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NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

LIAISON COMMITTEE

A COMPENDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON THE SUPPLEMENTARY ESTIMATES II FOR FY 2024/25

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 12 MAR 2025 DAY. WED
TABLED BY: GLADYS BOSS CHAIR LIASON
CLERK-AT THE-TABLE: HALIMA AHMED

March, 2025

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

01

THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES

COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

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REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. 2 FOR FY 2024/25 FOR:

1. VOTE 1173: The State Department for Cooperatives
2. VOTE 1174: The State Department for Trade
3. VOTE 1175: The State Department for Industry
4. VOTE 1176: State Department for Micro Small and Medium Enterprises Development
5. VOTE 1177: State Department for Investment Promotion

VOLUME I

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI.

MARCH 2025

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LIST OF ABREVIATIONS AND ACRONYMS

1. ACA - Anti- Counterfeit Authority
2. AIA - Appropriations in Aid
3. AVAU - Apparel Value Addition Units
4. BETA - Bottom-Up Economic Transformation Agenda
5. BPS - Budget Policy Statement
6. CBD - Central Business District
7. CCARF - Coffee Cherry Advance Revolving Fund
8. CIDC - Constituency Industrial Development Centres
9. CS - Cabinet Secretary
10. COMESA - The Common Market for Eastern and Southern Africa
11. EPZ - Export Promotion Zone
12. EPZA - Export Promotion Zone Authority
13. EU - European Union
14. FIF - Financial Inclusion Fund (Hustler Fund)
15. GoK - Government of Kenya
16. FY - Financial Year
17. KENAS - Kenya Accreditation Service
18. KEPROBA - Kenya Export Promotion and Branding Agency
19. KIE - Kenya Industrial Estates
20. KIEP - Kenya industry and Entrepreneurship Project
21. KIRDI - Kenya Industrial Research and Development
22. KJET - Kenya Jobs Economic Transformation project
23. Kshs. - Kenya Shilling
24. MDAs - Ministries, Departments and Agencies
25. MP - Member of Parliament
26. MSME - Medium, Small and Micro Enterprises
27. MTEF - Medium Term Economic Framework
28. NKCC - New Kenya Cooperative Creameries
29. NMC - Numerical Machining Complex
30. NYOTA - National Youth Opportunities Towards Advancement
31. PBO - Parliamentary Budget Office
32. PE - Personnel Emolument
33. PFM Act - Public Finance Management Act
34. PLWDs - People Living With Disabilities
35. PS - Principal Secretary
36. Sacco - Savings and Credit Cooperatives
37. SEZ - Special Economic Zone
38. SEZA - Special Economic Zone Authority
39. SME - Small and Micro Enterprises
40. SO - Standing Order

41. TVET - Technical and Vocational Education and Training

CHAIRPERSON'S FOREWORD

The Supplementary Estimates No. II for the Financial Year 2024/2025 aims to realign budgetary provisions to projected absorption levels, approve additional expenditures for both government-funded and development partner-funded projects, approve reallocation, adjust AIA receipts, and review compensation to employees and gratuity. Its preparation and approval are provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012, and Regulations 40 of the PFM (National Government) Regulations 2015.

The Supplementary Estimates No. II for the Financial Year 2024/2025 were tabled in the National Assembly on **Tuesday 18th February, 2025** and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B). The Committees are required to consider the Supplementary Estimates for the Ministries, Departments and Agencies (MDAs) under their purview and thereafter report to the Budget and Appropriations Committee (**Liaison Committee according to the Speaker's Communication of Tuesday, 18th February, 2025**), which will report to the House. The Committee's observations and recommendations regarding the Supplementary Estimates are captured in this report following fruitful deliberations. The report also contains the submissions put forth by the MDAs under the purview of this Committee.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all MDAs who submitted their views on the Supplementary Estimates. Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made useful contributions towards the consideration of the Supplementary Estimates No. II for the Financial Year 2024/2025 and production of this report.

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and according to the provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to the Liaison Committee the Report of the Committee on its consideration of the Supplementary Estimates No. II.

Hon. James Mwangi Gakuya, MP.
Chairperson, Departmental Committee Trade, Industry and Cooperatives

CHAPTER ONE: INTRODUCTION

1.0 PREFACE

1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1) The Departmental Committee on Trade, Industry and Cooperatives is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate under the **Standing Order 216 (5)** is as follows: -

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

(ii) *study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*

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

(iv) *study and review all legislation referred to it;*

(v) *study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*

(vi) *Investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House;*

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

(viii) *examine treaties, agreements and conventions;*

(ix) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*

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

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

1.2 SUBJECTS UNDER THE COMMITTEE

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

i. trade, including securities exchange, consumer protection;
ii. pricing policies, commerce;
iii. industrialization including special economic zones;
iv. enterprise promotion & development including micro, small & medium enterprises (MSMEs);
v. small and medium enterprises (SMEs);
vi. intellectual property;
vii. industrial standards;

viii. anti-counterfeit policies; and,

ix. Co-operatives development.

In executing its mandate, the Committee oversees the following government Ministries, State departments and Agencies:

1173: State Department for Cooperatives
1174: State Department for Trade
1175: State Department for Industry
1176: State Department for MSMEs Development
1177: State Department for Investment Promotion

1.3 COMMITTEE MEMBERSHIP

2) The House constituted the Committee on Thursday 27th October, 2022 and comprises the following Members:

Chairperson
Hon. James Mwangi Gakuya, MP
Embakasi North Constituency
United Democratic Alliance (UDA)

Vice Chairperson
Hon. Marianne Jebet Kitany, MP
Aldai. Constituency
United Democratic Alliance (UDA)

Hon. Robert Githinji Gichimu, MP
Gichugu Constituency
United Democratic Alliance (UDA)

Hon. Dr. Wilberforce Ojiambo Oundo, MP
Funyula Constituency
Orange Democratic Movement (ODM)

Hon. Dr. Beatrice Kahai Adagala, MP
Vihiga County
Amani National Congress (ANC)

Hon. Joyce Kamene, MP
Machakos County
Wiper Democratic Movement–Kenya

Hon. Joshua Mbithi Mutua Mwalyo, MP
Masinga Constituency
Independent Member

Hon. Anthony Tom Oluoch, MP
Mathare Constituency
Orange Democratic Movement (ODM)

Hon. Antony Njoroge Wainaina, MP
Kieni Constituency
United Democratic Alliance (UDA)

Hon. John Waithaka Machua, MP
Kiambu Constituency
United Democratic Alliance (UDA)

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU

Hon. Samuel Sakimba Parashina, MP
Kajiado South
Orange Democratic Movement (ODM)

Hon. Amos Maina Mwago, MP
Starehe Constituency
Jubilee Party

Hon. Adams Korir Kipsanai, MP
Keiyo North Constituency
United Democratic Alliance (UDA)

1.4 COMMITTEE SECRETARIAT

3) The following staff facilitates the Committee:

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

Mr. Ellam Omuhinda
Clerk Assistant III

Ms. Evelyn Kerubo
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Pauline Sifuma
Hansard Officer

Ms. Priscilla Wangu
Fiscal Analyst III

Ms. Priscilla Saidi
Research Officer III

Mr. Mumin Arkan
Research Officer III

Ms. Florence Wanja
Protocol Officer

Mr. Daniel Psirmoi
Media Relations Officer III

Ms. Peris Kaburi
Serjeant At Arms

Mr. Cosmas Akhonya
Audio Officer

CHAPTER TWO: ANALYSIS OF THE SUPPLEMENTARY II BUDGET

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR THE FINANCIAL YEAR 2024/2025

1. The Supplementary Estimates No. II for the FY 2024/25 was submitted to the National Assembly on Tuesday, 16th February 2025 and subsequently tabled in the House. It aims to realign budgetary provisions to projected absorption levels; approve additional expenditures for both GoK and Development Partners funded projects, approve reallocation, adjust receipts of AIA and review compensation to employees and gratuity.

2. The preparation and approval of the Supplementary Budget are provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012, and Regulations 40 of the PFM (National Government) Regulations 2015.

3. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated, or for withdrawals from the Contingencies Fund. As a result, authorization for such expenditure must be obtained from Parliament through a Supplementary Budget and, later, a Supplementary Appropriation Bill.

4. The Ministries, Departments and agencies (MDAs) under the purview of the Committee on Trade, Industry and Cooperatives are:

   1173: State Department for Cooperatives
   1174: State Department for Trade
   1175: State Department for Industry
   1176: State Department for MSMEs Development
   1177: State Department for Investment Promotion

2.1 HIGHLIGHTS OF THE 2024/25 SUPPLEMENTARY ESTIMATES II

5. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% (Kshs. 85.87 billion) from the original budget which is within the 10% allowable threshold in accordance with Article 223 of the Constitution. The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

6. Recurrent expenditures are proposed to increase by 8.61% (Kshs.136.96 billion) whereas development expenditure decreases by 7.97% (Kshs. 51.1 billion). Finally, CFS has increased by 0.44% (Kshs.5.5 billion). A summary of the changes is shown in Table 1.

Table 1: Overall Change in the FY 2024/25 Budget Estimates (Kshs. Million)

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 2 2024/25	Gross Change	% Change from Original Estimates
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.60**	**3.85%**
1.1 Recurrent Budget Estimates	1,591,590.2	1,728,550.2	136,960.00	8.61%
1.2 Development Budget Estimates	641,166.2	590,080.0	(51,086.20)	(7.97%)
2.0 Consolidated Fund Services	**1,237,233.8**	**1,242,735.5**	**5,501.70**	**0.44%**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.30**	**2.63%**

Source: National Treasury, 2025

2.2 EXCHEQUER ISSUES AS AT 30TH JANUARY 2025

7. The State Department for Cooperatives reflects low exchequer issues under recurrent expenditure at only 18%, while other state departments average between 45% and 54% for recurrent expenditure. Under development the exchequer issues reflect 50% and above with State Department for cooperative and Trade reflecting 100% issue. See Table 2 below.

Table 2: Exchequer Issues in Kshs. millions						
vote	**MDA**	**Gross**	**AIA**	**NET**	**Exchequer issue**	**%**
1173	**State Department for Co-operatives**	**8,709.7**	**1,152.0**	**7,557.7**	**3,024.2**	40%
	Recurrent	6,709.7	1,152.0	5,557.7	1,024.2	18%
	Development	2,000.0	-	2,000.0	2,000.0	100%
1174	**State Department for Trade**	**3,361.7**	**1,621.6**	**1,740.1**	**944.8**	54%
	Recurrent	3,071.7	1,621.6	1,450.1	654.8	45%
	Development	290.0	-	290.0	290.0	100%
1175	**State Department for Industry**	**5,551.2**	**439.0**	**5,112.2**	**2,517.7**	49%
	Recurrent	2,207.4	439.0	1,768.4	842.1	48%
	Development	3,343.8	-	3,343.8	1,675.6	50%
1176	**State Department for MSMEs**	**6,015.5**	**558.2**	**5,457.3**	**4,177.0**	77%
	Recurrent	1,487.0	458.2	1,028.8	560.3	54%
	Development	4,528.5	100.0	4,428.5	3,616.7	82%
1177	**State Department for Investment Promotion**	**2,365.7**	**507.0**	**1,858.7**	**906.5**	49%
	Recurrent	1,165.7	507.0	658.7	306.5	47%
	Development	1,200.0	-	1,200.0	600.0	50%

Source: National Treasury, 2025

2.3 DETAILED ANALYSIS OF THE SUPPLEMENTARY II BUDGET

2.3.1 State Department for Cooperatives

8. The Approved Estimates for FY 2024/25 amount to Kshs. 8,709.7 million, comprising Kshs.6,709.7 million for current expenditures and Kshs.2,000 million for capital expenditures. The Proposed Estimates for FY 2024/25 Supplementary Estimates No. II have been revised to Kshs. 9,925.8 million, with Kshs. 7,225.8 million allocated to current expenditures and Kshs. 2,700 million to capital expenditures.

9. The amendment reflects an increase in Kshs.1, 216 million, consisting of Kshs.516 million in recurrent expenditure and Kshs.700 million in development expenditure representing 14% increase.

Table 3: Supplementary No.2 changes per programme in Kshs. Millions					
S/No.	**Programme**	**Approved Sup No.1 FY 2024/25**	**Sup No.2 2024/25**	**Adjustment**	**% Change**
1	**Cooperative Development Management**	**8,709.7**	**9,925.8**	**1,216.10**	**14%**
	Recurrent	6,709.7	7,225.8	516.10	8%
	Development	2,000.0	2,700.0	700.00	35%

Source: National Treasury, 2025

Recurrent Expenditure

10. The recurrent increase of Kshs.516 million includes Kshs.500 million allocated to the New Kenya Planters Cooperative Union (NKPCU) for a comprehensive approach to reviving coffee cooperatives.

11. Additionally, there is an increase of Kshs.56.1 million under Administrative Services, attributed to various adjustments. These include a reduction of Kshs.13 million in personal emoluments, an increase of Kshs.15 million for hospitality supplies and services, and an allocation of Kshs.6 million towards pension and retirement benefits. Furthermore, Kshs.28.1 million has been set aside for the refurbishment of buildings, while Kshs.20 million has been allocated for the purchase of vehicles.

12. Further, there have been budget reductions in specific areas, including a Kshs.7 million reduction under personal emoluments for Ethics for Cooperative Societies and a Kshs.33 million reduction under personal emoluments for Cooperative Registration Services.

Development Expenditure

13. The Kshs.700 million increase is allocated to the Dairy Processing (Powdered Milk) Project, which aims to enhance the milk powder processing capacity at New Kenya Cooperative Creameries (NKCC). The Kshs.700 million is approved under article 233.

14. Currently, the State Department is implementing two development projects with a total allocation of Kshs.2,000 million, distributed as follows:
    a) Dairy Processing (Powdered Milk) Project – Kshs.1,500 million.
    b) Modernization of New KCC Milk Factories – Kshs.500 million

2.3.2 State Department for Trade

15. The Approved Estimates for FY 2024/25 amount to Kshs. 3,361.7 million, including Kshs.3,071.7 million for current expenditures and Kshs.290 million for capital expenditures. The Proposed Estimates for FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.3,539.3 million, comprising of Kshs.3,249.3 million under recurrent and Kshs.290 million under development, this represents an additional Kshs.177.58 million for current expenditures.

16. The change represents an increase in **Kshs.177.58 million** in recurrent expenditure, primarily to address a salary shortfall and other recurrent adjustments within the department's programs, the Fair Trade Practices & Compliance of Standards programme has the highest increase at Kshs.79.3 million.

Table 4: Supplementary No.2 changes per programme in Kshs. Millions

S/ No.	Programme	Approved 2024/25	Sup No.2 2024/25	Adjustment	% Change
1	**Domestic Trade and Enterprise dev**	**1,770.00**	**1,780.00**	**10**	**1%**
	Recurrent	1,770.00	1,780.00	10	1%
	Development	0	0	0	0%
2	**Fair Trade Practices & Compliance of Standards**	**116**	**195.3**	**79.3**	**68%**
	Recurrent	116	195.3	79.3	68%
	Development	0	0	0	0%
3	**International Trade Development & Promotion**	**1,112.50**	**1,142.50**	**30**	**3%**
	Recurrent	822.5	852.5	30	4%
	Development	290	290	0	0%
4	**General admin**	**363.2**	**421.5**	**58.3**	**16%**
	Total	**3,361.70**	**3,539.30**	**177.6**	**0.04**

Source: National Treasury

Recurrent Expenditure by SAGAs

17. The largest increase is Kshs.105.3 HQ and Kshs.s.s.59.3 million under (Kenya Trade Remedies Agency (KETRA). Weights and Measures - Headquarters Administrative Services has an increase in AIA from Kshs.30 million to Kshs.50 million.

Table 5: SAGA allocation in Kshs.millions										
S/No.		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	1065.7	30	**1035.7**	1,171.0	50	**1,121.0**	35.3	20	15.3
2	KECOPAC	22.2	0	**22.2**	22.2	0	**22.2**	0.0	0	0.0
3	KETRA	24.1	0	**24.1**	83.4	0	**83.4**	59.3	0	59.3
4	KEPROBA	371.1	15	**356.1**	371.1	15	**356.1**	0.0	0	0.0
5	WRSC	12.0	0	**12.0**	25	0	**25.0**	13.0	0	13.0
6	KNTC	1,576.6	1576.6	**0.0**	1,576.6	1576.6	**0.0**	0.0	0	0.0
	Total	**3,071.7**	**1,621.6**	**1450.1**	**3,199.3**	**1,641.6**	**1,557.7**	**177.6**	**20**	**157.6**

Source: National Treasury, 2025

2.3.3 State Department for Industry

18. The Approved Estimates for FY 2024/25 amount to Kshs.5,551 million, with Kshs.2,207.1 million allocated to current expenditures and Kshs.3,343.9 million to capital expenditures. The Proposed Estimates for FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.7,134.3 million, including Kshs.2,869.7 million for current expenditures and Kshs.4,264.6 million for capital expenditures. The changes reflect an increase in **Kshs.1,583 million,** comprising Kshs.662.3 million in recurrent expenditure and Kshs.920 million in development expenditure.

Table 6: Supplementary No.2 Allocations per programme in Kshs.Millions					
S/No.	Programme	Approved FY 2024/25	Sup No.2 FY 2024/25	Adjustment	% Change
1	**Industrial Promotion & Development**	**2,940.9**	**4,503.9**	**1,563.0**	**53%**
	Recurrent	940.9	1,323.9	383.0	**41%**
	Development	2,000.0	3,180.0	1,180.0	**59%**
2	**Standards, Quality Infrastructure & Research**	**2,246.0**	**2,204.0**	**(42.0)**	**-2%**
	Recurrent	902.1	1,119.4	217.3	**24%**
	Development	1,343.9	1,084.6	(259.3)	**-19%**
3	**General admin**	**364.4**	**426.4**	**62.0**	**17%**
	Total	***5,551.3***	***7,134.3***	***1,583.0***	**29%**

Source: National Treasury, 2025

Recurrent Expenditure by SAGAs

19. Out of the Kshs.661 million increase under the State Department, Kshs.313 million is AIA enhancement, with the Anti-Counterfeit Authority having an increase of Kshs.280 million, the Scrap Metal Council Kshs.20 million, and the Kenya Industrial Institute an increase of Kshs.8 million.

20. Under the gross increase, Kenya Accreditation Service (KENAS) has an increase of Kshs.147.3 million, with KITI and KIRDI having Kshs.50 million and Kshs.55 million, respectively.

Table7: Summary of Changes under the SAGAs in Kshs. million

S/No.	Agencies	Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	547.1	0.0	**547.1**	608.2	5	**603.2**	61.1	5.0	56.1
2	KIRDI	606.7	26	**580.7**	656.7	26	**630.7**	50.0	0.0	50.0
3	KITI	387.8	33	**354.8**	450.8	41	**409.8**	63.0	8.0	55.0
4	SMC	60.0	60	**0.0**	80.0	80	**0.0**	20.0	20.0	0.0
5	NMC	186.0	146	**40.0**	226	146	**80.0**	40.0	0.0	40.0
6	KENAs	224.8	154	**70.8**	372.1	154	**218.1**	147.3	0.0	147.3
7	ACA	195.0	20	**175.0**	475.0	300	**175.0**	280.0	280.0	0.0
	Total	2,207.4	439.0	**1768.4**	2,869.0	752.0	**2,116.8**	661.6	313.0	**348.6**

Source: National Treasury, 2025

Development Expenditure

21. The State Department was implementing two development projects: the Kenya industry and Entrepreneurship Project (KIEP) funded by donors at Kshs.1,343.9 million, and the Establishment of County Integrated Agro-Industrial Parks (CAIPs), allocated Kshs.2,000 million.

22. The development has increased by Kshs.920 million on account of an additional Kshs.1,180 million allocated to the County Aggregation and Industrial Parks (CAIPS)-BETA, of which Kshs.180 million is for the acquisition of Elgeyo Marakwet land and Kshs.259 million in reductions in donor funding under the Kenya Industry and Entrepreneurship Project-BETA.

2.3.4 State Department for Micro, Small, and Medium Enterprises (MSMEs) Development

23. The Approved Estimates for FY 2024/25 amount to Kshs. 6,015.6 million, including Kshs.1,487.1 million for current expenditures and Kshs.4,528.5 million for capital expenditures. The Proposed Estimates for FY 2024/25 Supplementary Estimates No. II have

been revised to Kshs. 6,068.1 million, with Kshs. 2,041.1 million allocated to current expenditures and Kshs. 4,025.5 million to capital expenditures.

24. The changes represent an increase in **Kshs.52 million,** consisting of a Kshs.554 million increase in recurrent expenditure and a Kshs.502 million reduction in development expenditure. The recurrent expenditure increase is attributed to provisions for a salary shortfall, while the reduction in development expenditure results from a Kshs.452 million cut in donor funding for the Kenya Jobs Economic Transformation (KJET) project and a Kshs.50 million reductions for the Centre for Entrepreneurship project.

Table 8: Supplementary No.2 Allocations per Programme in Kshs. (Millions)

S/No.	Programme	Approved FY 2024/25	Sup No.2 FY 2024/25	Adjustment	% Change
1	**Promotion and Development of MSMEs**	**3,013.3**	**2,623.0**	**(390.3)**	**-13%**
	Recurrent	484.8	596.5	111.7	23%
	Development	2,528.5	2,026.5	(502.0)	-20%
2	**Product and Market Development for MSMEs**	**380.7**	**517.0**	**136.3**	**36%**
	Recurrent	380.7	517.0	136.3	36%
	Development	-	-	-	0%
3	**Digitization and Financial Inclusion for MSMEs**	**2,350.7**	**2,558.9**	**208.2**	**9%**
	Recurrent	350.7	558.9	208.2	59%
	Development	2,000.0	2,000.0	-	0%
4	**General admin**	**270.8**	**369.1**	**98.3**	**36%**
	Total	***6,015.5***	***6,068.0***	**52.5**	***1%***

Source: National Treasury, 2025

Recurrent Expenditure by SAGAs

25. The recurrent increase of Kshs.554 million is on account of a Kshs.344.5 million increase in AIA and a Kshs.210 million net increase. The AIA is mainly attributable to the Hustler Fund at Kshs.200 million and KIE at Kshs.136.3 million, while the net increase is towards MSEA at Kshs.140 million and HQ at Kshs.70 million.

Table 9: Summary of Changes under the SAGAs in Kshs. (million)										
		Approved Estimates			Revised Estimates			Difference		
S/No.		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	415.3	0.0	**415.3**	485.3	0.00	**485.3**	70.0	0.0	**70.0**
2	MSEA	352.9	5	**348.4**	492.9	5	**488.4**	140.0	0.0	**140.0**
3	KIE	368.1	253.7	**114.4**	504.4	390	**114.4**	136.3	136.3	**0.0**
4	Uwezo Fund	140.7	0	**140.7**	148.9	8	**140.7**	8.2	8.2	**0.0**
5	Hustler Fund	210.0	200	**10.0**	410	400	**10.0**	200.0	200.0	**0.0**
	Total	**1,487.0**	**458.2**	**1028.8**	**2,041.5**	**802.7**	**1,238.8**	554.5	344.5	**210.0**

Source: The National Treasury, 2025

Development Expenditure

26. The State Department was implementing five development projects at a cost of Kshs.4,528 million; CIDCs Kshs.126 million, Husler fund Kshs.2,000 million, NYOTA Kshs.1240 million, Centre for Entrepreneurship(C4E) project 162.5 million and KJET Kshs.1,000 million.

