** under head **133000501** State Department of Interior for Construction of building under County Administration be reallocated to head **133002102** Anti Terrorism Police Unit.
4. **Kshs. 45,000,000** under head **133002001** State Department of Interior for Construction of building at Kenya Police College Kiganjo be reallocated to head **133002102** Anti Terrorism Police Unit.
5. **Kshs. 102,000,000** under head **133002101** State Department of Interior for Construction of building of Divisional Police Headquarters at Kiganjo be reallocated to head **215000100** Independent Police Oversight Authority.
6. **Kshs. 18,000,000** under head **207000101** for Construction of building for the Public Service Commission be reallocated to head **215000100** Independent Police Oversight Authority
7. **Kshs. 30,000,000** under head **207000101** for Construction of building for the Public Service Commission be reallocated to head **101002600** Office of the Spouse of the Deputy President.

8. **Kshs. 27,000,000** under head **207000101** for Construction of building for the Public Service Commission be reallocated to head **101002700** Legislative and Intergovernmental Liaison Office.