27. KJET has been reduced by Kshs.452 million, and Centre for Entrepreneurship has been reduced by Kshs.50 million representing overall development reduction of Kshs.502 million.

2.3.5 State Department for Investment Promotion

28. The Approved Estimates for FY 2024/25 amount to Kshs.2,365.7 million, with Kshs.1,165.7 million allocated to current expenditures and Kshs.1,200 million to capital expenditures. The Proposed Estimates for FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.2,458.6 million, comprising Kshs.1,514.1 million for current expenditures and Kshs.944.9 million for capital expenditures.

29. The changes reflect an overall increase in **Kshs. 92 million**, consisting of a Kshs.348.4 million increase in recurrent expenditure and a Kshs.255.4 million reduction in development expenditure.

30. The recurrent expenditure increase is attributed to additional allocations and Appropriations-in-Aid (AIA) for the Export Processing Zones Authority (EPZA). The reduction in development expenditure results from a Kshs.500 million cut in allocations for flagship Export Processing Zone hubs (EPZA)-BETA project and Kshs.244.6 million increases in donor funding under the Kenya Jobs Economic Transformation (KJET) BETA project.

Table 10: Supplementary No.2 changes per programme in Kshs. (Millions)					
S/No.	**Programme**	**Approved Sup No.1 FY 2024/25**	**Sup No.2 2024/25**	**Adjustment**	**% Change**
1	**Investment Development and Promotion**	**2,365.7**	**2,458.7**	**93.0**	**0.0**
	Recurrent	1,165.7	1,514.1	348.4	0.3
	Development	1,200.0	944.6	-255.4	-0.2

Source: National Treasury, 2025

Recurrent Expenditure by SAGAs

31. The recurrent increase of Kshs.348.5 million is attributable to increased AIA collection of Kshs.229 million of which Kshs.164 million is from EPZA and Kshs.69 million is from SEZA. The reduction under recurrent HQ is mainly attributed to PE. Further, there is a gross increase of Kshs.100 million under KenInvest and Kshs.110 million under SEZA.

Table 11: Summary of Changes under the SAGAs in Kshs.(million)										
		Approved Estimates			**Revised Estimates**			**Difference**		
S/No.		**Gross**	**AIA**	**Net**	**Gross**	**AIA**	**Net**	**Gross**	**AIA**	**Net**
1	Ministry HQ	283.6	0.0	**283.6**	256.8	0.00	**256.8**	-26.8	0.0	**-26.8**
2	SEZA	70.0	30	**40.0**	180.4	95.00	**85.4**	110.4	65.0	**45.4**
3	EPZA	675.0	475	**200.0**	839	639	**200.0**	164.0	164.0	**0.0**
4	KENINVEST	137.0	2	**135.0**	237.9	2	**235.9**	100.9	0.0	**100.9**
	Total	**1,165.6**	**507.0**	**658.6**	**1,514.1**	**736.0**	**778.1**	348.5	229.0	**119.5**

Source: National Treasury, 2025

Development Expenditure

32. The State Department has one approved development project, Flagship export processing zone hub (EPZA)-BETA with an allocation of Kshs.1200 million. The project is proposed for reduction by Kshs.500 million. Further Kshs.244.6 million has been allocated towards Kenya Jobs Economic Transformation (KJET) BETA project, which is a donor-funded project.

33. The State Department seems to have 3 approved projects with an estimated cost of Kshs.1.7 billion that are not captured in the budget books as per their submission during the BSP. The projects are: Kenya Jobs and Economic Transformation (KJET) - KDC Kshs.500 million, KJET - HQ with an allocation of Kshs.200 million, and Export-Import Bank of India KDC with an allocation of Kshs.1 billion.

2.4 SALIENT ISSUES

2.4.1 Increases in AIA

34. The proposed supplementary budget reflects an upward revision of **Appropriations-in-Aid (AIA)** across various state departments under the Committee's purview. Notable adjustments include:

    I. **The State Department of Trade:** Weights and Measures - Headquarters Administrative Services has an increase in AIA from Kshs.30 million to Kshs.50 million.

    II. **State Department for Industry**: Scrap Metal Council increase of Kshs.20 million and Kshs.280 million under Anti-Counterfeit Authority (ACA)

    III. **The State Department for MSMEs:** Financial Inclusion Fund (The Husler Fund) increased Kshs.200 million and Kshs.136 million under KIE.

    IV. **State Department for Investment Promotion:** increase under SEZA of Kshs.65 million and EPZA of Kshs.164 million.

2.4.2 Low exchequer Issue

35. The State Department for Cooperatives appears to have a low exchequer issue under its recurrent budget at only 18%, which could hamper the implementation of various recurrent expenditures budgeted for the current FY 2024/25. These include the Debt Waiver Fund at Kshs.2 billion and Kshs.413 million allocated to the New Kenya Planters Cooperative Union (NKPCU) for the Coffee Cherry Advance Revolving Fund.

2.4.3 Projects not being captured in the budget books

36. The State Department for Investment promotion seems to have 3 approved projects with an estimated cost of Kshs.1.7 billion that are not captured in the budget books. The projects are: Kenya Jobs and Economic Transformation (KJET) - KDC Kshs.500 million, KJET - HQ with an allocation of Kshs.200 million, and Export-Import Bank of India KDC with an allocation of Kshs.1 billion.

CHAPTER THREE: COMMITTEE OBSERVATIONS

3.1 State Department for Cooperatives

37. The Committee observed that:

i. The FY 2024/25 Supplementary Estimates No. II had been revised to Kshs.9, 925.8 million, with Kshs.7,225.8 million for recurrent and Kshs.2,700 million for development. This reflects an increase in Kshs.1,216 million (**Kshs.516 million** recurrent, **Kshs.700 million development);**

ii. The State Department for Cooperatives has a low exchequer release of 18% under its recurrent budget, potentially hindering key expenditures, including the Kshs.2 billion Debt Waiver Fund and Kshs. 3,000 million for NKPCU's Coffee Cherry Advance Revolving Fund (CCARF);

iii. The New KPCU needs **Kshs. 229 million** to allow the removal of asbestos from 5 warehouses (in Nanyuki, Bungoma, Dandora, Nakuru, and Sagana) at a unit cost of **Kshs.45.8 million** as part of the coffee reforms program;

iv. PAVI Cotton Ginnery had pending bills of **Kshs. 65 million** for works done. Further Luanda Ginnery require **Kshs. 20 million** for automation;

v. The State Department was instructed to set up a task force on Moi University Savings and Credit Cooperative (MUSCO) where the State Department incurred **Kshs. 17.67 million** which remains unpaid; and,

vi. The Cabinet Secretary's (CS) office is unable to effectively coordinate ministry activities due to inadequate funding, following budget rationalization under Supplementary No. I for FY 2024/25. The State Department requests an additional **Kshs. 50 million** to support CS office operations.

3.2 State Department for Trade

38. The Committee observed that:

i. The FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.3,539.3 million (Kshs.3,249.3 million recurrent, Kshs.290 million development), reflecting an increase of **Kshs.177.58 million** in recurrent expenditure;

ii. The State Department is currently preparing to participate in the Expo 2025 Osaka in Kansai, Japan through Kenya Export Promotion and Branding Agency (KEPROBA) which requires **Kshs.450 million** in FY 2024/25 for Preparation purpose, this is part of its

mandate to showcase Kenyan products to the outside world and expand market access for Kenyan products, further, it has a PE shortfall of **Kshs.36.2 million**;

iii. The Department needs **Kshs.247 million** to support operations and maintenance for Cabinet and Principal Secretaries to deliver the mandate of the ministry which is anchored on priority Value Chains which are supported under the BETA as the allocated Kshs.47.77 million (exchequer) and Kshs.50 million (Weights & Measures AIA) are inadequate;

iv. The State Department is hosting the 24th COMESA Summit and assumption of the three-year leadership on COMESA Presidency, Vice Presidency and Rapporteur. The Summit is scheduled to take place in September 2025. The State Department is requesting **Kshs.400 million** to prepare for the event; and,

v. Kenya National Trading Corporation (KNTC) in its implementation of its mandate as the Government's procurement agent, imported edible oils and rice which resulted in a financial obligation. The State Department is seeking additional budgetary funding of **Kshs.1, 875.44 million (USD 12,967,800)** for undertaking financial obligations for the rice importation.

3.3 State Department for Industry

39. The Committee observed that:

i. The FY 2024/25 Supplementary Estimates No. II have been revised to Kshs. 7,134.3 million (Kshs.2,869.7 million recurrent, Kshs.4,264.6 million development), reflecting a Kshs.1,583 million increase (**Kshs.662.3 million** recurrent, **Kshs. 920 million** development);

ii. The CAIP Program, implemented in 19 counties, requires monitoring. The National and County Government Summit (December, 2024) recommended fast-tracking high-performing projects, and IBEC (January, 2025) prioritized 13 counties. **Kshs.100 million** from the Kshs.1 billion allocation under Supplementary No. II was proposed for coordination, supervision, and oversight. Additionally, the project received **Kshs.180 million** for land acquisition in Elgeyo Marakwet;

iii. The Loan revenue for Kenya Industry and Entrepreneurship Project (KIEP) was reduced by **Kshs. 259.3 million**. This reduction will negatively affect the implementation, where the project had committed management consultancy contracts and performance grant contracts for Small and Medium Industries. Further, the project required an additional funding of **Kshs. 80 million** in counterpart funding;

iv. The State Department for Industry was requesting an additional budget allocation of **Kshs.209.4 million.** Under Operations and Maintenance: Rent Kshs.19.4 million, CS office Kshs.50 million, Travels Kshs.80 million, equipment for new staff Kshs.50 million and induction of the industrial ministerial audit Committee Kshs.10 million;

v. KIRDI and KITI have a funding shortfall of Kshs. 50 million each for operational and maintenance, including non-discretionary expenditures, thus affecting the effective implementation of their core mandates; and,

vi. KENAS requires an additional **Kshs. 100 million** to enable them to implement the KENAS Act, which requires them to come up with regulations and recruit employees further to allow them to carry out public participation while developing the regulations covering all the conformity bodies.

3.4 State Department for MSMEs Development

40. The Committee observed that:

i. The FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.6,068.1 million, with Kshs.2,041.1 million for recurrent and Kshs.4,025.5 million for development expenditures, reflecting a net increase of Kshs.52 million;

ii. Donor funding for KJET and the Centre for Entrepreneurship was reduced by Kshs.452 million Kshs.50 million, respectively. These projects support MSME cluster competitiveness through technical assistance, capacity building, value chain mapping, business development services, and co-investments; and,

iii. The Micro and Small Enterprises Authority seeks Kshs.200 million for the equipment and operationalization of CIDCs, Kshs.100 million for construction, equipping of Centres of Excellence, and Kshs.150 million for cold storage facilities.

3.5 State Department for Investment Promotion

41. The Committee observed that:

i. The FY 2024/25 Supplementary Estimates No. II have been revised to Kshs.2,458.6 million, with Kshs.1,514.1 million for recurrent and Kshs.944.9 million for development expenditures, reflecting a net increase of **Kshs. 92 million;**

ii. There is a donor-funded project of Kshs.1.95 billion of the Exim Bank of India on the development of SMEs through the Importation of plant, equipment, and machinery and consultancy services being implemented by KDC. The project is ongoing with an

FY2024/25 allocation of Kshs. 550 million but had not been captured in the development budget;

iii. SEZA had a deficit of Kshs. 259 million of which Kshs. 23.63 million is for non-discretionary expenditure item, Kshs. 48.7 million for recruitment of staff, Kshs. 105 million for office partitioning and Kshs. 42 million for purchase of vehicles;

iv. KenInvest has a budget shortfall under its recurrent budget of **Kshs. 139 million**; Kshs. 9.02 million non-discretionary expenditure item, Kshs. 21.8 million is core mandate, Kshs. 30 million is for National Investment Council, Kshs. 50 million is for the preparation of the Investment Conference to be held in April, 2025;

v. The donor-funded KJET project was approved under Article 223 for **Kshs. 700 million**, with Kshs. 200 million allocated to the State Department and Kshs. 500 million to KDC. The State Department was able to access Kshs. 244.58 million, the balance of **Kshs. 455 million** had already been committed but has been reduced in the Supplementary No. II leaving the agency with a negative book balance; and,

vi. Under recurrent, the Athi River Textile Hub, under EPZA, requires **Kshs. 100 million** for repairs and maintenance of the existing buildings within the hub and for connecting the hub to the sewage system (Kenanie effluent plant) to attract investors.

CHAPTER FOUR: FINANCIAL RECOMMENDATIONS

4.1 Article 223 Expenditures

State Department for Investment Promotion

42. The donor-funded KJET project was approved under Article 223 for Kshs. 700 million, out of which the State Department was able to access Kshs. 244.58 million as at 18/12/2024. **The Committee approves Article 233 expenditure under the State Department.**

4.2 Proposed Amendments Supplementary Estimate No. II FY 2024/25

43. The Committee recommends the approval of Supplementary Estimates No. II for FY 2024/25 for the State Departments under its purview with the following proposed amendments.

Schedule No. 1: Proposed Reductions in Kshs. (millions)

Vote	MDA	Programme	Rec. Kshs.	Dev. Kshs.	Justification
1175	State Department for ndustry	Industrial Promotion and Development	0	1,180	**Development:** 1175103800 Establishment of CAIPs reduced **By Kshs. 1 billion** and the Purchase of Elgeyo Marakwet land reduced by **Kshs. 180 million** since purchase of county government land is not within the agreement of funding CAIPS and allocation to priority areas
1173	State Department for Cooperatives	Cooperative Development and Management	2500		**Recurrent:** 1173001000 New Kenya Planters Cooperative Union (NKPCU) reduced by **Kshs. 500 million** Debt waiver **Kshs. 2 billion**. Verification of debt is yet to be completed, thus low absorption,
		Total	**2500**	**1,180**	

Schedule No. 2: Proposed Increases in Kshs (millions)

Vote	MDA	Programme	Rec. Kshs.	Dev. Kshs.	Details/Justification
1173	**State Department for Cooperatives**	Cooperative Dev and Management	**104.6**	**314**	**Recurrent: Kshs. 17.6 million** for MUSCO taskforce and **Kshs. 43 million** to facilitate CS operations and **Kshs. 44 million** recurrent pending bills
					Development: Kshs. 229 million 5 warehouse modernizations, **Kshs. 65 million** PAVI Ginnery pending bill, **Kshs. 20 million** Luanda Ginnery completion
1174	**State Department for Trade**	International Trade promotion	556	0	**Recurrent: Kshs. 450 million** Japan Expo 2025, **Kshs. 36 million** PE KEPROBA, COMESA summit **Kshs. 70 million**
		Domestic Trade and Enterprise dev	1,700	0	**Recurrent:** KNTC Kshs. 1.7 billion (based on the current USD exchange rate – **USD 12,967,900 at Kshs. 130**) financial obligation because of edible oil and rice importation
		General Administration	50	0	**Recurrent: Kshs. 50 million** O&M to facilitate CS and PS office in delivering their mandates
1175	**State Department for Industry**	Industrial Promotion & Development	100	0	**Recurrent: Kshs. 50 million** KITI and **Kshs. 50 million** KIRDI for O&M including non-discretionary expenditures,
		General admin	62.4	0	**Recurrent: Kshs. 20 million** O&M, **Kshs. 19.4 million** Rent and **Kshs. 10 million** Industrial Audit Committee, **Kshs. 13 million** for CAIPs M&E.
		Standards, Quality Infrastructure & Research	100	80	**Recurrent: Kshs. 100 million** for KENAS to implement the KENAS Act, as well as develop regulations. **Development: Kshs. 80 million** for KIEP -BETA project counter fund.
1176	**State Department for (MSMEs) Development**	Promotion and Development of MSMEs	0	350	**Development: Kshs. 200 million** CIDCs, **Kshs. 75 million** Centre of excellence, **Kshs. 75 million** cold storage facilities
1177	**State Department for Investment Promotion**	Investment Development and Promotion	263	0	**Recurrent:** Ksh. **83 million** for SEZA of which **Kshs. 23 million** non-discretionary expense, **Kshs. 40 million** recruitments of staff, **Kshs. 20 million** purchases of a vehicle.
					Recurrent: Kshs 80 million for KenInvest of which **Kshs. 9 million** non-discretionary expense, **Kshs. 21 million** core mandate, **Kshs. 30 million** National Investment Council. **Kshs. 20 million** Investment Conference.
					Kshs. 100 million for repairs of Athi River Textile hub (EPZA) and connecting it to the sewage plant to attract investors.
		Total	**2,936**	**744**	

4.3 Additional Request

44. The Committee recommends the following:

4.3.1 State Department for Industry (Under Standards, Quality Infrastructure & Research)

i. Reinstatement of **Kshs. 259.3 million** counterpart funding for Kenya Industry and Entrepreneurship Project (KIEP).

4.3.2 State Department for (MSMEs) Development (Under Promotion and Development of MSMEs)

i. Reinstatement of **Kshs. 452 million** under KJET, which is a donor-funded project.

4.3.3 State Department for Investment Promotion (Under Investment Development and Promotion)

i. Reinstatement of **Kshs. 455 million** under KJET donor-funded project

ii. Capturing of Ksh 550 million donor funds for a project being implemented by KDC; the importation of plant, equipment, and machinery, and consultancy services being implemented by KDC.

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

HON. JAMES MWANGI GAKUYA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

MINUTES OF THE 10TH SITTING OF THE FOURTH SESSION OF THE DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES, HELD IN COMMITTEE ROOM 23 ON THE FIFTH FLOOR OF BUNGE TOWER ON FRIDAY 7TH MARCH 2025, AT 02.00 PM

PRESENT

1. Hon. Marianne Jebet Kitany, MP - **Vice-Chairperson**
2. Hon. Robert Githinji Gichimu, MP
3. Hon. (Dr.) Wilberforce Ojiambo Oundo, MP
4. Hon. Joyce Kamene, MP
5. Hon. Joshua Mbithi Mutua Mwalyo, MP
6. Hon. Adhe Wario Guyo, MP
7. Hon. Parashina Samuel Sakimba, MP
8. Hon. Adams Korir Kipsanai, MP
9. Hon. Amos Maina Mwago, MP

APOLOGIES

1. Hon. James Mwangi Gakuya, MP - **Chairperson**
2. Hon. (Dr.) Beatrice Kahai Adagala, MP
3. Hon. Anthony Tom Oluoch, MP
4. Hon. Antony Njoroge Wainaina , MP
5. Hon. John Machua Waithaka, MP

SECRETARIAT

1.	Mr. Ellam Omuhinda	-	Clerk Assistant III
2.	Ms. Everlyne Orina	-	Clerk Assistant III
3.	Ms. Priscilla Wangu	-	Fiscal Analyst II
4.	Ms. Pauline Sifuma	-	Hansard Reporter II
5.	Mr. Mumin Arkan	-	Research Officer III
6.	Ms. Peris Kaburi	-	Serjeant At Arms

AGENDA

1. Prayers and Preliminaries
2. Confirmation of Minutes and Matters Arising
3. **Consideration and Adoption of the Supplementary Budget No. II of FY 2024/25 Committee Report**
4. Any other Business
5. Adjournment and Date of the Next Meeting

MIN.NO NA/TIC/2025/046: PRAYER AND PRELIMINARIES

The Chairperson called the meeting to order at twenty minutes past two O'clock. A word of prayer was said, followed by self-introductions. The Chairperson thereafter briefed the Members on the Sitting Agenda, which was adopted by Hon. Adams Kipsanai, MP, and seconded by Hon. Joyce Kamene, MP.

MIN.NO NA/TIC/2025/047: CONFIRMATION OF MINUTES AND MATTERS ARISING

The agenda was deferred to a later date.

MIN.NO NA/TIC/2025/048: **CONSIDERATION AND ADOPTION OF THE SUPPLEMENTARY BUDGET NO. II OF FY 2024/25 COMMITTEE REPORT**

The Committee resolved as follows:

A. Article 223 Expenditures

State Department for Investment Promotion

The donor-funded KJET project was approved under Article 223 for Kshs. 700 million, out of which the State Department was able to access Kshs. 244.58 million as at 18/12/2024. The Committee approves Article 233 expenditure under the State Department.

B. Proposed Amendments Supplementary Estimate No. II FY 2024/25

The approval of Supplementary Estimates No. II for FY 2024/25 for the State Departments under its purview with the following proposed amendments:

Schedule No. 1: Proposed Reductions in Kshs. (millions)

Vote	MDA	Programme	Rec. Kshs.	Dev. Kshs.	Justification
1175	State Department for ndustry	Industrial Promotion and Development	0	1,180	**Development:** 1175103800 Establishment of CAIPs reduced **By Kshs. 1 billion** and the Purchase of Elgeyo Marakwet land reduced by **Kshs. 180 million** since purchase of county government land is not within the agreement of funding CAIPS and allocation to priority areas
1173	State Department for Cooperatives	Cooperative Development and Management	2500		**Recurrent:** 1173001000 New Kenya Planters Cooperative Union (NKPCU) reduced by **Kshs. 500 million** Debt waiver **Kshs. 2 billion**. Verification of debt is yet to be completed, thus low absorption,
		Total	**2500**	**1,180**	

Schedule No. 2: Proposed Increases in Kshs (millions)

Vote	MDA	Programme	Rec. Kshs.	Dev. Kshs.	Details/Justification
1173	**State Department for Cooperatives**	Cooperative Dev and Management	**104.6**	**314**	**Recurrent:** **Kshs. 17.6 million** for MUSCO taskforce and **Kshs. 43 million** to facilitate CS operations and **Kshs. 44 million** recurrent pending bills **Development:** **Kshs. 229 million** 5 warehouse modernizations, **Kshs. 65 million** PAVI Ginnery pending bill, **Kshs. 20 million** Luanda Ginnery completion
1174	**State Department for Trade**	International Trade promotion	556	0	**Recurrent:** **Kshs. 450 million** Japan Expo 2025, **Kshs. 36 million** PE KEPROBA, COMESA summit **Kshs. 70 million**
		Domestic Trade and Enterprise dev	1,700	0	**Recurrent:** KNTC Kshs. 1.7 billion (based on the current USD exchange rate – **USD 12,967,900 at Kshs. 130**) financial obligation because of edible oil and rice importation
		General Administration	50	0	**Recurrent:** **Kshs. 50 million** O&M to facilitate CS and PS office in delivering their mandates
1175	**State Department for Industry**	Industrial Promotion & Development	100	0	**Recurrent:** **Kshs. 50 million** KITI and **Kshs. 50 million** KIRDI for O&M including non-discretionary expenditures,
		General admin	62.4	0	**Recurrent:** **Kshs. 20 million** O&M, **Kshs. 19.4 million** Rent and **Kshs. 10 million** Industrial Audit Committee, **Kshs. 13 million** for CAIPs M&E.
		Standards, Quality Infrastructure & Research	100	80	**Recurrent:** **Kshs. 100 million** for KENAS to implement the KENAS Act, as well as develop regulations. **Development:** **Kshs. 80 million** for KIEP -BETA project counter fund.
1176	**State Department for (MSMEs) Development**	Promotion and Development of MSMEs	0	350	**Development:** **Kshs. 200 million** CIDCs, **Kshs. 75 million** Centre of excellence, **Kshs. 75 million** cold storage facilities
1177	**State Department for Investment Promotion**	Investment Development and Promotion	263	0	**Recurrent:** Ksh. **83 million** for SEZA of which **Kshs. 23 million** non-discretionary expense, **Kshs. 40 million** recruitments of staff, **Kshs. 20 million** purchases of a vehicle. **Recurrent:** **Kshs 80 million** for KenInvest of which **Kshs. 9 million** non-discretionary expense, **Kshs. 21 million** core mandate, **Kshs. 30 million** National Investment Council. **Kshs. 20 million** Investment Conference. **Kshs. 100 million** for repairs of Athi River Textile hub (EPZA) and connecting it to the sewage plant to attract investors.
		Total	**2,936**	**744**	

C. Additional Request

1 State Department for Industry (Under Standards, Quality Infrastructure & Research)

i. Reinstatement of **Kshs. 259.3 million** counterpart funding for Kenya Industry and Entrepreneurship Project (KIEP).

2 State Department for (MSMEs) Development (Under Promotion and Development of MSMEs)

i. Reinstatement of **Kshs. 452 million** under KJET, which is a donor-funded project.

3 State Department for Investment Promotion (Under Investment Development and Promotion)

i. Reinstatement of **Kshs. 455 million** under KJET donor-funded project

ii. Capturing of Ksh 550 million donor funds for a project being implemented by KDC; the importation of plant, equipment, and machinery, and consultancy services being implemented by KDC.

MIN.NO NA/TIC/2025/049: ANY OTHER BUSINESS

No other business arose.

MIN.NO NA/TIC/2025/050: ADJOURNMENT AND DATE OF THE NEXT MEETING

The meeting was adjourned at twenty-two minutes past four. The next meeting will be held on notice.

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

HON. GAKUYA, JAMES MWANGI, MP, CHAIRPERSON,

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

DEPARTMENTAL COMMITTEE ON HEALTH



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE PROPOSED SUPPLEMENTARY ESTIMATES NO. 2 FOR FY 2024/25

Vote 1082: State Department for Medical Services

Vote 1083: State Department for Public Health and Professional Standards

Published by: **MARCH, 2025**

THE DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

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ACRONYMS

A-in-A	-	Appropriations in Aid
BETA	-	Bottom-up Economic Transformation Agenda
CHV	-	Community Health Volunteer
FY	-	Financial or Fiscal Year
GDP	-	Gross Domestic Product
GOK	-	Government of Kenya
HCWs	-	Health Care Workers
ICT	-	Information, Communication and Technologies
KEMRI	-	Kenya Medical Research Institute
KEMSA	-	Kenya Medical Supplies Agency
KMTC	-	Kenya Medical Training College
KNH	-	Kenyatta National Hospital
Kshs.	-	Kenya Shilling
MDAs	-	Ministries, Departments and Agencies
MES	-	Managed Equipment Services
MOH	-	Ministry of Health
MTEF	-	Medium-Term Expenditure Framework
MTP	-	Medium Term Plan
MTRH	-	Moi Teaching and Referral Hospital
NCD	-	Non- Communicable Diseases
NHDC	-	National Health Data Centre
NHIF	-	National Health Insurance Fund
NQCL	-	National Quality Control Laboratories
PPB	-	Pharmacy and Poisons Board
RMNCAH	-	Reproductive Maternal New Born Child Adolescent Health
SAGAs	-	Semi-Autonomous Government Agencies
SDGs	-	Sustainable Development Goals
STI	-	Sexually Transmitted Infections
TB	-	Tuberculosis
UHC	-	Universal Health Coverage
WHO	-	World Health Organization

CHAPTER ONE

1.0 PREFACE

1.1 INTRODUCTION

1. Article 223 of the Constitution provides room to spend monies that have not been appropriated under the appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

2. Regulations 40 of the PFM Act (2012), provide for the details and format of the Supplementary Budget and ensures that it includes a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

3. The National Assembly Standing Orders assigns the Departmental Committee on Health the mandate to consider matters in relation to *health, medical care and health insurance including Universal Health Coverage (UHC).*

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

    i. Vote 1081: State Department for Medical Services
    ii. Vote 1083: State Department for Public Health and Professional Standards

1.2 MANDATE OF THE COMMITTEE

5. Article 124 of the Constitution of Kenya, 2010 provides for the establishment of Committees by Parliament. The Committee on Health is a Departmental Committee in the National Assembly established pursuant to Standing Order 216. The mandate and functions of the Committee include:

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

6. In executing its mandate, the Committee on Health oversights the following State Departments in the Ministry of Health as delineated in Executive order No. 2 of 2023:
    a. The State Department for Medical Services
    b. The State Department for Public Health and Professional Standards.

7. Accordingly, in terms of budget oversight, the Committee focuses on the Ministry of Health, its two State Departments and the SAGAs falling under the purview of the two State Departments.

1.3 COMMITTEE MEMBERSHIP

8. The Committee comprises of the following Members: -

Chairperson
Hon. (Dr.) Robert Pukose, MP
Endebes Constituency
UDA Party

Vice-Chairperson
Hon. Ntwiga, Patrick Munene MP
Chuka/Igambang'ombe Constituency
UDA Party

Members

Hon. Owino Martin Peters, MP
Ndthiwa Constituency
ODM Party

Hon. Muge Cynthia Jepkosgei, MP
Nandi (CWR)
UDA Party

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency
Ford Kenya Party

Hon. Kipngok Reuben Kiborek, MP
Mogotio Constituency
UDA Party

Hon. Nyikal James Wambura, MP
Seme Constituency
ODM Party

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency
ODM Party

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency
KANU

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency
UDA Party

Hon. Lenguris Pauline, MP
Samburu (CWR)
UDA Party

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency
ODM Party

Hon. (Prof.) Jaldesa GuyoWaqo, MP
Moyale Constituency
UPIA Party

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ANC Party

1.4 COMMITTEE SECRETARIAT

9. The Committee is facilitated by the following secretariat:

Mr. Hassan Abdullahi Arale
Clerk Assistant I/Head of Secretariat

Ms. Gladys Jepkoech Kiprotich
Clerk Assistant III

Mr. Timothy Kimathi
Clerk Assistant III

Ms. Abigael Muinde
Research Officer III

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Hiram Kimuhu
Fiscal Analyst III

Ms. Angela Cheror
Public Communication Officer III

Mr. Hillary Mageka
Media Relations Officer III

Ms. Sheila Chebotim
Serjeant-At-Arms III

Ms. Rahab Chepkilim
Audio Recording Officer II

CHAIRMAN'S FORWARD

This report presents the consideration by the departmental Committee on health of the Supplementary Estimates No. II for FY 2024/2025 for the two state departments namely the state Department for Medical Services and State Department for Public Health and Professional Standards in the Ministry of Health which were submitted to the National Assembly on 16th February, 2025. This seeks to apprise the impact of the proposed changes to absorption capacity of the Ministry, completion of ongoing projects.

The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% (Kshs. 85.87 billion) from the original budget which is within the 10% allowable threshold in accordance with Article 223 of the Constitution. The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

Recurrent expenditures are proposed to increase by 8.61% (Kshs. 136.96 billion) whereas development expenditure decreases by 7.97% (Kshs. 51.1 billion). Finally, CFS has increased by 0.44% (Kshs. 5.5 billion).

The two state departments in the Ministry of Health i.e. State Department for Medical Services and State department for Public Health and Professional Standards budgets have been adjusted by supplementary no II.

The Committee is grateful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its Sittings. On behalf of the Committee it is therefore my pleasant duty and privilege, to present this report on scrutiny of the Supplementary Estimates No. II for FY 2024/2025 for the Ministry of Health, State Department for Medical Services Vote 1082 and State Department for Public Health and Professional Standards Vote 1083, to the Liason Committee.

HON. DR. ROBERT PUKOSE, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

1.0 CHAPTER ONE

1.5 OVERVIEW ON THE EXAMINATION OF THE PROPOSED SUPPLEMENTARY NO. II ESTIMATES FOR FY 2024/25

1. This presents an analysis of the Supplementary Estimates No. II for FY 2024/2025 which were submitted to the National Assembly on 16th February, 2025. This seeks to apprise the impact of the proposed changes to absorption capacity of the Ministry, completion of ongoing projects.

Legal framework underpinning processing of supplementary estimates

a) The legal framework is provided under the Constitution. The Constitution provides room to spend monies that have not been appropriated under the appropriation Act on account of insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.
b) Regulations 40 of the PFM Act (2012), provide for the details and format of the Supplementary Budget and ensures that it includes a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

MDAs under the Committee's purview

The departmental Committee on Health oversights two state departments i.e.

i. **Vote 1082:** State Department for Medical Services
ii. **Vote 1083:** State Department for Public Health and Professional Standards

2.0 CHAPTER TWO

HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO.II OF FY2024/25

2. A summary of the changes is shown in Table 1.

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 2 2024/25	Gross Change	% Change from Original Estimates
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.60**	**3.85%**
1.1 Recurrent Budget Estimates	1,591,590.2	1,728,550.2	136,960.00	8.61%
1.2 Development Budget Estimates	641,166.2	590,080.0	(51,086.20)	(7.97%)
2.0 Consolidated Fund Services	**1,237,233.8**	**1,242,735.5**	**5,501.70**	**0.44%**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.30**	**2.63%**

Source: National Treasury

3. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% (Kshs. 85.87 billion) from the original budget which is within the 10% allowable threshold in accordance with Article 223 of the Constitution. The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.
4. Recurrent expenditures are proposed to increase by 8.61% (Kshs. 136.96 billion) whereas development expenditure decreases by 7.97% (Kshs. 51.1 billion). Finally, CFS has increased by 0.44% (Kshs. 5.5 billion). A summary of the changes is shown in Table 1

PROPOSED SUPPLEMENTARY ESTIMATES No. II FOR HEALTH SECTOR

Overall changes

5. The two state departments in the Ministry of Health i.e. State Department for Medical Services and State department for Public Health and Professional Standards budgets have been adjusted by supplementary no II. Table 2 below shows the overall allocation adjustments made to the Ministry of Health budget.

Table 2: Proposed changes in the Supplementary Estimates No.II of FY 2024/25(in Kshs millions)

State Department	Approved 2024/25			Revised Estimates			Proposed Change			% change Total
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	
State Department for Medical Services	64,242	27,739	**91,981**	76,513	24,151	**100,664**	12,271	(3,588)	**8,683**	9.44
State Department for Public Health and Professional Standards	22,586	4,289	**26,875**	27,316	4,639	**31,956**	4,730	350	**5,081**	18.90
Total Health Sector	**86,828**	**32,028**	**118,856**	**103,830**	**28,790**	**132,620**	**17,001**	**(3,238)**	**13,764**	**11.58**

Source: National Treasury

6. **Under Supplementary Estimates No. II, the Approved Estimates for the Health Sector have been revised from Kshs 118.9 billion to KShs.132.6 billion**. The revised estimates for the financial year 2024/25 comprise KShs.103.8 billion in current expenditure and KShs.28.8 billion in capital expenditures. This reflects an increase of Kshs17 billion in recurrent expenditure and Kshs 3.2 billion decrease in Development expenditure.

VOTE 1082 STATE DEPARTMENT FOR MEDICAL SERVICES SUPPLEMENTARY ESTIMATES No. II

7. The State Department will be implementing 4 programmes (vote 1082) as shown in the table. The programmes include National Referral & Specialized Services, Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH, Health Research and Innovations and General Administration.

Table 3: Changes in Approved Estimates for the State Department for Medical Services (Vote 1082) Programmes (in Kshs Millions)

Programmes	Approved Estimates			Revised Estimates			Changes in Estimates			%Change
	Rec.	Dev	Total	Rec.	Dev	Total	Rec.	Dev	Total	
National Referral & Specialized Services	44,995	10,505	55,500	51,266	4,940	56,206	6,271	(5,565)	706	1.3
Curative & Reproductive Maternal New Born	1,573	14,905	16,478	1,573	16,732	18,305	-	1,827	1,827	11.1

Child Adolescent Health RMNCAH										
Health Research and Innovations	3,125	280	3,405	3,125	430	3,555	-	150	150	4.4
General Administration	14,549	2,049	16,598	20,549	2,049	22,598	6,000	-	6,000	36.1
Total	**64,242**	**27,739**	**91,981**	**76,513**	**24,151**	**100,664**	**12,271**	**(3,588)**	**8,683**	9.4

Source: National Treasury

8. As shown in the table above, The State Department budget has been increased from Kshs 91.98 billion to Kshs 100.66 billion in the proposed supplementary II of FY 2024/25, The changes in the Financial Year 2024/25 Supplementary Estimates No. II are within the four programmes being implemented by the state department.

ADJUSTMENT TO RECURRENT VOTE

9. As illustrated in the table above, the resultant change to the recurrent budget adjustments is an increment of Kshs 12.27 billion.

Table 4: Major changes in recurrent expenditures (in Kshs millions)

Item	Approved	Net Change	Revised	Key areas of revision
Kenya Medical Supplies Authority(KEMSA)	5,207	1,500	6,707	Funds for recapitalization of KEMSA
Primary HealthCare Fund	4,100	3,000	7,100	Additional funds to enhance the benefits packages
The Emergency, Chronic and Critical Illness Fund	2,000	3,000	5,000	Additional funds to operationalize the fund
Moi Teaching and Referral Hospital	11,326	1,000	12,326	Additional funds to cater for PE shortfalls
KNH	19,370	1,971	21,341	Increase in AIA collection-Kshs 1.77 billion and Kshs 202 million from exchequer for PE shortfalls
KUTRRH	5,506	1,800	7,306,	Increase in AIA collection projections-Kshs 1.4 billion and Kshs 400 million from exchequer to cater for PE shortfalls
Headquarters Administrative and Technical Services	1,264	(6)	1,258	Kshs 202 million reduction from basic wages for temporary employees and Kshs 208 million increase to government pensions and retirement benefits

Source: National Treasury

The following are the key issues regarding the adjustments to the recurrent budget.

i. Kshs 1.5 billion increase to Kenya Medical Supply Agency for recapitalization of KEMSA. This is geared to ensure a 90% order fill rate and prevent Health Products and Technologies (HPTs) stock outs at KEMSA and health facilities. Further, there is need to ascertain the status of pending bills owed to KEMSA by counties

ii. Kshs 3 billion increased allocation to Primary HealthCare Fund. The current benefit package coverage under the primary healthcare fund has proved to be inadequate for patients. For instance, the Kshs 1,000 tariff for optical is insufficient to cover a household. With a Kshs 7.1 billion revised allocation to the fund, the benefit package should be reviewed.

iii. Kshs 3 billion increased allocation to Emergency Chronic Critical Illness Fund. The revised allocation to this Fund is Kshs 5 billion. The increased allocation necessitates review of benefits package and tariffs under critical illnesses services (admissions in HDU and ICU), accident and emergency services.

iv. There is an increase in AIA projection for Kenyatta National Hospital and Kenyatta University Teaching Research and Referral Hospital amounting to Kshs 1.7 billion and Kshs 1.4 billion respectively. This new revenue should address the personnel emoluments shortfalls in the referral facilities.

ADJUSTMENT TO DEVELOPMENT EXPENDITURE

10. The resultant effect of adjustments made to development expenditure is a reduction of Kshs 3.6 billion. This therefore revises the allocation to development for the State Department from Kshs. 27 billion to Kshs 24 billion. Notably, Kshs 5.5 billion million is a reduction from National Referral & Specialized Services while Kshs 1.8 billion is the proposed increment to Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH programme. The Key items affected by the adjustments are shown in table 5.

Table 5: Major Adjustments to Development Expenditure (in Kshs Millions)

Head	Approved FY2024/25	Change (Gok)	Change(Foreign)	Revised 2024/25	Remarks
East Africa's Centre of Excellence for Skills & Tertiary Educatio	1,300		(699)	601	Reduction in foreign funding
Intergrated Health Management Information System - BETA	50	340		390	Increased GoK funding for digitization of health facilities
Special Global Fund HIV Grant NFM3	4,033		(944)	3,088	Reduction by Global Fund
Special Global Fund HIV Grant-NFM4	-		949	949	New Global Fund programme(NFM4)
Human Vaccine Production - BETA	150	(150)		-	The project's budget has been reduced to zero impacting local manufacturing of human vaccine.

Head	Approved FY2024/25	Change (Gok)	Change(Foreign)	Revised 2024/25	Remarks
Acquisition of Speciliazed Medical Equipment CHP	2,000	(1,474)		525	Reduction impacts the provision of CHP kits
Upgrading and Equiping of Lusigetti Hospital Kikuyu	100	(100)		-	Project's budget reduced to zero
Construction and Equiping of Health Centres	400	(190)		220	List of affected projects to be provided
Construction and Equipping of Level 4 Hospitals	-	250		250	Piny Owacho-50m,Tiret-100m and Kesses-100m
Construction and Equipping of Level 5 Hospitals	-	100		100	Funds for construction of Ziwa hospital
Reproductive, Maternal, Neonatal Child & Adolescent Health Projec	-	-		1,800	New project
Susan Foundation Buffet Foundation			2,077	2,077	New project introduced by Treasury 'further' amendments

Source: National Treasury

The following are the Key issues arising from adjustments in development expenditure.

11. Supplementary no. II for the financial year 2024/25 proposes to reduce to zero funds for local manufacturing of human vaccines which is being spearheaded by Kenya Biovax. The justification/rationale used by the National Treasury and the Ministry of Health to affect this rationalization has not been provided. Local manufacturing of human vaccine is a BETA priority; however, the allocation has been rationalized to zero.

12. The supplementary budget proposes to allocate Kshs 350 million for construction of level 4 and 5 healthcare facilities. However, justification including need assessment for construction of these facilities has not been provided.

13. Intergrated Health Management Information System -BETA. This project targets to ensure 60 Level 2, 3, 4, 5, public health facilities implement the digital health. There is a need to provide a list of health facilities benefiting from this digitization agenda.

14. The supplementary estimates no. II proposes to reduce allocation to procurement of CHPs kits. The national government has been providing CHP kits and consumables for the 107,000 CHPs working in the 47 counties. This reduction will impact on the contractual arrangements under this project (between Medical Services and M/s Surgimed medical supplies co. Ltd of China). The IPA (between counties and MoH) required counties to ensure that kits are replenished with

required medicines and consumables while the MoH was to provide the kits and mobile gadget to support the national rollout.

15. There is need to interrogate the new projects in State Department for Medical Services. For Instance, expected outcomes and the foreign financier information for Susan Foundation Buffet Foundation project is lacking. There is also need to ascertain the geographical location of the proposed construction of health centres.

VOTE 1083: STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

Proposed Revised Allocations to State Department for Public Health and Professional Standards

16. The State department is charged with the role of developing policy on public health and sanitation; human resource development for health care workers; provide preventive and promotive health services; health education management; food quality, hygiene and nutrition; reproductive health; management of immunization policy; and HIV/Aids management.

Table 6: State Department for Public Health and Professional Standards supplementary No II estimates.

Programmes	Approved Estimates 2024/25			Revised Estimates			Changes in Estimates			
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	%change
Preventive and Promotive Health Service	4,844	3,838	8,682	5,542	4,251	9,793	697	413	1,110	12.8
Health resources development and Innovation	13,165	451	13,616	15,265	388	15,653	2,100	- 63	2,037	15.0
Health Policy, Standards and Regulations	3,981	-	3,981	4,164	-	4,164	183	-	183	4.6
General Administration	596	-	596	2,346	-	2,346	1,750	-	1,750	293.5
Total	**22,586**	**4,289**	**26,875**	**27,316**	**4,639**	**31,956**	**4,730**	**350**	**5,081**	**18.9**

Source National Treasury

17. Under Supplementary Estimates No. II, the Approved Estimates have been revised from Kshs. 26.88 billion to Kshs. 31.96 billion. The revised estimates for the state department comprise Kshs. 27.3 billion for recurrent expenditures and Kshs. 4.6 billion for development expenditure. This shows an increase in recurrent and development expenditures of Kshs 4.7 billion and Kshs 350 million respectively.

Table 7: Adjustments to recurrent estimates in the State Department for Public Health and Professional Standards (in Kshs millions)

Item	Approved 2024/25	Net Change	Revised	Key areas for revision
Headquarters Administrative Services	560	1,750	2,310	Additional funds under Article 223 of CoK for payment of salary arrears for national and county healthcare workers
Professional Standards Management	4,146	1,495	5,641	Funds to cater for basic wages for interns (Kshs 1.495b)
Kenya Medical Training College	8,561	500	9,061	Additional funds for KMTC student loan
Kenya Institute of Primate Research	375	105	480	Increase in AIA collection projection(Kshs5.8m) and Gok funding(99m)
Nursing Council Of Kenya	625	30	655	Increase in AIA collection projections(Kshs 30m)
Counsellors and Psychologists Board	30	6	36	Increase in AIA collection projections(Kshs6m)
Physiotherapist's Council of Kenya	116	(58)	58	Reduction in AIA collection projections from Kshs from 76 million to 18 million
Kenya Medical Laboratory Technicians & Technologists Board - KMLTTB		150	150	The Board's first exchequer/Gok funding
Health Records and Information Managers Board		25	25	The Board's first exchequer/Gok funding

Source: National Treasury

The following are the key issues regarding the adjustments to the recurrent budget.

18. On 24/12/2024 the state department received disbursement amounting to Kshs 1.75 billion (under Article 223 of the constitution). The National treasury disbursement schedule indicates that the funds caters for salary arrears for county and national medical officers. However, the number of the medical officers benefitting from these funds has not been provided. Further, the framework used to transfer the money to counties has not been provided.
19. The Kshs 1.49 billion has been allocated to internship program. There is need to ascertain the number/cohort of interns supported by the state department.

Annex 3: Compendium of Departmental Committee Reports on Supplementary Estimates II for FY 2024/25

20. Physiotherapists Council of Kenya projects a reduction in AIA collection amounting to Kshs 58 million. The Committee need to interrogate the circumstances resulting to this reduction and impact on Council's schedule of activities in the 2024/25 financial year

ADJUSTMENT TO DEVELOPMENT

21. The total increment to development expenditure in the State Department for Public Health and Professional Standards amount to Kshs. 350 million. The proposed adjustments are on the following projects.

Table 8: Adjustment to development expenditure

Project	Approved Estimates	Net Change	Foreign	Revised Estimates	Remarks
Construction of Tuition Blocks and Laboratories at KMTC	15	46		62	Funds for Ijara Kmtc(kshs11.2m) and Suba KMTC(50.2m)
Equipping of Laboratories and Classrooms at KMTC	165	(41)		124	Reduction from Navakholo,Samburu,Marsabit,Ikolomani,Marimanti,Mandera and Tot Kmtc.
Building Resilience and Responsive Health System Project	-		300m	300	This is a World bank funded project. Kshs 100 million is capital grants to KEMSA.
Special Global Fund Malaria Grant-NFM4	-		800	800	New Special Global Fund Program
Special Global Fund TBGrant-NFM4	-		578	578	New Global-TB programme
Department of Health Systems Strengthening NFM4			726	726	New programme to ensure 90% of TB cases are treated
Public Participation Projects	311	(77)		233	The reduction affects public participation projects ie KMTCs and dispensaries
Central Radioactive Waste Processing Facilities	100	(25)		75	Targeted 40% completion rate revised to 35%

Source: National Treasury

The following are the key issues regarding the adjustments to the development budget.

22. The supplementary budget proposes to reduce the public participation budget by Kshs 77million for the financial year 2024/25. The reduction affects KMTCs and Dispensaries proposed for construction and upgrading in the financial year 2024/25.

23. The Central Radioactive Waste Processing Facility is a new project for Kenya Nuclear Regulatory Authority (KENRA). Once complete, the facility will generate AIA for the Authority through safe treatment and storage of radioactive waste. The goal may not be achieved with the proposed budget rationalization.

24. There is need to ascertain new financing framework including timelines under the new Global Fund programmes (NFM4). There is no domestic Gok support to procurement of Anti TB drugs not covered under Global Fund. This is a risk to the sustainability of this strategic programmes since domestic allocation is expected to bridge the financing gap left by donors by the year FY 2027/28.

3.0 CHAPTER THREE

SUBMISSIONS BY MINISTRY OF HEALTH STATE DEPARTMENTS AND AGENCIES (MDAs)

STATE DEPARTMENT FOR MEDICAL SERVICES

25. Mr. Harry Kimutai, CBS, Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for medical services to present their Supplementary Estimates No. II for FY 2024/2025 on Thursday, 6th March 2025. The Principal Secretary submitted as follows:

26. The Principal Secretary voiced his appreciation for your continued support to the State Department for Medical Services in addressing various issues related to health in an effort to enhance service delivery to Kenyans.

27. The State Department prepared and submitted Supplementary Estimates No. II for FY 2024/25 in line with guidelines from the National Treasury. Meaningful to note, the requests made for budgetary allocations in supplementary were geared towards enhancing health service delivery to provide the State Department budget implementation status for the first half of FY 2024/25 and submit Supplementary Estimates No. II requests for the Committee consideration and approval of adequate resources for State Department for Medical Services.

UNIVERSAL HEALTH COVERAGE

28. The State Department envisions "A healthy, productive and globally competitive nation" achieved through eight (8) policy orientation areas, six (6) strategic objectives under the principles of equity, efficiency, and people-centered with a multi sectoral approach as outlined in the Kenya health policy (2014-2030). The State Department is also committed to achieving Universal Health Coverage through; Digitization of Health services, Health Commodities security and Health financing reforms to realize affordable quality health services to the citizens. The Universal Health Coverage (UHC) system built on three pillars as follows:

    a) Publicly financed primary healthcare (preventive, promotive, outpatient & basic diagnostic services), that gives patients a choice between public, faith based and private providers, based on a regulated tariff.

    b) Universal seamless social health insurance through a mandatory National contributions and private insurance as complementary covers.

    c) National fund for chronic and catastrophic illness and injury costs not covered (or with very restrictive cover) by insurance (cancer, diabetes, strokes & accident rehabilitation, pandemics) to be funded by combination of insurance levy and Government.

29. The State Department for Medical Services draws its mandate from Executive Order No. 1 of January 2023 and more recently Executive Order No. 2 of November 2023.

30. The State Department for Medical Services has four programmes within which budget implementation is undertaken. The table below indicates the programmes that are geared towards achievement of its core mandate.

Table 1: Programmes and their Objectives

Programme	Outcomes	Programme objectives
Programme 1: National Referral and Specialized Service	Increased access, Quality and range of specialized health care services	To increase access and range of quality specialized healthcare services
Programme 2: Reproductive, Maternal, New Born Child Adolescent Health Services (RMNCAH)	Reduced morbidity and mortality due to preventable causes	To increase access to quality Curative and Reproductive health care services
Programme 3: Health Research and Innovations	Increased knowledge and innovation through capacity building and research	To increase capacity and provide evidence for policy formulation and practice
Programme 4: General Administration	Effective governance and leadership mechanisms strengthened.	To offer governance and enabling services for service delivery

Directorates under the State Department for Medical Services

31. The State Department for Medical Services has the following Directorates;

1. Directorate of Family Health;
2. Directorate of Health Products and Technologies;
3. Directorate of Curative and Nursing Services;
4. Directorate of Policy, Digital Health and Innovations;
5. Directorate of Administration and Support Services

Semi-Autonomous Government Agencies under the State Department for Medical Services

32. The State Department has Twelve SAGAs as follows;

i. Kenyatta National Hospital (KNH)
ii. Mwai Kibaki Teaching and Referral Hospital -Othaya
iii. Moi Teaching and Referral Hospital (MTRH)
iv. Kenyatta University Teaching Referral and Research Hospital (KUTRRH) & Gatundu Hospital
v. The Mathari National Teaching and Referral Hospital (MNTRH)
vi. Digital Health Agency (DHA)
vii. National Cancer Institute of Kenya (NCI-K)
viii. Kenya Medical Supplies Authority (KEMSA)
ix. Kenya Medical Research Institute (KEMRI)
x. Social Health Authority(SHA)
xi. National Syndemic Disease and Control Council (NSDCC);
xii. Kenya Bio-Vax Institute Limited;

The Implementation Status of the Financial Year 2024/25 budget as at 31st December 2024

33. The State Department has within the first half of the financial year been able to absorb **42%** of the budget. The Approved Budget Estimates for the State Department for Medical Services in the FY 2024/25 amounts to **Kshs.92Billion.** This comprises of **Kshs.64.2Billion** and **Kshs.27.7Billion** for Recurrent and Capital expenditures respectively. The overall absorption rate for the first half allocation against the approved budget is as shown in the table below;

Table 1: Absorption Rate

Description	**Approved Budget FY.2024/25**	**Actual expenditure as at 31st December, 2024**	**Absorption Rate as at 31st December ,2024**
	(Kshs Millions)		**%**
Recurrent	64,242.35	34,690.87	54
Development	27,739.03	11,682.56	42.12
Total	**91,981.38**	**46,373.43**	**50.41**

Programme Performance for Recurrent and Development for FY 2024/25

34. The breakdown of the expenditure analysis both for Recurrent and Development per Programme has been attached in this report.

Highlight of the Variations on Approved Budget for FY.2024/2025 by Programme

35. The National Treasury Circular No. 14/2024 of Ref: ES 01/02'L' (17) dated 13th December, 2024 provided the guidelines for the second revision of the FY 2024/25 Supplementary Estimates No. II. The State Department prepared and submitted the Supplementary Estimates in accordance with the Treasury Circular.

36. The State Department appreciates the proposed additional provision under both Recurrent and Development in the following areas;

i. Government Pension and Retirement Benefits- **Kshs.208Million**
ii. Grants and other Transfers to cater for PE Shortfall in (KNH-1.9Billion, MTRH - 1.8Billion, and KUTRRH-1.4Billion) - **Kshs.4.7Billion** provided for under Article 223 of the Constitution.
iii. Kenya Medical Supplies Agency – **Kshs.1.5 Billion** being recapitalization of KEMSA.

iv. Primary Health Care fund **Kshs. 3Billion**
v. The Emergency, Chronic and Critical Illness fund –**Kshs.3Billion**

Table 2: Summary of Budget Variation

Name of the Programme	**Approved Supplementary Budget No.1 (Kshs. Millions)**	**Approved Supplementary Estimates no.11 (Kshs. Million)**	**Variation (Kshs. Million)**
0402000 National Referral & Specialized Services	55,499,79	56,205.62	705.83
410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	16,477.83	18,304,92	1,827.09
0411000 Health Research and Motivations	3,405.45	3,555.45	150.00
0412000 General Administration	16,598.31	22,598,31	6,000.00
Grand Total	**91,981.38**	**100,644.31**	**8,682.93**

Revised schedule of outputs and performance targets

37. The revised schedule on outputs and performance targets is highlighted under Annex 1(Copy *attached)*

Expected Impact of budget revisions on Capital Projects

38. The expected impact of budget revision on capital projects are shown in **Annex 2***(Copy attached)*

Money withdrawn as per Article 223 of the Constitution

i) Kenya Medical Supplies Authority (KEMSA) –Kshs. 1,500,000,000

39. The National Treasury vide letter Ref: DV/ES1082/24/01'A' (66) dated 28th November, 2024 granted approval of additional funding amounting to **Kshs.1.5Billion** to KEMSA for recapitalization under article 223 of the Constitution pending regularization in the FY2024/25 Supplementary Estimates No. II. KEMSA has not yet received the funds the funds from The National Treasury as at 5th March, 2025. *(Copy attached)*

ii) Kenya Covid-19 Health Response Project–Kshs. 800,000,000 LOAN AIA

40. The National Treasury vide letter Ref: DV/ES 1082/24/01'A' (43) dated 27th September,2024 granted approval under article 223 of the Constitution additional funding of **Kshs.800Million** under Loan AIA to procure cold chain equipment for vaccine storage. The funds have so far been fully utilized as the project is coming to an end by 31st March, 2025.

REQUEST FOR ADDITIONAL FUNDING – RECURRENT VOTE

41. The State Department wishes to bring to the attention of this Committee emerging priorities as highlighted below for consideration to ensure that the planned activities and programmes are achieved as expected. The budget implementation for FY2024/25 is experiencing challenges as a result of budget cuts in Supplementary Estimates No. 1 which is affecting the State Department's ability to implement key programmes in the Recurrent Budget. They Include;

i) Operations and Maintenance – Kshs. 350,000,000 –

42. These funds are for General Administration and Support services programs. The funds are expected to cater for foreign travel for the Cabinet and Principal Secretary offices given Kenya was handed over Chairmanship of East Africa Community (EAC) and therefore as directed by Chief of Staff and Head of the Public Service vide letter Ref SH/GM/12 Vol. II (2) dated 13th December, 2024 the Cabinet and Principal Secretary are directed to participant in all EAC meetings applicable to Health Sector. Currently the State Department has zero allocation on foreign item to facilitate such kind of attendance. The additional funds will also provide for fuel, boards, conferences and domestic travel.

ii) Training – Kshs. 200,000,000

43. These funds are required to cater for training expenses for graduates, interns and other health personnel and settlement of pending fee payments to several Universities.

iii) Legal fees – Kshs. 142,200,000

44. The State Department is Requesting for Kshs.142 Million additional Funding to Pay External Counsel Engaged to Represent the Ministry of Health in High Court Case No. HCCHRPET/E473/2023 Aura Joseph Enock Vs Ministry of Health on Implementation of Social Health Insurance Act, 2023, Primary Health Care Act, 2023, And Digital Health Act, 2023.

iv) National Syndemic Diseases Control Council (NSDCC) – Kshs. 200,000,000

45. NSDCC requesting for a recurrent grant of Kshs.100Million that was not remitted to NSDCC in the FY 2023/24 to cater for staff gratuity, rent obligations and other contractual services rendered. Additionally, Kshs.100Million will be utilized under Harm reduction programme to reduce the burden of HIV, TB, and HCV while promoting health equity and economic productivity.

v) KEMRI Personnel Emolument (PE) and Pension Benefit Deficit – Kshs.800 Million

46. KEMRI has a PE and Pension Benefit Deficit of Kshs.800 Million. The State Department had requested the National Treasury to consider funding in the Supplementary Estimates No.II for 2024/25, however this was not considered we therefore request the Committee to consider providing Kshs.800 million to KEMRI to ensure the institute continues to fulfill its essential obligations.

vi) KEMRI Welcome Trust Research Programme Transition- Kshs. 100,000,000

47. KEMRI intends to transition its employees from the KEMRI Welcome Trust and University of Oxford Programme in accordance with the memorandum of agreement signed on the 27th November, 2024. The transition process is critical to ensure for the Institute's financial independence and operational sustainability. KEMRI will require an annual budgetary allocation of Kshs. 200M over the next five years to cater for the transition of key personnel. In FY2024/25 the costs required is projected to be Kshs.100Million.

vii) Research and Development funding – Kshs. 562,000,000

48. KEMRI's Development budget was rationalized to zero in Supplementary Estimates No.1 FY2024/25 thus the institute is unable to implement its ongoing research projects as well as the already pipelined projects. This rationalization has greatly affected the continuity and ultimate completion of research projects. KEMRI also requires Kshs. 50M to fence the Eldoret land, Kshs.50M for Research Cancer Centre at Kirinyaga and additional Kshs.45M to develop Taita Taveta laboratories.

Vii) Digital Health Agency (DHA) - Kshs. 423Million

49. Digital Health Agency is requesting for an additional amount of **Kshs. 423M**. The Agency is new and therefore, they are in the process of developing its HR instruments, Key Policies and Strategies. It has recently acquired an office space at the SHA building and needs office preparation like partitioning, furniture and fittings and office equipment and stationery. It is also in the process of Developing ICT Strategy, ICT, policy strategy and security manual, website Development, Data protection Agreements and other Incidental Agreements.

viii) **Mwai Kibaki Teaching & Referral Hospital Othaya- Kshs. 15,000,000**

50. Mwai Kibaki Teaching and Referral Hospital Othaya was established as semi-autonomous entity through Legal Notice No.148 in Kenya Gazette Supplement No.173 dated 20th September, 2024. The Hospital has since constituted board member; however, the Hospital has no provision for board allowance. We therefore, request additional funding of **Kshs.15 million** for board allowance for the Hospital for the half year.

REQUEST FOR ADDITIONAL GoK FUNDING – DEVELOPMENT VOTE

51. The State Department is also experiencing challenges in implementing its projects due to the proposed budget cuts in Supplementary Budget No.1 and we are hereby requesting for additional funding under Development budget as follows;

i) Restatement of Family Health and HIV funding and additional funding of Kshs.500million for Vaccine Programme -

52. In the Supplementary Estimates I of FY2024/25 funding under Family Health and HIV programme were rationalized. The State Department is requesting for reinstatement of those funding and additional funding of **Kshs.500million** for Vaccine Programme in the Supplementary Estimates No. II FY 2024/25.

ii) Reinstatement of Funds for various Health Centers – Kshs. 410Million

53. In the Supplementary Estimates II of FY2024/25 funding under Construction and Equipping of Health Centers projects were rationalized. The State Department is requesting for reinstatement of the **Kshs.410million** as some of the projects have been initiated and contracts awarded for construction and equipping.

iii) Digital Health Platform Project – Kshs. 150,000,000

54. The project had an allocated **Kshs.200Million** in the Printed estimates FY2024/25 which was rationalized to Kshs. 50Million in the Supplementary Estimates No. I FY 2024/25. The State Department is therefore requesting this committee to reinstate **Kshs.150Million.**

iv) Kenyatta National Hospital (KNH) - Kshs. 202,068,100

55. The Hospital is in short supply of patient linen due to unavailability of funds to procure the commodity cause partly by budget rationalization in FY2024/25. The shortfall has had

profound implications with far -reaching ramifications on the hospital operations and clinical outcomes.

v) Request for Additional Funding for Kenyatta University Teaching, Referral and Research Hospital (KUTRRH) – Kshs. 150,000,000

56. KUTRRH requires **Kshs. 100,000,000** for Cancer center extension project in Supplementary II to settle pending dues to the contractor this will enable the project to resume since the contractors suspended the remaining work due to non-payment. In addition, **Kshs. 50,000,000** is required to settle pending payment for Gatundu Level 5 Hospital Tower in order to allow seamless conclusion and handover of the project.

vi) Mathari National Teaching Referral Hospital (MNTRH) Kshs. 450,000,000

57. MNTRH had a Development Budget allocation of **Kshs 550Million** that was partly budgeted towards construction of the Out-Patient Department (OPD). However, the State Department did not receive exchequer funding to settle payment certificates for the works done. In the FY2024/25 budget, MNTRH has a Development Budget allocation of **Kshs 50Million**. This is insufficient to cater for payment of the construction of the OPD. The Hospital therefore seeks an enhancement of the development budget to enable completion and equipping of the OPD. Towards this, the Hospital requests for additional **Kshs 450Million**.

vii) Kenya Medical Supplies Authority (KEMSA)- Kshs. 500,000,000

58. The additional funding of Kshs. 1.5 Billion for KEMSA will significantly enhance the Authority's capacity to improve its order fill rate and overall service delivery. However, the optimal request to stabilize the Authority was **Ksh.2 billion**, therefore The State Department is requesting for additional funding of **Kshs.500million** for recapitalization in FY2024/25 Supplementary Estimates No. II.

viii) National Blood Transfusion Services- Kshs. 500,000,000

59. The State Department is requesting for additional funding of **Kshs.300Million** to cater for operation of blood collection and pay some of historical pending payment under the blood programme. In addition, the State Department is requesting for **Kshs.200 Million** to procure stationary and mobile medical blood donor couches.

ix) Payment of pending bill for COVID-19 Vaccines- US$64.037.756.68

60. Kenya entered into contract to provide vaccine for Covid-19 by AVAT valued at US$ 64 Million but were never delivered and were eventually destroyed by the Manufacturer. As stipulated in the contract Kenya is obligated to pay for the vaccine (attached AVAT outstanding obligation).

x) Presidential Directive Projects – Kshs.700 Million

61. The State Department had received numerous directive from the office of the President to consider construction and equipping of Health Centre and County Hospitals across the Country. Among those project the State Department is requesting the Committee to consider funding of the following projects listed below: -

a. Ziwa Sub-County Hospital- Kshs.287.75Million
b. Tiret Sub-County Hospital – Kshs.287.75Million
c. Kesses Sub-County Hospital –Kshs.124.5 Million

REQUEST FOR ADDITIONAL FUNDING FOR EXTERNALLY FUNDED PROJECTS

i) Request for additional Funding under the Kenya Covid-19 Health Response Project of Kshs. 2,000,000,000

62. Kenya Covid-19 Health Response Project is requesting for an additional funding of Kshs.of **Kshs. 2,000,000,000** for the ongoing procurement of Medical Supplies, Blood Reagents and Installation of Incinerators before the completion of the project slated to end by 31st March, 2025.

ii) GESDEK – Kshs.700million

63. Gesdek project closed with pending payments which was disbursed by the development partner however not released by the National Treasury to clear pending claims. Therefore, the State Department is requesting the National Treasury to provide additional funding in the Supplementary Estimates No. II FY2024/25.

iii) Acquisition and installation of LINAC project by Kenyatta National Hospital (KNH)- Euro 10 million equivalent of Kshs.900Million

64. The National Treasury granted approval of **Kshs.900 million** loan from Australian Government for procurement of equipment pending regularization in the Second Supplementary Estimates No. II FY2024/25.

REQUEST FOR BUDGET ALIGNMENT – Kshs.600Million

65. The State Department request for budget alignment by rationalization of the Development vote by Kshs.600million from the following budget heads: -

a) 1082101401- NASCOP- Kshs.300 million
b) 1082103801- Vaccine Programme – Kshs.200 million
c) 1082106001- Acquisition of CHP- kshs.100 million

66. The Rationalized amount of Kshs. 600 million to be allocated to Mathari National Teaching & Referral Hospital (MNTRH) recurrent transfer to procure hospital essential commodities and services. The current allocation in the FY 2024/25 to MNTRH was utilized as first charge to pay for pending bills due to lack of exchequer that was not received in FY2023/24.The State Department for Medical Services proposals for Supplementary Estimates No. II for FY 2024/25. I thank this honorable committee for granting us the opportunity to present our proposals and look forward to your favorable consideration.

STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

67. Ms. Mary Muthoni Muriuki, CBS, the Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for Public Health and Professional Standards to present their Supplementary Estimates No. II for FY 2024/2025 on Friday 7th March 2025 and submitted as follows:

68. The Health Sector has made tremendous improvement in health systems strengthening. One notable thing is that the focus has been mainly on curative health and less investments continues to be made in preventive health. This is contrary to the public views during the budget making consultations, the public insists that the Government should invest more in prevention. It is a matter of fact that "prevention is better than cure", it is also important to note that 1 USD used in preventive health saves 9 USD in curative health.

69. To this end and to ensure sustainability in health service delivery, I wish to appreciate the decision by H.E. the President in creating the State Department that focuses on preventive health and enhancing profession standards of healthcare workers. It is therefore incumbent upon the Health Sector to re-focus and change bias from curative to preventive health care as envisaged in Kenya Vision 2030. This Committee and Parliament in general also has a critical role to play in budgetary allocation to ensure the State Department is able to deliver on critical mandate of preventive healthcare.

70. In this current budget period FY2024/2025, the State department is focusing on implementation of programmes/projects under the umbrella of Bottom-up Economic Transformation Agenda (BETA) to ensure quality health provision. This includes: public health management; disease surveillance and emergency response; preventive and promotive healthcare; management of health professions and enhancing capacity of the human resources for health and allied health professionals to bridge the gap of core healthcare workers per population, health policy formulation; regulation for quality assurance and provision of strategic interventions that include malaria, TB and nutrition services among other priorities.

71. Turning to budgetary allocations in regards to the FY 2024/25, the Health sector has a total allocation of Kshs.126.1 billion out of which Kshs. 31.91 billion has been allocated to the State department for Public Health and Professional Standards which translates to 25.31% of the Sector allocation. We acknowledge the need to invest in curative health but we believe investments in preventive health needs to be increased because by reducing preventable diseases and empowering the people to take control of their health. We shall ensure a sustainable financing model of health care in this Country.

72. Having recognized this Committee as an important stakeholder in achieving our mandate and being cognizant of the current economic situation in the Country, I will later in my presentation make a request for your consideration to allocate an additional **Kshs. 8,042,143,100** to finance some key areas that are under/not funded in this current financial year's budget. These include: additional resource allocation to the stipends payable to Medical Interns; Administrative costs on the implementation of the payments of stipends to Community Health Promoters; Coordination of the establishment of the Primary Health Care(PCNs),Port Health Services; National Emergency & Preparedness; Disease Surveillance; Kenya National Public Health Institute; operationalization of the Kenya Health Human Resource Advisory Council (KHHRAC); National Quality Control Laboratories; National Laboratories Services; Health Sector Research and Development; Neglected Tropical Diseases; Clinical Waste Disposal Systems; Health Promotion and Education Management; Health Sector Coordination &

Intergovernmental Relations; Dietetics Services Improvement; Completion of the ongoing Construction of the Examination Centre at KMPDC and Radiation Protection Project.

73. The State Department comprises of five (5) Directorates namely: Public Health and Sanitation; Primary Health Care; Health Standards, Regulations and Quality Assurance; Health Sector Coordination and Research; and the Administration Services. The State Department also has Twenty Semi-Autonomous Government Agencies under it. The State Department's Vision, Mission, core values and Strategic Objectives are highlighted below.

74. A nation free from preventable diseases and ill health too build a resilient, responsive and sustainable health system for accelerated achievement of Universal Health Coverage whose Core Values are

i. People first
ii. Result oriented
iii. Professionalism
iv. Integrity
v. Inclusiveness
vi. Teamwork
vii. Equity and Equality
viii. Accountability.

75. The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all." Under Strategic Objectives for public health and professional Standards Sector. The Sub-Sector objectives are as stated in the health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. They include;

i. To strengthen the institutional framework for effective delivery of Primary Health Care Services
ii. To eliminate communicable diseases
iii. To reduce and reverse the rising burden of non-communicable conditions Mental health and substance use disorders
iv. To Strengthen health promotion, education and advocacy at all levels
v. To Improve health and wellbeing of the population Maternal Infant and Young Child Nutrition
vi. To Improve nutrition management in diseases and conditions
vii. To strengthen standards in the health sector.
viii. To promote continuous quality improvement in delivery of healthcare services.
ix. To strengthen policy, regulation and legislation
x. To foster partnerships and health sector coordination.
xi. To ensure an available competent, responsive, and productive health workforce.

Mandate/Functions of the State Department for Public Health and Professional Standards

76. The functions/mandate for the State Department for Public Health and Professional Standards, its Directorates and Agencies based on the Executive Order No. 2 of November 2023:

i. Public Health and Sanitation Policy;
ii. Preventive and Promotive Health Services;
iii. Policy on Human Resource Development for Health Care Workers;
iv. Health Education Management;

v. Food Quality, Hygiene and Nutrition Policy;
vi. Quarantine Administration;
vii. Radiation Policy;
viii. Administration of the legal and institutional framework for the control of the production, manufacture, sale, labeling, advertising, promotion, sponsorship and use of tobacco products;
ix. Control and Management of Tuberculosis (TB) and other lung diseases; and Malaria Control and Management; and
x. Control and Management of Leprosy

Directorates

Public health and sanitation

77. The mandate of the Directorate of Public Health and Sanitation is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks pertaining to provision of Public Health and Sanitation services in collaboration with other relevant stakeholders. This is composed of five (5) Divisions namely: Disease surveillance, National Emergency and preparedness, Environmental Health & Sanitation, National laboratory services, and Port health.

Primary Health Care

78. The mandate of the Directorate is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks on preventive and promotive health services, prevention of communicable and non-communicable diseases, Mental health and wellness, accidents and injuries; health education and promotion in collaboration with other relevant stakeholders. This is composed of nine (9) divisions namely: Malaria Control & Management, Drug Control and Substance Abuse, TB& Other Lung Diseases, Health Promotion and Education Management, Health & Wellness, Community Health, Primary Care Networks, School Health and Nutrition & Dietetics.

Health Standards, Regulation and Quality Assurance

79. The mandate of the Directorate is to formulate, review and oversee implementation of policies on health standards, quality assurance and regulatory health services.

80. This is composed of four (4) Divisions namely: Health Policy &Regulation, Health Standards & Compliance, and Human Resource for Health & Professional Standards and Health Sector Monitoring & Quality Assurance

Health Sector coordination and Research

81. The mandate of the Directorate is to coordination, engagement and involvement of Government Ministries, Agencies, Departments; County Governments; Foreign governments, non-state actors and stakeholders in the formulation, review, implementation and monitoring of health-related policies, programs and projects. This is composed of three (3) Divisions namely: Health Sector Coordination and Intergovernmental Relations, International Health Relations and Health Sector Research & Development

Administration Services

82. The functions of Administration involve the development and maintenance of internal monitoring systems and procedures, as well as the creation and implementation of annual administrative work plans and programs. Additionally, administration oversees the planning and budgeting for administrative functions, coordinates national government functions and

policies, and provides strategic leadership and policy direction for effective implementation of government policies. Furthermore, administration is responsible for providing general guidance on national security coordination, coordinating the provision of agency services to other government departments and institutions, and ensuring the security of government property, assets, facilities, and inventory. This is composed of eight (8) Divisions namely: Human Resource Management and Development, Central Planning and Project Management Unit, Finance, Accounts, Public Communication, ICT, Legal and Supply Chain Management.

1.1 Semi-Autonomous Government Agencies (SAGAs) & Mandates

S/No.	SAGA's	Mandate
1.	Kenya Medical Training College (KMTC)	Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya as amended by Act No.5 of 2019). The College is mandated with the role of training of the various health disciplines, to serve Kenya and beyond. The College has a population of over 62,807 students in 74 campuses spread across 44 counties in the country. The College contributes 85% of the local mid-level healthcare workforce.
2.	Kenya Nuclear Regulatory Authority (KENRA)	The Kenya Nuclear Regulatory Authority (KENRA) is a State Corporation, established on 10th January 2020, by the Nuclear Regulatory Act, 29 of 2019.It is mandated to ensure the safe, secure and peaceful use of nuclear science and technology and provide for the protection of persons, property and the environment against the harmful effects of ionizing radiation through the establishment of a system of regulatory control.
3.	Kenya Medical Practitioners & Dentists' Council	The Kenya Medical Practitioners and Dentists Council is established under Section 3 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. The mandate of the Council is to regulate the practice of medicine, dentistry and health institutions in the country. This Act was enacted by Parliament in 1977 and came into operation on 1st January 1978.
4.	Kenya Health Human Resource Advisory Council (KHHRAC)	The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country.
5.	Kenya Health Professions Oversight Authority (KHPOA)	The Kenya Health Professions Oversight Authority is a corporate body created by part VI of the Health Act no. 21 of 2017 with the mandate of providing oversight in training, registration and licensing of health professionals; coordinating joint health inspections; receiving and facilitating resolution of complaints and arbitrating disputes and conflicts; and monitoring execution of respective mandates and functions of health regulatory bodies. It has

		been categorized by the State Corporation Advisory Council (SCAC) as a Regulatory Corporation category PC 6.
6.	Nursing Council of Kenya (NCK)	The Nursing Council of Kenya (NCK) is a regulatory body under the Ministry of Health established on 10th June 1983 by an Act of Parliament under the Nurses Act Chapter 257 of the Laws of Kenya. It is mandated to make provision for the training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes
7.	Clinical Officers Council (COC)	The Clinical Officers Council was established under the Clinical Officers Act, Cap 260. The Act was assented on August 24, 1988 and repealed in 2017 and replaced by Act No 20 of 2017. The mandate of the Council is to make provision for the training, registration, and licensing of clinical officers, regulate their practice, and for connected purposes.
8.	Kenya Medical Laboratory Technicians & Technologist Board (KMLTTB)	The Medical Laboratory Technicians and Technologists Act was assented on January 6, 2000, and commenced on December 22, 2000. The mandate of KMLTTB is to provide for training, registration and licensing of medical laboratory technicians and technologists.
9.	Kenya Nutritionist & Dieticians Institute (KNDI)	The Kenya Nutritionists & Dieticians Institute (KNDI) was established to provide for training, registration, and licensing of nutritionists and dieticians; to provide for the registration of the standards and practice of the profession; to ensure their effective participation in matters relating to nutrition, dietetics; and for related purposes under the Nutritionists & Dieticians Act No. 18 of 2007.
10.	Public Health Officer & Technicians' Council	The Public Health Officers and Technician's Council is a statutory body established under the Public Health Officers (training, registration and licensing) act no. 12 of 2013 to regulate training registration and licensing of public health officers in Kenya. The mandate of the council is to; exercise general supervision and control over training, practice and employment of public health officers and technicians in Kenya and to advise the government to all aspects thereof.
11.	Pharmacy & Poisons Board (PPB)	The Pharmacy and Poisons Board (PPB) was established under Cap 244, of the Pharmacy and Poisons Act 1957 and last revised in 2009. The mandate of the Board is to: make provision for the control of the profession of pharmacy and the trade in drugs and poisons; regulate and register pharmacists Authorizing pharmacists to sell medicines and related products, as well as for remedial measures in cases of violation of professional conduct and discipline.
12.	Tobacco Control Board (TCB)	Tobacco Control Board is established under Section 5 of Tobacco Control Act 2007. Its mandate includes advising the Minister on the national policy to be adopted with regard to the production, manufacture, sale, advertising, promotion, sponsorship and use of tobacco and tobacco products.
13.	National Quality Control Laboratory (NQCL)	The National Quality Control Laboratory was established in 1992 as a body corporate, under the Pharmacy and Poisons (Amendment) Act of 1992 (Cap 244, Laws of Kenya). It was

		prequalified by World Health Organization (WHO) in 2008. NQCL is mandated to carry out the examination and testing of drugs and any material or substance from or with which and the manner in which drugs may be manufactured, processed or treated and ensuring the safety and quality control of drugs and medicinal substances; (b) performing chemical, biological, bio-chemical, physiological and pharmacological analysis and other pharmaceutical evaluation; and (c) testing, at the request of the Board and on behalf of the Government, of locally manufactured and imported drugs or medicinal substances with a view to determining whether such drugs or medicinal substances comply with this Act or rules made thereunder.
14.	Physiotherapist Council of Kenya	The Physiotherapist Council of Kenya is established under the Physiotherapist Act no. 20 of 2014 to regulate the Training, Registration, and Licensing of physiotherapists in Kenya.
15.	Health Records & Information Managers Board	Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, 2016 (No. 15 of 2016) and amendments provided for in the Health Laws (Amendment) Act, 2019. The Board is mandated to regulate training, registration, licensing and practice of Health Records and Information Managers.
16.	Counsellors & Psychologist Board	The Counsellors and Psychologist Board is established under part 2 of the Counsellors and Psychologist Board Act, 2014 (No. 14 of 2014). The Act provides for the training, registration, licensing, practice and standards of Counsellors and Psychologists
17.	The Kenya National Public Health Institute	The Kenya National Public Health Institute was established under CAP 446 Laws of Kenya and came into operation under Legal Notice no.14 on 21st Jan 2022. It is mandated to establish mechanisms to facilitate quick detection of outbreaks and emergencies; Conduct vulnerability and risk assessment, and mitigate various health-threatening issues in collaboration with non-health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations.
18.	Kenya Hospital Authority Trust Fund	The Kenya Hospital Authority Trust Fund (KHATF) was established in 1968 by the then, Minister of Health through a Trust Deed in exercise of the powers conferred upon the Minister by National Hospital Insurance Fund Act of 1966 Section 42(3). The objective of the fund as spelt out in section 1 of the Trust Deed was the "furtherance of medical education in association with the University College of Nairobi".
19.	Occupation Therapy Council of Kenya	The Occupational Therapy Council is established under the Occupational Therapists (Training, Registration and Licensing) Act No. 31 of 2017. The mandate of the Council is to regulate the training, registration, licensing and the practice of occupational therapists.

20.	Kenya Institute of Primate Research (KIPRE)	The Kenya Institute of Primate Research (KIPRE; formally, Institute of Primate Research) is a biomedical research facility which has existed since 1958. KIPRE ethically utilizes non-human primates and other experimental animals for research resulting in the production and commercialization of vaccines, drugs, therapies, medical interventions and services to improve human health. It is located in Karen with research focusing on Tropical and infectious diseases, Reproductive Health and Biology; Non-communicable diseases; Phage therapy for microbial resistance, Snake bite research and intervention and One-Health research on emerging pathogens and diseases that involve Human, Wildlife, Livestock and the Environment. KIPRE is established vide Legal Notice no. 273 (ST& Act no. 28 of 2013). Furthermore, KIPRE's research capacity and compliance with international best practices has enabled it gain recognition by United States National Institutes of Health Office of Laboratory Animal Welfare, accredited by African Network for Drug and Diagnostics Initiative (ANDI) as center for drug development and testing, recognized as a World Health Organization (WHO) Collaborating Centre and the facility is accredited by the American Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC). KIPRE was recently certified for Good Financial Grant Practices (Silver Medal) and it's the first in the entire African Continent to achieve this compliance. The research capacity at KIPRE and its international acclaim offers the institution a solid foundation to operate as a premier biomedical research facility in Kenya and Africa.

State Department Programmes' and Objectives

83. The State department has four programmes that will be used to implement its budget.

Table 1: Budget Programmes

Programme	Objectives	Outcome
Programme 1: Preventive and Promotive Health Services	To increase provision of quality Promotive and Preventive Health Care	Reduced disease burden due to preventable causes
Programme 2: Health Resource Development and Innovation	To enhance health human capacity for quality health services delivery	Enhanced health human resources for quality healthcare
Programme 3: Health Policy, Standards and Regulations	To strengthen policy and regulatory environment in healthcare	Strengthened quality health standards and regulations
Programme 4: General Administration and Human Resource Management	To offer governance and enabling services for service delivery	Effective governance and administration strengthened

Financial Year 2024/25 Priorities and Budget Estimates- *State Department* Priorities

84. Under the umbrella of Bottom-Up Economic Transformation Agenda (BETA), the Health sector is tasked with the following four result areas;

    i. Health Commodities Security including local manufacturing
    ii. Human Resources for Health
    iii. Health Financing
    iv. Integrated Health Management Information System.

85. The priorities to implement BETA are as follows;

    a) Prioritization of UHC in line with BETA
    b) Public health disease surveillance and emergency response
    c) Communicable diseases prevention and control-e.g. TB and Malaria
    d) Preventive and Promotive Healthcare
    e) Health professions regulation and management
    f) Community High Impact intervention
    g) Enhance infrastructural capacity of KMTC campuses
    h) Conduct health research and dissemination of the findings to inform decision making
    i) Maturity Level 3 Standards for NQCL/ PPB for quality of locally manufactured commodities to the WHO standards
    j) Expand internship, training, and centers of excellence.
    k) Operationalization of the Kenya National Public Health Institute.
    l) Health system strengthening, use of technology, effective communication and collaboration with multiple stakeholders.

86. The information as was outlined in the invitation letter sent to the State Department. The requested documents are responded on as shown below and will be found on the specified Annexes which are attached to this report as follows:

    a) The implementation status of the FY2024/25 budget as at 31st December,2024;
    b) Highlights of the variations to the MDAs approved budget for the FY2024/25 by programme and justification for the variations
    c) Revised schedule of outputs and performance targets (in the format provided in Annex 1)
    d) Expected impact of budget revisions on capital Projects (in the format provided in Annex 2)
    e) Where money has already been withdrawn as per Article 223 of the Constitution;
        i. The date of the first withdrawal of the money
        ii. The purpose for which the money was spent
        iii. Necessary financial documents as evidenced for the money spent

The Implementation Status of the FY2024/2025

87. In the current FY2024/2025 Supplementary Estimates No. 1, the State Department for Public Health and Professional Standards has been appropriated a gross budget of **Kshs. 26,874,922,035** to implement the activities under four Programmes. As at 31st December, 2024, the levels of absorption were **53.61%** and **38.77%** for Recurrent and Development expenditure respectively as shown in table shown below;

FY2024/2025- Allocation and Absorption Level as at 31st December 2024

Vote	Approved Estimates (Kshs)	Total Payment & Commitments (Kshs)	Percentage Absorption
Recurrent	22,585,922,035	12,107,815,686	**53.61**
Development	4,289,000,000	1,662,680,071	**38.77**
Gross Total	**26,874,922,035**	**13,770,495,757**	**51.24**

Current Expenditure

88. The First Half Current expenditure by Economic classification is shown in the table **below;**

FY2024/2025 Status of Recurrent Expenditure for the 1st Half by Economic Classification

Economic Item	Item Description	Approved Budget FY2024/25	Total payments Commitment	Percentage Absorption (KShs)
2100000	Compensation to Employees	5,299,816,880	2,206,250,221	**41.63**
2200000	Use of Good and Services	942,575,115	391,322,848	**41.52**
2600000	Current Grants to SAGAs	16,331,504,990	10,104,230,167	**61.87**
3111401	Other Recurrent	12,025,050	6,012,450	**50.00**
Total		**22,585,922,035**	**12,107,815,686**	**53.61**

Capital Expenditure (Capital Projects)

89. The Status of the Capital Projects is shown in **Annex II**. The Capital projects have been allocated **Kshs. 4,289,000,000** in the current FY2024/25 as shown below:
    i. Construction of Tuition Blocks and Laboratories at KMTC-Kshs. 15,000,000
    ii. Equipping of Laboratories and Classrooms at KMTC-Kshs. 165,000,000
    iii. Special Global Fund Malaria Grant NFM3-DOMC-Kshs. 2,600,000,000(Global Funds-Kshs. 1,500,000 & GoK-Kshs. 1,100,000,000)
    iv. Special Global Fund TB Grant NFM3-Kshs. 1,088,000,000(TB-Kshs. 587,000,000 and RSSH-Kshs. 501,000,000)
    v. Central Radioactive Waste Processing Facilities-KNRA-Kshs. 100,000,000
    vi. Public Participation Projects-Kshs.311, 000,000
    vii. Infrastructure Upgrade at Kenya Institute of Primate Research-Kshs. 10,000,000

Highlights of the variations to the MDAs approved budget for the FY2024/25 by programme and justification for the variations

90. In the FY2024/25 the State Department had an approved budget of Kshs. 26,874,922,035 where Kshs. 22,585,922,035 and Kshs. 4,289,000,000 for recurrent and development votes respectively in the FY2024/25 Supplementary Estimates No. 1. Meanwhile, the National Treasury has submitted the FY2024/25 Supplementary Estimates No. 2 before the Committee for Consideration and approval amounting to Kshs. 31,905,601,207 where Kshs. 27,316,292,890 and Kshs. 4,589,308,317 for recurrent and development votes respectively. A summary of the allocations has been highlighted below as per Programmes and Sub-Programmes;

Revised schedule of outputs and performance targets;

91. The increment/reduction in allocations will affect attainment of planned Programmes targets for the Financial Year. Details of the changes in Programme Targets are contained in the

Programme Based Budget on **Annex 1**. Highlighted in the table below shows the programmes affected by the proposed budget increments/decrease;

Table 2: Summary of Allocation by Programme, Sub-Programme (Kshs.)

Programme & Sub-Programmes	Supplementary Estimates No. I	Supplementary Estimates No. II	Change in Estimates
	FY 2024/2025	FY 2024/2025	
Programme 1: Preventive and Promotive Health Services	**8,682,157,783**	**9,792,606,100**	**1,110,448,317**
Sub-Prog 1.1: Communicable Disease Prevention and Control	3,885,807,381	4,036,365,698	150,558,317
Sub-Prog 1.2: Disease Surveillance and Response	458,158,032	759,118,032	300,960,000
Sub-Prog 1.3: Public Health Services	1,355,312,290	1,386,812,290	31,500,000
Sub-Prog 1.4: Radiation Safety and Nuclear Security	298,810,000	273,810,000	(25,000,000)
Sub-Prog 1.5: Primary Health Care	2,684,070,080	3,336,500,080	652,430,000
Programme 2: Health resources development and Innovation	**13,615,709,304**	**15,602,865,159**	**1,987,155,855**
Sub-Prog 2.1: Capacity Building and Training	9,002,689,000	9,392,439,000	389,750,00
Sub-Prog 2.2: Research and Innovation on Health	385,520,000	487,925,455	102,405,455
Sub-Prog 2.3: Health Profession Services	4,227,500,304	5,722,500,704	1,495,000,400
Programme 3: Health Policy, Standards and Regulations	**3,980,834,197**	**4,163,909,197**	**183,075,000**
Health Standards and Quality Assurance	3,886,733,433	4,069,808,433	183,075,000
Health Policy and Regulations	94,100,764	94,100,764	-
Programme 4: General Administration	**651,366,934**	**604,404,757**	**(55,146,183)**
0412010 General Administration & Human Resource Management & Development	560,366,035	2,310,366,035	1,750,000,000
0412020 Finance and Planning	35,854,716	35,854,716	-
Total Expenditure for Vote 1083 State Department for Public Health and Professional Standards	**26,874,922,035**	**31,905,601,207**	**5,030,679,172**

92. From the Table 2 above, the recurrent vote has a budget increment of Kshs. 5,030,679,172. The increment is explained as follows;

Additional Resource Allocation Received-Kshs. 4,695,930,400

i. Within the current FY2024/2025, the State Department received an approval of Kshs. 1,750,000,000 under Article 223 of the Constitution of Kenya to facilitate

settlement of the outstanding salary arrears arising from the implementation of the 2017-2021 Collective Bargaining Agreement (CBA). This was through Treasury letter Ref No. DV ES 1083/24/01'A' (18) dated 16th December, 2024.

ii. The State Department also received an approval of Kshs. 1,745,000,400 under Article 223 of the Constitution of Kenya to cater for salary shortfall to Medical Interns. This was through Treasury letter Ref No. RES 1083/24/01'A' (50) dated 19th December, 2024. Meanwhile, the National Treasury has submitted to this Committee a figure of Kshs. 1,495,000,400 instead of the earlier approval granted of Kshs. 1,745,000,400 thus leaving a deficit of Kshs. 250,000,000

iii. Through the National Treasury letter Ref No. DV/ES 1083/24/01'A' (10) dated 2nd October, 2024 an approval of Kshs. 650,930,000 to cater for the deficit on the stipends paid to the Community Health Promoters (CHPs) was granted to the State Department.

iv. In addition, the State Department has been granted an approval of Kshs. 50,000,000 through Treasury Circular No. RES 1083/24/01'A' (41) to support the coordination of the establishment of Primary Care Networks (PCNs) in the 315 Sub-Counties.

v. Lastly, the State Department received a letter from the National Treasury Ref No. RES 1083/24/01'A' (70) dated 13th February, 2025 granting an approval for additional funds of Kshs. 500,000,000 to Kenya Medical Training College to cater for the Students' Loans under the HELB Program.

APPROVED REALLOCATION OF FUNDS-KSHS. 50,000,000

93. The State Department through the National Treasury Letter Ref No. RES 1083/24/01'A' 938) dated 4th December, 2024 received an approval for reallocation of funds totaling to Kshs. 50,000,000 to support the activities of the Presidential Taskforce on Addressing Human Resource for Health.

REVISED APPROPRIATION IN AID (A-I-A)

Port Health Services (PHS)

94. Port Health Services (PHS) operational areas are domiciled within twenty-six (26) Points of Entry/Exit (POEs) which are gazetted airport, sea port and land borders across the country. The primary mandate of the Port Health Officers stationed at these POEs is to prevent, protect against, control and provide a public health response to the international spread of disease in ways that minimize interference with international traffic and trade.

95. The State Department has revised upwards the projections for Appropriation in Aid (AIA) to Port Health Services by **Kshs. 34,000,000.** This is to reflect the actual projection the Port Health will be able to collect by end of the current FY2024/25.

National Quality Control Laboratory (NQCL)

96. The National Quality Control Laboratory (NQCL) is the official medicines quality control Laboratory in Kenya, legally mandated to test HPTs (CAP 244 Sec 35D, Laws of Kenya) on behalf of the Pharmacy and Poisons Board which is the National Regulatory Authority, and the Government of Kenya.

97. The State Department has revised upwards the projections for Appropriation in Aid (AIA) to National Quality Control Laboratory (NQCL) by **Kshs. 30,075,000.** This is to reflect the actual projection the National Quality Control Laboratory will be able to collect by end of the current FY2024/25.

Nursing Council of Kenya (NCK)

98. The Nursing Council of Kenya (NCK) is a regulatory body established under the Nurses and Midwifery Act CAP 257, laws of Kenya. Its mandate is training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes. The State Department has revised upwards the projections for Appropriation in Aid (AIA) to Nursing Council of Kenya (NCK) by **Kshs. 30,000,000.** This is to reflect the actual projection the Nursing Council of Kenya (NCK) will be able to collect by end of the current FY2024/25.

Counsellors and Psychologist Board

99. The Counsellors and Psychologist Board is established under part 2 of the Counsellors and Psychologist Act Cap 253C, Laws of Kenya. The Board is mandated to regulate training, registration, licensing, practice and standards of Counsellors and Psychologists. The State Department has revised upwards the projections for Appropriation in Aid (AIA) to Counsellors and Psychologist Board (CPB) by **Kshs. 6,000,000.** This is to reflect the actual projection the Counsellors and Psychologist Board will be able to collect by end of the current FY2024/25.

Health Records and Information Managers Board

100. Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, Cap 539, Laws of Kenya. The Board is mandated to regulate training, registration, licensing and practice of Health Records and Information Managers. The State Department is requesting the National Treasury to create a budget head for Health Records and Information Managers Board with an estimated figure of **Kshs. 25,000,000.** This is to reflect the actual projection the Health Records and Information Managers Board will be able to collect by end of the current FY2024/25.

Physiotherapist Council of Kenya

101. The Physiotherapist Council of Kenya was established under the Physiotherapist act CAP 253D, Laws of Kenya. The key mandate of the council is to regulate the Training, Registration, and Licensing of Physiotherapists in Kenya. The Council ensures that physiotherapists meet the necessary professional standards, promoting competence and accountability within the profession to enhance the quality of physiotherapy services provided in Kenya.The State Department is requesting the National Treasury to review downwards the projection of AIA Collection by the Physiotherapist Council of Kenya from Kshs. 76,000,000 to **Kshs. 18,000,000.** This is to reflect the actual collection the Physiotherapist Council of Kenya will be able to achieve by end of the current FY2024/25.

Expected impact of budget revisions on capital Projects;

102. Under the development Vote which is also highlighted in **Annex 2**, the budgetary reduction particularly in the Government of Kenya (GoK) funded projects are shown in the table below;

Table Three (3)-Allocation to Development Projects

Project Name	Supplementary Estimates No. I	Supplementary Estimates No. II	Changes in the Estimates
Dietetics Services Improvement	-	-	-
Clinical Waste Disposal System	-	-	-

Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	-	-	-
Construction of Tuition Blocks and Laboratories at KMTC	15,000,000	11,250,000	(3,750,000)
Equipping of Laboratories & Classrooms at KMTC	165,000,000	123,750,000	(41,250,000)
Special Global Fund Malaria Grant NFM3-DOMC	2,600,000,000	1,450,250,000	(1,149,750,000)
Special Global Fund TB Grant NFM3	1,088,000,000	284,138,317	(803,863,683)
Public Participation Project	311,000,000	233,250,000	(77,750,000)
Infrastructure upgrade at KIPRE	10,000,000	7,500,000	(2,500,000)
Construction of Examination Centre-KMPDC	-	-	-
Central Radioactive Waste Processing Facilities at KNRA	100,000,000	75,000,000	(25,000,000)
Building Resilience and Responsive Health System Project	-	300,000,000	300,000,000
Special Global Fund Malaria Grant-NFM4		800,000,000	800,000,000
Special Global Fund TB-NFM4		578,170,000	578,170,000
Department of Health Systems Strengthening NFM4		726,000,000	726,000,000
Total	**4,289,000,000**	**4,589,308,317**	**300,308,317**

103. This proposed budget cuts on the capital projects will have a serious implication on the implementation of the projects. The most serious ones are;

i) The procurement of Anti TB Drugs Not covered under the Global Fund TB Programme;

ii) The ongoing Construction of Tuition & Administrations blocks, Laboratories and equipping of the facilities at Kenya Medical Training College (KMTC);

iii) The completion of the Central Radioactive Waste Processing Facilities at Kenya Nuclear Regulatory Authority. This is a world class regional facility in the Eastern and Central Africa for mitigating risks against chemical, biological radiological and nuclear waste, while enhancing security to persons, property and the environment

against harmful effects of ionizing and non-ionizing radiation. This is a project that once completed, the Agency will be able to generate more Appropriation in Aid (AIA) thus becoming self-reliance.

iv) The Ongoing Construction of Examination Centre at Kenya Medical Practitioners and Dentist Council (KMPDC). This committee appropriated Kshs. 250million to KMPDC to support the Agency in the construction of an ultra-modern Examination Centre. This is to provide a controlled and secure environment for individuals to take examinations. This will ensure fairness, integrity and adherence to exam regulations, allowing candidates to demonstrate their knowledge and skills under standardized conditions. The project is ongoing and with this proposed budget cuts, this project might stall midway;

104. Request the Committee to reconsider this decision and reinstate these funds which was earlier appropriated for the capital projects so that some of the ongoing projects would be completed.

Money already withdrawn Under Article 223 of the Constitution

105. The State Department received the following approvals under Article 223 within the current FY2024/25;

a) Within the current FY2024/2025, the State Department received an approval of Kshs. 1,750,000,000 under Article 223 of the Constitution of Kenya to facilitate settlement of the outstanding salary arrears arising from the implementation of the 2017-2021 Collective Bargaining Agreement (CBA). This was through Treasury letter Ref No. DV ES 1083/24/01'A' (18) dated 16th December, 2024.

b) The State Department also received an approval of Kshs. 1,745,000,400 under Article 223 of the Constitution of Kenya to cater for salary shortfall to Medical Interns. This was through Treasury letter Ref No. RES 1083/24/01'A' (50) dated 19th December, 2024. Meanwhile, the National Treasury has submitted to this Committee a figure of Kshs. 1,495,000,400 instead of the earlier approval granted of Kshs. 1,745,000,400 thus leaving a deficit of Kshs. 250,000,000.

106. The State Department has already processed these payments for medical interns and the outstanding Basic Salary arrears arising from the implementation of the 2017-2021 Collective Bargaining Agreement (CBA). The National has also issued exchequer on the same.

Summary of Critical Areas Which Require Additional Funding in the FY2024/25 Supplementary Estimates No.2

107. In the Approved budget for FY 2024/25, after taking care of Personnel Emoluments, and other mandatory expenditure, the State Department has an allocation of KShs. **1,015,947,385** left for operations and maintenance (O&M) expenditure as shown in Table 4 below.

Table 4: FY 2024/25 Approved Budget by Economic Classification

Vote Details	Economic Classification	Supplementary Estimates No. 1	Supplementary Estimates No. 2	Deviation
Vote-1083	**Current Expenditure**	**22,585,922,035**	**27,316,292,890**	**4,730,370,855**
	Compensation to Employees	5,299,816,880	6,798,505,060	1,498,688,180
	Use of Goods and Services	942,575,115	985,832,335	43,257,220

	Current Transfers to Govt. Agencies	16,331,504,990	19,501,840,445	3,170,335,455
	Other Recurrent	12,025,050	30,115,050	18,090,000
	Capital Expenditure	**4,289,000,000**	**4,589,308,317**	**300,308,317**
	Acquisition of Non-Financial Assets	-	-	-
	Capital Grants to Govt. Agencies	4,289,000,000	4,389,308,317	100,308,317
	Other Development	-	200,000,000	200,000,000
	Total	**26,874,922,035**	**31,905,601,207**	**5,030,679,172**

108. It is worth noting that critical core programmes areas for the State Department are grossly underfunded. After taking care of Compensation to Employees and other mandatory expenditures, core mandate areas are only allocated **8.5%** and **17.02%** for headquarters and technical directorates respectively. The total resource gap for the FY 2024/25 Supplementary Estimates No. 2 is **Kshs. 8,042,143,100** where **Kshs. 3,975,344,200** and **Kshs. 4,066,798,900** for recurrent and development votes respectively. A summary of resource requirements against resource allocation by economic classification is shown in Table 5.

Table 5: Summary of Key Unfunded Areas: FY 2024/2025

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
1	Additional Funding to Cater for Stipends payable to Medical Interns as earlier approved under Article 223	250,000,000
2	Shortfall on The Funds for KMTC Student's Loans Under the Helb Sponsorship Program	180,000,000
3	Additional Resources to Cater for Legal Fees	183,000,000
4	Additional Funding to operationalize the State Department	250,000,000
5	Additional Funding to Cater for the Administrative Costs on the payment of Stipends payable to Community Health Promoters (CHPs)	150,000,000
6	Presidential Directive-Establishment of the Primary Health Care Networks in 315 Sub-Counties	500,000,000
7	Presidential Directive-Recruitment of Additional Teaching Staff at Kenya Medical Training College	400,000,000
8	Resources to cater for Personnel Emoluments at Kenya Institute of Primate Research (KIPRE)	118,900,000
9	Strengthening Kenya's Pharmaceutical Regulatory Framework	206,000,000
10	Appeal For Reinstatement of funds earlier Appropriated to KMLTTB In the Current Financial Year 2024/25	40,000,000
11	Appeal For Reinstatement of funds earlier Appropriated to Nursing Council of Kenya in the Current Financial Year 2024/25	105,000,000
12	Appeal For Reinstatement of funds earlier Appropriated to Kenya Nuclear Regulatory Authority in the Current Financial Year 2024/25	76,000,000
13	Additional resource Requirements to Counsellors and Psychologists Board	70,000,000
14	Kenya Medical Practitioners and Dentist Council (KMPDC)-	40,000,000
15	Health Records and Information Managers Board	30,000,000
16	Clinical Officers Council of Kenya	50,000,000
17	Kenya National Public Health Institute	760,000,000

18	Scaling up high impact nutrition interventions at the primary health care (PHC) level	40,000,000
19	Carry Out a National Campaign on Hygiene and Sanitation	48,444,200
20	Operationalization of Kenya Health Human Resource Advisory Council (KHHRAC)	500,000,000
21	Operationalize Kenya Hospital Authority Trust Fund	100,000,000
22	Physiotherapist Council of Kenya	58,000,000
	Sub-Total	**3,975,344,200**
	Development Vote	
1	Dietetics Services Improvement	70,000,000
2	Clinical Waste Disposal System	30,000,000
3	Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	300,000,000
4	Support to activities affected under TB Programme as a result of the Suspension of US Government Foreign Assistance	409,155,013
5	Construction of Tuition Blocks and Laboratories at KMTC	614,500,000
6	Equipping of Laboratories & Classrooms at KMTC	500,000,000
7	Public Participation Project	49,500,000
8	Infrastructure upgrade at KIPRE	60,000,000
9	Construction of Examination Centre-KMPDC	41,180,000
10	Central Radioactive Waste Processing Facilities at KNRA	100,000,000
11	Public Participation Projects	111,000,000
12	Epuka Uchafu Linda Afya Nyumbani Project	481,463,887
13	Development of Human Vaccine at Kenya Institute of Primate Research	500,000,000
14	Establishment of Research Fund at Kenya Institute of Primate Research	300,000,000
15	Procurement of Equipment for Radiation Safety and Nuclear Security in Kenya by KNRA	500,000,000
	Sub-Total	**4,066,798,900**
Total		**8,042,143,100**

RECURRENT VOTE

Additional Funding to Cater for Personnel Emoluments- Kshs. 250,000,000

109. The State Department requires a total of Kshs. 250,000,000 for Personnel Emoluments in the FY 2024/2025 Supplementary Estimates No.2. This will enable the State Department to pay stipends to Medical Interns up to 30th June 2025.

Request For the provision of a shortfall in The Funds for Kenya Medical Training College Student's Loans under the Helb Sponsorship Program-Kshs. 180million.

110. The Kenya Medical Training College (KMTC) has been in collaboration with Higher Education Loans Board to finance the needy students undertaking training in KMTC campuses across the country. Since the inception in the Financial Year 2022/2023 the Programme has benefited 22,342 students up to 2023/2024. The total qualified applicants for the same period totals to 31,033 students.

111. During the Budget rationalization in the current financial year 2024/2025 under the Supplementary 1 the student loans allocation was not provided for under the approved FY2024/25 Supplementary Estimates No. 1. This has really affected the subsequent sponsorship of the 22,342 students already in the scheme because subsequent disbursements are not funded.

112. The State Department is requesting the Committee for reinstatement of the Kshs.180Million in the proposed FY2025/26 budget estimates to fund the over 22,342 students all under the student sponsorship under HELB since the National Treasury has proposed an allocation of Kshs. 500million in the FY2024/25 Supplementary Estimates No. 2 which is before the Committee for consideration.

Additional Resources to Cater for Legal Fees-Kshs. 183,000,000

113. The Ministry of Health through the State Department for Public Health and Professional Standards has had several court proceedings instituted against it relating to Employment and Labour Relations matters including:

a) Eldoret ELRC Petition No. E003 of 2024; Dr Micheni Mike & 2 others vs Salaries and Remuneration Commission & 5 others
b) Eldoret ELRC Petition No. E005 of 2024; Chesang Vallerie & another vs Salaries and Remuneration Commission & 8 others
c) Nairobi ELRC No. 244 of 2024; Kenya National Union of Nurses vs Salaries and Remuneration Commission & another.
d) Nairobi ELRC PET E051 of 2024; Vincent Onyiengo vs Salaries and Remuneration Commission & 101 others.
e) ELRCPET/E032/2024; Kenyatta National Hospital vs Kenya Medical Practitioners Pharmacists & Dentists Union (KMPPDU) and Salaries and Remuneration Commission and 2 others.
f) Nairobi ELRC Petition No E062 of 2024; Kipkorir Kirui and James Orina Kombo and 3 others vs Operation Linda Gatuzi and Public Service Commission & 4 others
g) NRB PET NO. E042; Kenya Health Professions Society vs CS Health, SRC & Another
h) ELRC Petition No. 211 of 2019; Kenya Union of Clinical Officers vs Baringo County Governments & 46 others
i) HCCHRPET/E284/2024; Kenya Pharmaceutical Association vs Pharmacy and Poisons Board & Cabinet Secretary, Ministry of Health and
j) Nairobi ELRC Cause No. E345 of 2024; Kenya National Union of Nurses vs Ministry of Health & 3 others

114. Premised on the catastrophic implications that these matters would have on the Kenyan healthcare system if adverse orders were to be issued against the Ministry, the Ministry was advised to seek the legal services of an external Senior Counsel proficient in litigation and HR matters.

115. The Ministry subsequently sought the approval of the Office of the Attorney General & Department of Justice to seek the legal services of an external Senior Counsel to represent it in Human Resource matters; and subsequently obtained the approval from the Office of the Attorney General vide a letter Ref: AG/CONF/6/D/144/2 VOL.XVIII dated 16th April, 2024.

116. With this approval, the State Department went ahead and engaged the services of a Senior Counsel to help in dispensing of the above court cases. It is in this context that the state Department is requesting the Committee to approve an additional resource amounting to

Kshs.183, 000,000 in the FY2024/25 Supplementary Estimates No. 2 to clear the outstanding legal fees.

Additional Funding to operationalize the State Department-Kshs. 250million

117. The State Department was established through the Executive Order No. 1 of 2023. It came in when the Ministry of Health was split into two State Departments i.e. State Department for Medical Services and State Department for Public Health and Professional Standards. The State Department is in the process of implementing the organizational Structure which has been approved by the Public Service Commission. There is no an allocation to carry out all these in the current FY2024/25. The State Department is requesting the Committee to allocate Kshs. 250million to assist the State Department operationalize its activities and other Administrative operational areas by fully implementing the new organizational structure which was approved by the Public Service Commission.

Additional Funding to Cater for the Administrative Costs on the payment of Stipends payable to Community Health Promoters (CHPs)-150,000,000

118. The Ministry of Health (MOH) is committed to achieving Universal Health Coverage through a primary healthcare approach that starts at the community level. In recognition that investing in primary health care will result to reduced disease burden with the attendant reduction in health care costs, the Government has committed to fully publicly financed primary healthcare.

119. The Ministry of Health is desirous of partnering with the County Government to provide a framework for the financing of community Health Services thus improving the quality-of-service delivery of Community Health Services to address determinants of health with a goal toward reducing socioeconomic health disparities. The State Department is requesting the Committee for an additional resource of Kshs. 250,000,000 to support the administrative costs and monitoring and evaluation of the performance of Community Health Promoters (CHPs).

Additional Funding to Cater for the Presidential Directives-Kshs. 900,000,000

120. The State Department has received a number of communications from the Head of Public Service and Chief of Staff on Presidential Directives where the State Department has been directed to carry out certain activities within the first and second quarters of this current FY2024/25. A good number of these directives have not been accomplished due to scarce resources appropriated to the State Department. It is from these Directives that the State Department is requesting the National Treasury to consider allocating Kshs. **900,000,000** to actualize all these Presidential Directives. The following are some of the Presidential Directives which the State Department has already started but are likely to stop due to lack of budgetary provision;

a) Establishment of the Primary Health Care Networks in 315 Sub-Counties-Kshs. 500,000,000
b) Recruitment of Additional Teaching Staff at Kenya Medical Training College-Kshs. 400,000,000

Resources to cater for Personnel Emoluments at Kenya Institute of Primate Research (KIPRE)-Kshs. 118.9million

121. Kenya Institute of Primate Research (KIPRE) requires Kshs. 218 million per annum to cater for Personnel Emoluments. This allocation has been domiciled at the National Museum of Kenya (NMK). KIPRE is now an Autonomous Agency with its own payroll. The State Department is requesting this Committee to consider granting an approval of Kshs. 118.9million to KIPRE as the National Treasury has proposed an allocation of Kshs. 99.1million in the FY2024/25 Supplementary Estimates before the Committee for approval.

Strengthening Kenya's Pharmaceutical Regulatory Framework – Kshs. 206 million

122. The Pharmacy and Poisons Board (PPB), established under the Pharmacy and Poisons Act (1957, revised 2019), regulates the pharmacy profession, oversees health products and technologies, licenses pharmaceutical personnel, and enforces ethical professional standards. To improve efficiency, patient safety, and public trust, it is essential to separate the regulation of the pharmacy profession from health products. This separation will streamline oversight, expedite approvals, foster innovation, clarify accountability, and align Kenya with global best practices, thereby enhancing the country's competitiveness in the trade of health products.

123. As part of Kenya's commitment to strengthening its health regulatory framework, it is imperative to achieve World Health Organization (WHO) Maturity Level 3 (ML3) for the PPB, in accordance with the Global Benchmarking Tool (GBT) as a priority. This goal necessitates the institutionalization of the Kenya Health Products and Technologies Regulatory Authority (KHPTA), contingent upon the enactment of the Kenya Health Products and Technologies Regulatory Authority Bill, 2022, which is currently under deliberation in the Senate. ML3 compliance will enable effective post-market surveillance, pharmacovigilance, and rapid response to substandard and falsified medical products, safeguarding public health and the pharmaceutical supply chain.

124. However, PPB faces staffing shortages in key areas, hindering compliance and regulatory efficiency. Addressing these gaps is vital to meet global standards. Adequate funding is needed for recruitment, capacity-building, infrastructure, and system improvements to ensure KHPTA operates independently and effectively. Aligning with global practices will enhance Kenya's trade competitiveness, attract investment, and position the country as a regional pharmaceutical hub.

Appeal for Reinstatement of Ksh.40, 000,000 Appropriated to KMLTTB in the Current Financial Year 2024/2025

125. In the current FY 2024/2025 The Kenya Medical Laboratory Technicians and Technologists Board (KMLTTB) was appropriated Ksh. 40M. To support human resources (training of laboratory auditors - Ksh. 32M) and governance - Ksh. 19M (strategic plan and regulations). This allocation was revised to a nil (zero) budget in the FY 2024/2025 supplementary estimates No. 1. This revision has affected the implementation of the above-mentioned activities thus subjecting KMLTTB not to fulfil certain mandatory obligations including off-setting outstanding arrears to KRA, NSSF, SHA and other statutory obligations. The State Department is requesting the Committee for the reinstatement of the Kshs. 40million being the budgetary allocation which was earlier appropriated to KMLTTB.

Appeal for Reinstatement of Ksh.105, 000,000 Appropriated to Nursing Council of Kenya in the Current Financial Year 2024/2025

126. In the current FY 2024/2025, Nursing Council of Kenya was appropriated Kshs. 110million to support payment of Salaries to the staff and other statutory obligations which include insurance covers to both assets and staff, KRA, NSSF, Housing Levy amongst others. This allocation was revised to Kshs. 5million in the FY 2024/2025 supplementary estimates No. 1. This revision has affected the payment of Personnel Emoluments and the statutory obligations. Nursing Council of Kenya is staggering at having penalties on non-compliance to remit the statutory obligations on time which will also attract penalties. The State Department is

requesting the Committee for the reinstatement of the Kshs. 110million budgetary allocation which was earlier appropriated to Nursing Council of Kenya.

Appeal for Reinstatement of Ksh.76, 000,000 Appropriated to Kenya Nuclear Regulatory Authority in the Current Financial Year 2024/2025

127. In the current FY 2024/2025, Kenya Nuclear Regulatory Authority was appropriated Kshs. 174million to support payment of Salaries to the staff and other statutory obligations which include insurance covers to both assets and staff, KRA, NSSF, Housing Levy amongst others. This allocation was revised to Kshs. 98million in the FY 2024/2025 supplementary estimates No. 1. This revision has affected the payment of Personnel Emoluments and the statutory obligations. Kenya Nuclear Regulatory Authority is staggering at having penalties on non-compliance to remit the statutory obligations on time which will also attract penalties. The State Department is appealing to the Committee for the reinstatement of the Kshs. 76,000,000 budgetary allocation which was earlier appropriated to Kenya Nuclear Regulatory Authority.

Additional resource Requirements to Counsellors and Psychologists Board-Kshs. 70,000,000

128. The Counsellors and Psychologists Board has just received the approved Human Resource Instruments thus approving the staff establishment for the Agency. The Agency also requires an office space since they are still housed in Afya House Building. The purpose of this letter is to request the Committee for an additional resource totaling Kshs. 70million to cater for recruitment of key Technical Officers and support Administrative Officers and to also secure an office space for the Agency.

Kenya Medical Practitioners and Dentist Council (KMPDC)-Kshs. 40,000,000

129. The Council requires an additional funding of Kshs. 40,000,000 to enable it carry out countrywide verification/inspection of all Health facilities in supporting the implementation of the Universal Health Care (UHC).

Health Records and Information Managers Board-Kshs. 30,000,000

130. Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, Cap 539, Laws of Kenya. The Board is mandated to regulate training, registration, licensing and practice of Health Records and Information Managers. The Board requires Kshs. 30million to put systems by registering members so that it can immediately start operational and generate revenues to support the activities of the Board.

Clinical Officers Council of Kenya-Kshs. 50,000,000

131. The Council is in the process of establishing regional offices to ensure enhanced support supervision for better quality of care. The Council is also in the process of getting an office space for the headquarter operations. These additional funds will support the Council in the expansion to Counties and securing an office space and purchase of a motor vehicle for the headquarter operations.

Kenya National Public Health Institute-Kshs. 760,000,000

132. The Kenya National Public Health Institute was established under CAP 446, Laws of Kenya and came into operation under Legal Notice no.14 on 21st Jan 2022. It is mandated to establish mechanisms to facilitate quick detection of outbreaks and emergencies; Conduct vulnerability

and risk assessment, and mitigate various health-threatening issues in collaboration with non-health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations. The Head of Public Service has issued a directive that the NPHI be operationalized by this month of March 2025. The Institute requires additional resources to support this operationalization, recruitment of a few technical staff and securing an office space.

Scaling up high impact nutrition interventions at the primary health care (PHC) level Kshs. 40,000,000

133. Nutrition is an essential component of PHC and is one of the focus areas under the High impact community health flagship programme in the MTP IV. Key planned activities include the review/finalization of various nutrition technical packages including the review of nutrition content in the *Community health technical module* and finalization of the *clinical nutrition and dietetics manual.* The activities are estimated to cost Ksh 40 million.

Carry Out a National Campaign on Hygiene and Sanitation-Kshs. 48,444,200

134. The State Department through the Directorate of Health Promotion and Education, plans to implement a national campaign on hygiene and sanitation in order to reduce communicable diseases. This initiative aims to mobilize various actors from all sectors to make their contribution towards behavior change communication and a clean environment.

Operationalization of the Kenya Hospital Authority Trust Fund (KHATF)-Kshs. 100, 000,000

135. The Kenya Hospital Authority Trust Fund (KHATF)-was established by the Minister for Health in 1968 under powers conferred on him by the now repealed National Hospital Insurance Act of 1966. The purpose of the fund was "the furtherance of medical education in or in association with the University College of Nairobi." The Fund commenced with an injection of KSh.1, 503,461 from the Ministry of Health in 1968. The Fund provided grants and book loans to students studying medicine in all fields including nursing and funding study abroad until the last grant was disbursed in 1987, over thirty-three years ago. Some of today's most prominent medical personnel in Kenya benefited from KHATF grants for intermediate and advanced medical studies. The State Department is requesting the indulgence of this Committee to support the immediate operationalization of the Kenya Hospital Authority Trust Fund (KHATF).

DEVELOPMENT VOTE

136. The State Department for Public Health and Professional Standards has proposed for an additional resource for the ongoing Capital Projects in the FY2024/2025.

Reinstatement of the Kshs. 300,000,000 appropriated for the procurement of Anti TB Drugs Not covered under Global Fund TB Programme

137. The Ministry of Health is a sub-recipient implementing the Global Fund grant to Fight Aids, Tuberculosis and Malaria. As per the grant agreement, the country is required to provide counterpart financing to complement Global Fund Resources for the disease Programs. The counterpart allocation for TB is mainly earmarked to secure the country's medicines and diagnostic commodities needs. In addition, the State Department undertook a review of services impacted by the suspension of US Government foreign assistance and identified interventions

worth **Ksh 409,155,013** that need urgent funding to meet the critical health services for TB patients that have been affected by the suspension.

Reinstatement of the Kshs. 100,000,000 appropriated to Dietetics Services Improvement

138. The ministry is implementing several nutrition interventions with an aim of eradicating malnutrition in all its form as captured in the BETA. This covers investment in capacities to support prevention of malnutrition and sustained investment for procurement of nutrition supplements and commodities for management of severe and moderate forms of malnutrition. Malnutrition remains the leading risk factor for disease and death in Kenya, affecting over half the population. Vulnerable groups, including children under five and pregnant and lactating women, are the most affected. However, the burden has expanded to other demographic groups, such as adolescents and adults, with emerging challenges like obesity among women of reproductive age—a significant risk factor for non-communicable diseases (NCDs). Critical indicators include:

i. 18% of children under five are stunted.
ii. 750,000 children under five and 120,000 pregnant and pregnant women require treatment of acute malnutrition.
iii. Nearly half (43%) of adolescent boys are thin, while 45% of women 20-49 years are overweight or obese.
iv. Only 3 in 10 children aged 6-23 months consume the minimum acceptable diet
v. Only 6 in 100 adults consume the recommended intake of fruits and vegetables.

139. In the current FY2024/25, the Dietetics Services Improvement was appropriated Kshs. 100million which was rationalized to a nil (zero) budget in the FY2024/25 Supplementary Estimates No. 1. The State Department is requesting the Committee to reconsider this request and provide Kshs. 100million to support the Dietetics Services Improvement.

Reinstatement of the Kshs. 41,000,000 appropriated to Kenya Medical Practitioners and Dentis Council (KMPDC)

140. In line with quality universal health coverage (UHC), Kenya Medical Practitioners and Dentists Council (KMPDC) which will provide for assessment of Medical and dental graduates to assure the public of quality medical service provision. In the last FY2023/24, KMPDC was allocated Kshs. 250million to start the construction of this examination centre. The construction is in progress and the total cost of the Project is Kshs. 960million. This requires an additional funding of Kshs. 710million to be provided in the next two Financial Years. The State Department is appealing to the National Treasury for the reinstatement of the Kshs. 41million budgetary allocation which was earlier appropriated to KMPDC in this current FY2024/25 to support the construction of the examination Centre thus supporting uninterrupted project implementation.

Presidential Directive on Operationalization of Twenty-One (21) KMTC's Campuses-Presidential Directive-Kshs. 500,000,000

141. The Kenya Medical Training College received an approval from the National Treasury of Kshs. 500,000,000 to operationalize Twenty-One (21) Campuses vided Treasury Letter Ref No. RES 1083/23/01'A' (7) dated 4th August, 2023. This additional resource allocation has not yet been factored in the proposed ceilings for the FY2024/25 Supplementary Estimates No. 1. The State Department brings to the attention of the National Treasury to consider factoring this Presidential Directive in the FY2024/25 Supplementary Estimates No. 2.

Additional resources to Kenya Nuclear Regulatory Authority-Kshs. 300,000,000

142. Kenya Nuclear Regulatory Authority requires Kshs. 300million to complete and operationalize Phase 1 of the Central Radioactive Waste Processing Facility (CRWPF) Project at Ololua Ngong. This will enable the Agency generate more internally generated revenue ones the project is fully operational.

Snake Anti-venom Processing Plant Facility at KIPRE-Kshs. 625,000,000

143. A snakebite is considered a neglected tropical disease by the World Health Organization, therefore KIPRE proposes to set up an anti-snake venom processing facility through technology transfer in the next 3 years. The Burden of human suffering caused by snakebite has been documented to be high in Kenya. It has recorded that around 20,000 snakebite and 1000 deaths annually. Kenya Institute of Primate Research has started the construction of the Anti-venom processing plant through the funds OF Kshs. 300million which was allocated to KIPRE in the last FY2023/24. In this current FY2024/25 there is no budgetary allocation for this capital project with a total cost of Kshs. 1,875million. This is to be provided in the next three years. The State Department is requesting for the allocation of Kshs. 625,000,000 to support the activities of establishing the Anti-venom processing plant facility which is progress.

Research Leading to Production and Commercialization of Vaccines, Drugs and Medical Interventions for HIV/Aids, Cancer, Tropical & Infectious Diseases, Non-Communicable Diseases and Development of Source of Organs for Human Transplantation at The Kenya Institute of Primate Research (KIPRE)-Kshs. 500,000,000

144. The State Department through KIPRE is seeking Ksh 500,000,000 that will enable the following: 1) Carry out human clinical trials on UniPron and commercialize it for human use in the prevention of HIV/AIDS infection and also the first ever African developed and owned contraceptive 2) Carry out research leading to development and pre-clinical evaluation of immunotherapy and herbal treatment for Prostate, Cervical, Ovarian and Gastric cancers with a view to developing interventions using a non-human primate model 4) Develop Baboon as a model for the Source of Human Organs 4) Test and commercialize for human use, the first ever Africa developed vaccine for Ebola and Chikungunya.

Epuka Uchafu Linda Afya Nyumbani" Project-Kshs. 481,463,887

145. Kenya grapples with a multifaceted challenge characterized by inadequate waste management infrastructure, limited awareness about proper waste disposal, and disparities in sanitation facilities, particularly evident in the prevalence of open defecation in specific counties. With approximately 22,000 tonnes of waste generated daily, only 10% is properly collected and disposed of, straining both public health and healthcare resources. The root causes include insufficient waste management infrastructure, a lack of awareness about proper sanitation practices, and resource constraints, especially in informal settlements. The proposed project emerges as a vital intervention aligned with Kenya's national and county development plans, notably contributing to the Bottom-up Economic Transformation Agenda of Health (Afya Nyumbani), Vision 2030's health and environmental pillars. The total cost of the Project is Kshs. 1,444,391,666. This has been spread to be funded in a period of three years.

Construction of Laboratory at National Quality Control Laboratory (NQCL)-Kshs. 675,000,000

146. The National Quality Control Laboratory (NQCL) is the official medicines quality control Laboratory in Kenya, legally mandated to test HPTs (CAP 244 Sec 35D, Laws of Kenya) on behalf of the Pharmacy and Poisons Board which is the National Regulatory Authority, and the Government of Kenya. In its quest to fulfill the compelling mandate bestowed by the Law (Cap 244 Sec 35 H), the NQCL faces a number of challenges. Key among these is lack of adequate infrastructure, equipment and reagents, which limits its effectiveness, efficiency and scope of service delivery. The NQCL requires funding support to enable it address the infrastructural challenges to conduct optimal testing of Health Products and Technologies (HPTs). The State Department requires an additional Kshs. 675,000,000 to upgrade the infrastructure at National Quality Control Laboratory (NQCL).

Procure of Equipment for Radiation Safety and Nuclear Security in Kenya-Kshs. 500,000,000

147. Kenya Nuclear Regulatory Authority requires a total of Kshs. 1,739,500,000 to procure equipment for radiation safety and nuclear security in Kenya. In this era of global terrorism, the threat of terrorists getting hold of nuclear material is very worrying. The authority ensures that no nuclear materials is illicitly trafficked through the 35 Gazetted ports of entry and exit of the Country.

148. The Authority conducts inspection of radiation and nuclear facilities using specialized nuclear measuring devices. In order to adequately inspect all facilities, more and better advanced equipment is required. However, the authority has insufficient equipment to cover all ports of entry/exit compromising the achievement of its mandate. It is for this reason that the authority is requests the Committee to consider allocating Kshs. 500million in this FY2024/25 Supplementary Estimates No. 2 as the remaining balances can be sourced in the next FY2025/26 and to appropriate for it the proposed additional funds totaling to **Kshs.8, 042,143,100** where the recurrent vote additional resource requirement is Kshs. 3,975,344,200 and Development Vote is Kshs. 4,066,798,900.

4.0 CHAPTER FOUR

COMMITTEE OBSERVATIONS ON SUPPLEMENTARY ESTIMATES No. II FOR THE FINANCIAL YEAR 2024/25

STATE DEPARTMENT FOR MEDICAL SERVICES

149. Upon consideration of the Budget Estimates for FY 2024/25 supplementary estimates no. II, the Committee observed that:

i. The Social Health Authority (SHA) has registered 20.2 million Kenyans. However, only 3.9 million members are actively contributing to the Social Health Insurance Fund (SHIF). Further, the Committee observed that Kenyans are registering and contributing when they fall sick. This is exposing the Authority to risks of adverse selection.

ii. The Primary Healthcare Fund and Emergency Chronic and Critical illness Fund has been allocated additional Kshs. 6 billion in the supplementary no. II budget. The Social Health Authority and the Ministry of Health are currently reviewing the benefits package in line with the increased funding and the draft is under review by the Attorney General.

5.0 CHAPTER FIVE

Non- Financial Recommendations

150. Upon consideration of the Supplementary Budget Estimates no. II for financial year 2024/25, the Committee makes the following non-financial and financial recommendations, that:

State Department for Medical Services.

151. The Principal Secretary for State Department for Medical Services should in the next thirty (30) days table before the Committee on Health, the Social Health Authority Attorney General's advisory report on the reviewed Primary HealthCare Fund and Emergency Chronic and Critical Illnesses Fund benefits package and tariffs.

Financial Recommendations

152. The Committee having reviewed the proposed 2024/25 FY Supplementary Estimates No. II for the two State Departments and having engaged with the Health Sector stakeholders recommends the following reallocations within the sector:

i) **Proposed reductions (Kshs Millions)**

Programme	Sub-programme	Head/Title	Proposed Sup II 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0411000 Health Research and Innovations	0411010 Health Innovations	1082103000 Integrated Health Management Information System - BETA		390		290		100	The Social Health Authority and the counties will undertake digitization of all health facilities.
0407000 Health Resources Development and	0407030 Health Profession Services	1083003503 Training for Human Resources for Health	356		100		256		The re-allocated funds will be allocated to State Departmental for Medical Services as training is a shared function between the two state departments.

Programme	Sub-programme	Head/Title	Proposed Sup II 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Innovation									
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004800 Kenya Medical Laboratory Technicians &Technologists Board -KMLTTB	150		110		40		The resource requirement for operationalization of KMLTTB is Kshs 40million in 2024/25 financial year
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082106000 Acquisition of Speciliazed Medical Equipment CHP		525		100		425	The Counties are required to provide replenishments for CHPS as agreed in the MOU.
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082000900 Kenyatta National Hospital	21,341		150		21,191		KNH is projecting an increase in AIA collection and the PE shortfalls will be covered by the increment
0402000 National Referral &	0402060 Health Infrastructu	1082107400 Construction and Equiping of Health Centres		220		220		-	The funds allocated to the new projects cannot be absorbed in 2024/25 financial year

Programme	Sub-programme	Head/Title	Proposed Sup II 2024/25 Estimates		Reduced amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Specialized Services	re and Equipment								
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082107900 Construction and Equipping of Level5 Hospitals		100		50		50	The funds allocated to the new projects cannot be absorbed in 2024/25 financial year
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	Construction and Equipping of Level 4 Hospitals		250		100		150	The entire allocation cannot be absorbed in the 2024/25 financial year
0412000 General Administration	0412030 Social Protection in Health	1082001900 Health Insurance Subsidy Program for Orphans Vulnerable Children	861		500		361		The State Department for Social Protection is still in the process of identifying the beneficiaries and therefore the entire allocation will not be absorbed in FY 2024/25
Total					**860**	**760**			

ii) **Proposed increments (Kshs Millions)**

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
National Referral & Specialized Services	National Referral Services	1082107400 Construction and Equipping of Health Centres	-	-		340			Funds for construction and equipping of Mt Elgon Hospital (Kshs 30m), Sikhendu hospital-20m, Mogotio Health Centre-20m, Iftin level IV Hospital(20m),Kilgoris Level IV Hospital(Kshs20M), Lukusi Health Centre(Kshs 30M),Jua Cali Health Centre(Kshs 20m) , Kegonga Level IV hospital(Kshs 20m) ,Bugumbe Health centre(Kshs 20M),Chebirir Health Centre(Kshs 20m),Wamba Health Centre(Kshs 30m),Kanyarkwat Health Centre(Kshs 20m), Sankuri Health Centre(10m), Mur Malanga Leve 3 Hospital (20m)and Khwisero

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
									Level IV hospital(Kshs 40m)
0412000 General Administration	0412030 Social Protection in Health	1082001800 Universal Health Coverage Coordination & Management Unit	4,158		50		4,208		Funds for training of Health care workers under the State Department for Medical Services.

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0407000 Health Resources Development and Innovation	0407020 Research and Innovation on Health	1083102600 Kenya Institute of Primate Research		-		200		200	Funds for manufacturing snake anti-venom at KIPRE. The project will generate AIA.
0407000 Health Resources Development and Innovation	0407020 Research and Innovation on Health	1083003300 Kenya Institute of Primate Research	480		100		580		Additional Resources for PE shortfalls
National Referral & Specialized Services	National Referral Services	1082105000 Upgrading of Children Ward - Kibugua Level 3 Hosptal		50		30		80	Funds for upgrading of children ward at Kibugua Hospital.
0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	0410010 Communicable Disease Control	1082002800 National Syndemic Diseases Control Council	1,121		50		1,171		Funds to cater for pending bills for 4th quarter of FY 2022/23 occasioned by non-disbursement of exchequer and USAID
0402000 National Referral &	0402060 Health Infrastructu	1082105700 Construction of Ugenya Hospital				30		30	Funds for completion of Ugenya Hospital

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Specialized Services	re and Equipment								
0411000 Health Research and Innovations	0411020 Medical Research	1082101500 Construction and upgrading of KEMRI Laboratories		40		40		80	Funds for upgrading of KEMRI Kombewa-Kshs 20m and Kirinyaga-Kshs 20m
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082105100 Upgrading & Equipping of Maternal & New Born Ward - Endebess Hospital		70		30		100	Funds for phase II of the project
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083102400 Constructions of Examination Centre - KMPDC				50		50	Funds for construction of KMPDC examination Centre (phase II).
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083002500 Kenya Health Professions Oversight Authority (KHPOA)	170		50		220		Funds for operationalization of KHPOA
0408000 Health Policy, Standards	0408010 Health Standards	1083004600 Physiotherapist's Council of Kenya			10		10		Funds for PE shortfalls

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
and Regulations	and Quality Assurance								
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004200 Pharmacy and Poisons Board	1,614		100		1,714		Funds for PE for Pharmacy and Poisons Board staff previously contracted by WHO and World Bank.
0412000 General Administration	0412010 General Administration & Human Resource Management & Development	1083003100 Headquarters Administrative Services	2,310		100		2,410		Additional Funds to cater for administrative costs at State Department's Headquarter
0406000 Preventive and Promotive Health Services	0406010 Communicable Disease Prevention and Control	1083100400 Procurement of Anti TB Drugs Not covered under Global fund TB Programme		-		70		70	Funds for procurement of TB treatment drugs
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082102100 Construction of the Second Tower-Gatundu Level V Hospital (KUTRRH)				50		50	Kshs 50 million is required as the final payment. This will enable handing over of project by the contractor

Programme	Sub-programme	Head/Title	Proposed SUP II 2024/25 Estimates		Increased amount by the committee		Committee Revised Estimates 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402090 Health Products and Technologies	1082105500 Supply of Medical Supplies and Commodities - Vulcan		-		200		200	Funds to cater for Vulcan unpaid bills incurred in supply of medical commodities
0402000 National Referral & Specialized Services	0402090 Health Products and Technologies	1082105400 Supply of Cyflow CD4 Counter Instruments		-		100		100	Resources for servicing and maintenance services for Cyflow CD4 Counter System for 95 machines across 76 facilities.
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004100 Clinical Officers Council	182		20		202		Additional Resources to operationalize the Council.
Total					**480**	**1,140**			

Requests for additional funding

153. The Committee recommends that the liason Committee consider allocating resources towards the following areas:

i. State Department for Medical Services

Programme	SAGA/HEAD	Additional request (Millions)	Justification
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	The National Syndemic Diseases Control Council	50(recurrent)	Additional Funds to assess the impact of US government directive on USAID funded directive
0412000 General Administration	1082001100 Headquarters & Administrative Services- Finance Management Services	692(recurrent)	Operations and Maintenance, Training and legal fees for SHI Act 2023 High court case
National Referral Services &Specialized Services	Moi Teaching & Referral Hospital	2,097(recurrent)	To cater for unpaid salary obligation and MRTH Staff Pensions Scheme.
National Referral Services &Specialized Services	Kenya Medical Research Institute	1,098(recurrent)	To cater for Affordable housing Levy, Pension Benefit Scheme, and pending court order claims
Health Resource Development and Innovation	Kenya Medical Training College	2,000(recurrent)	PE shortfalls
National Referral Services &Specialized Services	Kenyatta National Hospital and Annex Mwai Kibaki Hospital	15(recurrent)	To cater for Board expenses.
National Referral Services &Specialized Services	Digital Health Agency	94,900(recurrent)	The Agency is new and therefore, they are in the process of Developing its HR instruments, Key Policies and Strategies.
0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	1082103800 Vaccines Programme	500(Development)	Reinstatement of vaccines programme rationalized in the supplementary No. I of 2024/25 financial year

ii. **State Department for Public Health and Professional Standards**

	Recurrent	
S/N	**Core Mandate for SD-PH&PS Programmes and Other Critical Areas**	**Additional Funding Required Kshs.**
1	Headquarters Administrative costs	200,000,000
2	National Public Health Institute PE shortfalls	300,000,000
3	Salary shortfall for Medical Interns	1,492,246,035
4	CHPs administrative costs	750,930,000
7	Tobacco Control Board	40,000,000
8	Operationalization of the Kenya Health Human Resource Advisory Council (KHHRAC)	500,000,000
9	Additional resources to Pharmacy and Poisons Board to engage officers whose contract were supported by the world bank and has so far lapsed	206,000,000
10	School Health Programme	250,000,000
11	Support to Port Health Services	460,000,000
12	Health Promotion and Education	445,000,000
13	National Emergency and Preparedness	1,215,853,200
14	Disease Surveillance	340,782103
15	Health Sector Research and Development	205,670,842
16	Additional resources to Cater for Personnel Emoluments for the teaching staff at KMTC	400,000,000
17	Environmental Health & Sanitation	236,713,568
18	Coordination of the Establishment of 315 Primary Healthcare Networks	500,620,000
19	Scaling Up of Integrated Management of acute Malnutrition (IMAM) Program	500,000,000
20	Support to the State Department Administration Directorate	156,165,469
21	National Laboratories Services	235,000,000
22	National Quality Control Laboratories	218,000,000
23	Neglected Diseases	50,000,000
24	Coordination of Intergovernmental Consultations	70,000,000
26	Support to Clinical Officers Council-Government of Kenya	50,000,000
27	Support to Counsellors and Psychologists Board	30,000,000
30	Legal Fees to cater for the ongoing Court Cases on the issues surrounding the Medical Interns	180,000,000

	Recurrent	
S/N	**Core Mandate for SD-PH&PS Programmes and Other Critical Areas**	**Additional Funding Required Kshs.**
	Development Vote	
1	Dietetics Services Improvement	70,000,000
2	Clinical Waste Disposal System	30,000,000
3	Procurement of Anti TB Drugs Not Covered under the Global Fund TB Programme	300,000,000
4	Construction of Tuition Blocks and Laboratories at KMTC	614,500,000
5	Equipping of Laboratories & Classrooms at KMTC	500,000,000
6	Public Participation Project	49,500,000
7	Infrastructure upgrade at KIPRE	60,000,000
8	Construction of Examination Centre-KMPDC	41,180,000
9	Central Radioactive Waste Processing Facilities at KNRA	100,000,000
11	Epuka Uchafu Linda Afya Nyumbani Project	481,463,887
12	Development of Human Vaccine at Kenya Institute of Primate Research	500,000,000
13	Establishment of Research Fund at Kenya Institute of Primate Research	300,000,000

SIGNED: ..... **DATE**.....10/3/2025

HON. DR. ROBERT PUKOSE, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

Annexures

Annex 1: Adoption List

Annex 2: Submissions from Agencies

Annex 3: Minutes

MINUTES OF THE 16th SITTING OF THE DEPARTMENTAL COMMITTEE ON HEALTH HELD IN COMMITTEE ROOM 18/19, 3RD FLOOR, BUNGE TOWER, ON FRIDAY, 7TH MARCH 2025 AT 10:00 AM

PRESENT

1.	The Hon. Dr. Pukose Robert, MP	**- Chairperson**
2.	The Hon. Ntwiga Patrick Munene, MP	-Vice-Chairperson
3.	The Hon. Mathenge Duncan Maina, MP	- Member
4.	The Hon. Lenguris Pauline, MP	-Member
5.	The Hon. Oron Joshua Odongo, MP	-Member
6.	The Hon Kibagendi Antoney, MP	-Member
7.	The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS, MP	-Member
8.	The Hon. Kipngor Reuben Kiborek, MP	-Member
9.	The Hon. Mary Maingi, MP	-Member
10.	The Hon. Cynthia Muge, MP	-Member
11.	The. Hon Dr. Nyikal James Wambura, MP	-Member

ABSENT WITH APOLOGY

1.	The Hon. Titus Khamala, MP	-Member
2.	The Hon Wanyonyi Martin Pepela, MP	-Member
3.	The Hon. Prof. Jaldesa Guyo Waqo, MP	-Member
4.	The Hon. Owino Martin Peters, MP	-Member

COMMITTEE SECRETARIAT

1.	Mr. Hassan A. Arale	-Clerk Assistant I
2.	Mr. Timothy Kimathi	-Clerk Assistant III
3.	Ms. Gladys Kiprotich	-Clerk Assistant III
4.	Ms. Faith Chepkemoi	-Legal Counsel II
5.	Mr. Hiram Kimuhu	-Fiscal Analyst III
6.	Ms. Abigael Muinde	- Research Officer III
7.	Mr. Hillary Mageka	-Media Relations Officer
8.	Ms. Sheila Chebotibin	-Senior Serjeant At Arms
9.	Ms. Rahab Chepkilim	- Audio Officer

IN ATTENDANCE (List Attached)
STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFFESSIONAL STANDARDS

1.	Ms. Mary Muthoni	**- Principal Secretary**
2.	Dr. Kioko Jackson	- CEO, KHPOA
3.	Dr. David Kariuki	- CEO, KMPDC
4.	Dr. Kelly Oluoch	- CEO, KMTC
5.	Dr. Gichuhi Mwethera	- CEO, KIPRE

AGENDA

1. Prayers;
2. Adoption of the Agenda;
3. Confirmation of Minutes of the previous meetings;
4. Matters Arising;
5. Brief on Supplementary Estimates II for the Financial Year 2024/2025
6. Consideration of Supplementary Estimates No. 2 for the Financial Year 2024/2025 for the State Department for Public Health and Professional Standards.
7. Consideration and adoption of the report on the proposed Supplementary Estimates No.2 for the Financial Year 2024/2025
8. Any other business and;
9. Adjournment/Date of the Next Meeting.

MIN. NO. NA/DC-H/2025/110: PRELIMINARIES/INTRODUCTION

The Chairperson called the meeting to order at thirty minutes past ten o'clock, followed by the Prayer and self-introductions.

MIN. NO. NA/DC-H/2025/111: ADOPTION OF AGENDA

The agenda of the meeting was adopted having been proposed by Hon. Mary Maingi, MP, and seconded by Hon. Mathenge Duncan Maina, MP

MIN. NO. NA/DC-H/2025/112: CONFIRMATION OF MINUTES OF THE PREVIOUS MEETINGS

This agenda item was deferred to a later date for consideration

MIN. NO. NA/DC-H/2025/113: MATTERS ARISING

There were no matters arising.

MIN. NO. NA/DC-H/2025/114: BRIEF ON SUPPLEMENTARY ESTIMATES II FOR THE FINANCIAL YEAR 2024/2025

The Parliamentary Budget Office briefed the Committee on the 2025 Budget Policy Statement, highlighting the following key issues:

The total budget for the State Department has been revised from Kshs. 26.88 billion to Kshs. 31.96 billion, reflecting an increase of Kshs. 5.08 billion (18.9%)
Recurrent expenditure increased by Kshs. 4.7 billion, while development expenditure rose by Kshs. 350 million

Key Adjustments in Recurrent Expenditure

i. An allocation of Kshs. 1.75 billion under Article 223 of the Constitution aims to clear salary arrears for county and national medical officers, though details on beneficiaries and fund transfer mechanisms were not provided.
ii. The Kshs. 1.49 billion allocated for the internship program requires clarification on the number of interns supported.

iii. Additional Kshs. 500 million has been provided for KMTC student loans Adjustments have also been made to various health regulatory bodies, including an increase of Kshs. 105 million for the Kenya Institute of Primate Research, Kshs. 30 million for the Nursing Council of Kenya, and a Kshs. 58 million reduction in AIA projections for the Physiotherapists Council of Kenya.

iv. The Kenya Medical Laboratory Technicians & Technologists Board received Kshs. 150 million as its first exchequer funding, while the Health Records and Information Managers Board received Kshs. 25 million for the first time.

Key Adjustments in Development Expenditure

i. The Kshs. 350 million increase in development expenditure covers several projects, including Kshs. 46 million for the construction of tuition blocks and laboratories at Ijara and Suba KMTCs

ii. A reduction of Kshs. 41 million has been applied to equipping KMTCs in Navakholo, Samburu, Marsabit, Ikolomani, Marimanti, Mandera, and Tot.

iii. The Building Resilience and Responsive Health System Project, funded by the World Bank, has received Kshs. 300 million, including Kshs. 100 million as capital grants to KEMSA Several new Global Fund programs have been introduced, including Kshs. 800 million for the Special Global Fund Malaria Grant (NFM4), Kshs. 578 million for the Special Global Fund TB Grant (NFM4), and Kshs. 726 million for Health Systems Strengthening (NFM4) to ensure 90% of TB cases are treated.

iv. A reduction of Kshs. 77 million in public participation projects affects KMTCs and dispensaries Additionally, Kshs. 25 million has been cut from the Central Radioactive Waste Processing Facility, reducing its targeted completion rate from 40% to 35%.

Key Issues and Concerns

i. There is a lack of transparency regarding the Kshs. 1.75 billion allocated for salary arrears, particularly concerning the number of beneficiaries and the framework used to transfer the funds.

ii. The internship program funding requires further clarification regarding the number of interns supported by the Kshs. 1.49 billion allocations.

iii. The sustainability of TB treatment is at risk due to the absence of domestic government funding for anti-TB drugs not covered under the Global Fund, posing challenges once donor funding phases out by FY 2027/28.

iv. Budget rationalization has affected several areas, including reduced AIA collections impacting the Physiotherapists Council of Kenya, cuts in budgets, which may slow down the construction and upgrading of KMTCs and dispensaries, and reduced funding for the Central Radioactive Waste Processing Facility, which could affect revenue generation for the Kenya Nuclear Regulatory Authority (KENRA).

v. There is a need for a clear financing framework for Global Fund programs, including timelines and government support to ensure sustainability.

MIN. NO. NA/DC-H/2025/115: CONSIDERATION OF SUPPLEMENTARY ESTIMATES NO. 2 FOR THE FINANCIAL YEAR 2024/2025 FOR THE STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS.

The State Department for Public Health and Professional Standards submitted as follows;

Programmes and Objectives

The State Department for Public Health and Professional Standards will implement its budget through four key programmes:

i. Preventive and Promotive Health Services;
ii. Health Resource Development and Innovation;
iii. Health Policy, Standards and Regulations; and
iv. General Administration and Human Resource Management.

These focus on reducing disease burden, enhancing human resources, strengthening regulations, and improving governance in the health sector.

Budget Priorities for FY 2024/25

i. The budget aligns with the Bottom-Up Economic Transformation Agenda (BETA) and prioritizes Universal Health Coverage (UHC), disease surveillance, communicable disease control, infrastructure for Kenya Medical Training College (KMTC), health research, and regulatory standards for pharmaceuticals.
ii. Other key areas include expanding medical internship programs, operationalizing the Kenya National Public Health Institute, and strengthening health systems through technology and collaboration.

Budgetary Allocation and Absorption Rates

i. The total budget for the State Department has been revised from Kshs. 26.88 billion to Kshs. 31.96 billion, with Kshs. 27.3 billion for recurrent expenditure and Kshs. 4.6 billion for development expenditure.
ii. The absorption rates as of 31st December 2024 were 53.61% for recurrent expenditure and 38.77% for development expenditure, reflecting an overall absorption of 51.24%.

Adjustments to Recurrent Expenditure

The budget revisions include an increase of Kshs. 5.03 billion in recurrent expenditure, allocated as follows:

i. Kshs. 1.75 billion for salary arrears of county and national medical officers under Article 223 of the Constitution
ii. Kshs. 1.49 billion for medical interns' salaries, though this is Kshs. 250 million less than initially approved
iii. Kshs. 650.93 million for stipends to Community Health Promoters (CHPs)
iv. Kshs. 50 million for the coordination of Primary Care Networks (PCNs)
v. Kshs. 500 million for KMTC student loans under the Higher Education Loans Board (HELB)

There was also an increase in Appropriations-in-Aid (AIA) projections for institutions such as Port Health Services (Kshs. 34 million), the National Quality Control Laboratory (Kshs. 30.08 million), the Nursing Council of Kenya (Kshs. 30 million), and the Counsellors and Psychologists Board (Kshs. 6 million). However, the Physiotherapists Council of Kenya's AIA projection was reduced from Kshs. 76 million to Kshs. 18 million due to lower expected revenue.

Adjustments to Development Expenditure

Development expenditure increased by Kshs. 350 million, with notable changes including:

i. Kshs. 300 million for the World Bank-funded Building Resilience and Responsive Health System Project
ii. Kshs. 800 million for the Special Global Fund Malaria Grant (NFM4)
iii. Kshs. 578 million for the Special Global Fund TB Grant (NFM4)
iv. Kshs. 726 million for Health Systems Strengthening (NFM4)

However, some projects faced budget cuts, including:

i. Kshs. 3.75 million reduction for KMTC tuition blocks and laboratories
ii. Kshs. 41.25 million reduction for KMTC laboratory equipment
iii. Kshs. 1.15 billion reduction for the Special Global Fund Malaria Grant (NFM3)
iv. Kshs. 803.86 million reduction for the Special Global Fund TB Grant (NFM3)
v. Kshs. 77.75 million reduction for public participation projects
vi. Kshs. 25 million reduction for the Central Radioactive Waste Processing Facility

Key Issues and Concerns

i. There is a lack of clarity regarding the Kshs. 1.75 billion allocated for salary arrears, including the number of beneficiaries and the fund transfer framework to counties.
ii. The internship program allocation of Kshs. 1.49 billion requires further clarification on the number of interns supported.
iii. The reduction in public participation funding is expected to impact the construction and upgrading of KMTCs and dispensaries. The Central Radioactive Waste Processing Facility project may also face delays due to budget rationalization.
iv. Concerns were raised over the sustainability of TB treatment programs, as there is no government funding for anti-TB drugs not covered under the Global Fund, which could affect treatment availability after donor funding phases out in FY 2027/2.

Request for additional funding

i. The State Department for Public Health and Professional Standards requires Kshs. 250M to operationalize its new structure, as no funds were allocated in the FY 2024/25 budget.
ii. An additional Kshs. 150M is needed for the administration, monitoring, and evaluation of Community Health Promoters to support Universal Health Coverage.
iii. The implementation of Presidential Directives requires Kshs. 900M, including Kshs. 500M for Primary Health Care Networks and Kshs. 400M for recruiting KMTC teaching staff.
iv. Kenya Institute of Primate Research (KIPRE) needs Kshs. 118.9M for personnel emoluments after becoming an autonomous agency.
v. The Pharmacy and Poisons Board requires Kshs. 206M to strengthen Kenya's pharmaceutical regulatory framework and achieve WHO Maturity Level 3.
vi. Regulatory boards need funding reinstated, including Kshs. 40M for KMLTTB, Kshs. 105M for NCK, and Kshs. 76M for KNRA.

vii. Additional resource requests include Kshs. 70M for the Counsellors and Psychologists Board, Kshs. 40M for KMPDC, Kshs. 30M for Health Records Board, Kshs. 50M for the Clinical Officers Council, and Kshs. 760M for KNPHI.

viii. The Ministry seeks Kshs. 40M to scale up high-impact nutrition interventions and Kshs. 48.4M for a national hygiene and sanitation campaign.

ix. Capital project funding requests include Kshs. 300M for Anti-TB drugs, Kshs. 100M for dietetics services, Kshs. 41M for a KMPDC Medical Examination Centre, Kshs. 500M for KMTC campus operationalization, Kshs. 300M for a KNRA waste facility, and Kshs. 625M for a KIPRE snake anti-venom processing plant.

Committee Observations

The Committee made the following observations, THAT,

1. The sustainability of donor-funded programs remains uncertain, especially as domestic funding for critical healthcare services is limited, necessitating a long-term strategy for financial sustainability.
2. The reduction in funds for Special Global Fund programs (Kshs. 1.15 billion for malaria and Kshs. 803.86 million for TB) could impact disease control efforts, requiring alternative funding strategies to sustain progress in combating communicable diseases.

Committee Recommendations

The Committee made the following recommendations, THAT,

1. The Kenya Nuclear Regulatory Authority (KENRA) should submit a report on the impact of the Kshs. 25 million budget cut on the Central Radioactive Waste Processing Facility, outlining how the reduced funding will affect project timelines and revenue generation.
2. The National Treasury should allocate additional funding of Kshs. 1.49 billion to address the salary shortfall for medical interns to prevent disruption in healthcare service delivery due to unpaid wages.
3. The Ministry of Health should fast-track the operationalization of the Kenya Health Human Resource Advisory Council (KHHRAC) by allocating Kshs. 500 million to strengthen workforce planning and management in the health sector.
4. The State Department should ensure the effective utilization of the Kshs. 750.93 million allocated for Community Health Promoters (CHPs) administrative costs to enhance service delivery and provide adequate support to frontline health workers.
5. The National Public Health Institute should receive an additional Kshs. 300 million to address personnel emoluments shortfalls, ensuring the continuity of critical public health functions, including disease surveillance and outbreak response.

MIN. NO. NA/DC-H/2025/116: CONSIDERATION AND ADOPTION OF THE REPORT ON THE PROPOSED SUPPLEMENTARY ESTIMATES NO.2 FOR THE FINANCIAL YEAR 2024/2025.

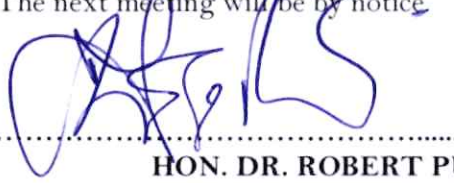
The Report on the proposed Supplementary Estimates No. 2 for the Financial Year 2024/2025 was adopted by the Committee having been proposed by Hon. Ntwiga Patrick Munene, MP, and seconded by Hon. Oron Joshua Odongo, MP.

MIN. NO. NA/DC-H/2025/117: ANY OTHER BUSINESS

There was no other business arising

MIN. NO. NA/DC-H/2025/118: ADJOURNMENT

There being no other business, the meeting was adjourned at thirty-seven minutes past noon. The next meeting will be by notice.

SIGN.....  **DATE**.....10/3/2025

HON. DR. ROBERT PUKOSE, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2025
DEPARTMENTAL COMMITTEE ON HEALTH
MEMBERS REPORT ADOPTION LIST

DATE: 07/03/2025

VENUE: 2nd Floor, Committee Room, Continental House.

AGENDA: Adoption of the Report on Supplementary Estimates NO. 2 for the FY 2024/2025

NO.	NAME	SIGNATURE
1.	The Hon. Dr. Pukose Robert, CBS, M.P.- **Chairperson**	
2.	The Hon. Ntwiga Patrick Munene, M.P.-**Vice-Chairperson**	
3.	The Hon. Maingi Mary, M.P.	
4.	The Hon. Muge Cynthia Jepkosgei, M. P	
5.	The Hon. Kipngor Reuben Kiborek, M.P.	
6.	The Hon. Wanyonyi Martin Pepela, M. P	
7.	The Hon. Mathenge Duncan Maina, M.P.	
8.	The Hon. Lenguris Pauline, M.P.	
9.	The Hon. Oron Joshua Odongo, M.P.	
10.	The Hon. Dr. James Nyikal Wambura, M.P.	
11.	The Hon. Kibagendi Antoney, M.P.	
12.	The Hon. Sunkuli Julius Lekakeny Ole, EGH, EBS M.P.	
13.	The Hon. Prof. Jaldesa Guyo Waqo, M.P.	
14.	The Hon. Titus Khamala, M. P	
15	The Hon. Owino Martin Peters, M.P.	

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN AFFAIRS

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION (2025)

DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

.....

REPORT ON THE SUPPLEMENTARY BUDGET ESTIMATES NO. 2 FOR THE 2024/2025 FINANCIAL YEAR FOR:

VOTE 1041: MINISTRY OF DEFENCE (MOD)
VOTE 1052: MINISTRY OF FOREIGN AND DIASPORA AFFAIRS (MFDA)
(i) VOTE 1053: STATE DEPARTMENT FOR FOREIGN AFFAIRS (SDFA)
(ii) VOTE 1054: STATE DEPARTMENT FOR DIASPORA AFFAIRS (SDDA)
VOTE 1221: STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY (SDEAC)
VOTE 1281: NATIONAL INTELLIGENCE SERVICE (NIS)

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MARCH, 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

AIA	Appropriation in Aid
BETA	Bottom-up Economic Transformation Agenda
DRC	Democratic Republic of Congo
EAC	East African Community
FY	Financial Year
KDF	Kenya Defence Forces
KES	Kenya Shilling
KMA	Kenya Military Academy
KMC	Kenya Meat Commission
KSA	Kenya Space Agency
KSL	Kenya Shipyards Limited
MDAs	Ministries, Departments and Agencies
MFDA	Ministry of Foreign and Diaspora Affairs
MoD	Ministry of Defence
NDU-K	National Defence University Kenya
NIS	National Intelligence Service
PFM	Public Finance Management Act
BAC	Budget and Appropriations Committee
SAGAs	Semi-Autonomous Government Agencies
SDDA	State Department for Diaspora Affairs
SDEAC	State Department for East African Community
SDFA	State Department for Foreign Affairs

PART I

1.0 PREFACE

1.1 Introduction

1. This report details the consideration by the Departmental Committee on Departmental Committee on Defence, Intelligence and Foreign Relations of the Supplementary Budget Estimates No. II for the FY 2024/2025 that were submitted to the National Assembly on Tuesday, 16th February 2025 and committed to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee. The preparation and approval of the supplementary budget is provided for in Section 44(1) of the Public Finance Management Act Cap 412A as read together with Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Order 243(3B).

2. In considering the Supplementary Estimates, the Committee held meetings with the Ministries, Departments and Agencies (MDAs) under its purview to interrogate the said Estimates on Wednesday 5th and Thursday 6th March 2025. The Committee then consolidated its recommendations and submitted them to the Budget and Appropriations Committee (BAC), pursuant to National Assembly Standing Order 207(6).

1.2 Mandate of the Committee

3. Departmental Committee on Defence, Intelligence and Foreign Relations is established under the National Assembly Standing Order No. 216. The functions and mandate of the Committee include, among others, to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and **estimates** of the assigned Ministries and departments.

4. The subject matter of the Departmental Committee on Defence, Intelligence and Foreign Relations are stated in the Second Schedule of the National Assembly Standing Orders as follows: **Defence, intelligence, foreign relations, diplomatic and consular services, international boundaries including territorial waters, international relations, and veteran affairs.**

1.3 Oversight

5. In executing its mandate, the Committee oversees the following MDAs: 1041-Ministry of Defence (MoD); 1053-State Department for Foreign Affairs (SDFA); 1054-State Department for Diaspora Affairs (SDDA); 1221-State Department for East African Community (SDEAC); and 1281-National Intelligence Service (NIS).

1.4 Committee Membership

6. The Departmental Committee on Defence, Intelligence and Foreign Relations was constituted by the House on 27th October, 2022 and comprises the following Members:

Chairperson
Hon. Koech Nelson, M.P.
Belgut Constituency
UDA Party

Vice-Chairperson
Hon. Maj. (Rtd.) Sheikh Abdullahi Bashir, M.P.
Mandera North Constituency
UDM Party

Members

Hon. Wanjira Martha Wangari, M.P,
Gilgil Constituency
UDA Party

Hon. Hassan Abdi Yusuf, MP
Kamkunji Constituency
Jubilee Party

Hon. Odhiambo Millie G. Akoth,MP
Suba North Constituency
ODM Party

Hon. Kanchory Elijah Memusi, MP
Kajiado Central Constituency
ODM Party

Hon. (Dr.) Kasalu Irene Muthoni,MP
Kitui County
WDM-K

Hon. Kirima Moses Nguchine, MP
Imenti Central Constituency
UDA Party

Hon. Kwenya Thuku Zachary, MP
Kinangop Constituency
Jubilee Party

Hon. Joshua Kandie, MP
Baringo Central Constituency
UDA Party

Hon. Luyai Caleb Amisi, MP
Saboti Constituency
ODM Party

Hon.Teresia Wanjiru Mwangi, MP
Nominated Member
UDA Party

Hon. Logova Sloya Clement, MP
Sabatia Constituency
UDA Party

Hon. Ikana Fredrick Lusuli, MP
Shinyalu Constituency
ANC Party

Hon. Mohamed A. Hussein, MP
Lagdera Constituency
ODM Party

1.5 Committee Secretariat

7. The Committee is facilitated by the following staff:

Mr. Dennis M. Ogechi
Lead Clerk/Head of Secretariat

Mr. Lenny Muchangi
Legal Counsel II

Mr. Bernard Njeru
Clerk Assistant III

Mr. Salat Ali
Principal Serjeant-at-Arms

Mr. Machuki E. Mwebi
Fiscal Analyst III

Ms. Noelle Chelagat
Media Relations Officer I

Mr. John Ng'ang'a
Audio Recording Officer

Mr. Martin Sigei
Research Officer III

1.6 Overview on the Examination of the Supplementary Estimates No. I for FY 2024/2025

8. The Departmental Committee on Defence, Intelligence and Foreign Relations held sittings on 5th March 2025 for a briefing on Supplementary Estimates No. II for FY 2024/2025 by the secretariat. Thereafter, the Committee held Sittings to scrutinize and deliberate on the Estimates with the Ministries, Departments and Agencies under its purview on Wednesday 5th and Thursday 6th March 2025. Finally, it prepared this report and submitted it to the Liaison Committee, acting as Budget and Appropriations Committee, pursuant to Standing Order 207(6).

1.7 Acknowledgement

9. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. Further, the Committee appreciates the Ministries, Departments and Agencies under its purview that appeared before it to make their submissions and thereby aid effective scrutiny of the Estimates.

10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Defence, Intelligence and Foreign Relations to present the Report to the Liaison Committee, acting as Budget and Appropriation Committee, pursuant to Standing Order 207 (6).

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES

11. The Supplementary Budget Estimates No. II for the FY 2024/2025 were submitted to the National Assembly on 16th February 2025 and committed to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee.

12. The revision of the budget has been necessitated by the need to realign budgetary provisions to projected levels of absorption; approve additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

13. This report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: *(i)1041 Ministry of Defence (MoD); (ii) 1053 State Department for Foreign Affairs (SDFA); (iii)1054 State Department for Diaspora Affairs (SDDA); (iv)1221 State Department for East African Community (SDEAC); and (v) 1281 National Intelligence Service (NIS).*

14. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by **3.85% (KES. 85.87 billion)** from the original budget which is within the 10% allowable threshold in accordance to Article 223 of the Constitution. The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

15. Recurrent expenditures are proposed to increase by **8.61% (KES.136.96 billion)** whereas development expenditure decreased by **7.97% (KES.51.1 billion)**. Finally, CFS has increased by **0.44% (KES.5.5 billion)**. A summary of the changes is shown in Table 1.

Table 1: Overall Changes in FY 2024/25 Supplementary Budget Estimates II (KES. Millions)

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. II 2024/25	Gross Change	% Change from Original Estimates
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.60**	**3.85%**
1.1 Recurrent Budget Estimates	*1,591,590.2*	*1,728,550.2*	*136,960.00*	*8.61%*
1.2 Development Budget Estimates	*641,166.2*	*590,080.0*	*(51,086.20)*	*(7.97%)*
2.0 Consolidated Fund Services	**1,237,233.8**	**1,242,735.5**	**5,501.70**	**0.44%**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.30**	**2.63%**

Source: *The National Treasury, Supplementary Budget Estimates No. II FY 2024/25*

16. All the MDAs under the purview of this Committee have their budgets adjusted upwards, except for the SDDA whose budget has been reduced, as shown in Table 2.

Table 2: FY 2024/25 Supplementary Budget Estimates II (KES Millions)

Details	FY 2024/25 Approved Budget	FY 2024/25 Supplementary Budget II	Change	% Change
1041 MoD	**172,952.06**	**179,705.39**	**6,753.33**	**3.90%**
Defence	*169,815.80*	*176,339.13*	*6,523.33*	*3.84%*
Civil Aid	*350.00*	*350.00*	-	*0.00%*
*GAPSS**	*2,473.76*	*2,703.76*	*230.00*	*9.30%*
National Space Management	*312.50*	*312.50*	-	*0.00%*
1053 SDFA	**20,013.15**	**21,069.10**	**1,055.94**	**5.28%**
GAPSS	*2,557.33*	*3,424.16*	*866.83*	*33.90%*
Foreign Relation and Diplomacy	*17,263.99*	*17,453.11*	*189.12*	*1.10%*
Economic and Commercial Diplomacy	*47.93*	*47.93*	-	*0.00%*
Foreign Policy Research, Capacity Dev and Technical Cooperation	*143.90*	*143.90*	-	*0.00%*
1054 SDDA	**637.83**	**633.70**	**(4.13)**	**(0.65%)**
Management of Diaspora Affairs	*637.83*	*633.70*	*(4.13)*	*(0.65%)*
1221 SDEAC	**572.74**	**851.71**	**278.97**	**48.71%**
East African Affairs and Regional Integration	*572.74*	*851.71*	*278.97*	*48.71%*
1281 NIS	**46,351.00**	**56,151.00**	**9,800.00**	**21.14%**
National Security Intelligence	*46,351.00*	*56,151.00*	*9,800.00*	*21.14%*

**GAPSS- General Administration Planning and Support Services*

Source: *The National Treasury, Supplementary Budget Estimates No. II FY 2024/25*

17. As indicated in Table 2, the MoD budget has been revised upwards by **KES.6,753.33** million, of which **KES.6,523.33 million** is for the Defence Programme and **KES.230 million** is for the General Administration Planning and Support Services (GAPSS) programme. The Civil Aid and National Space Management Programme budgets have not changed.

18. For the SDFA, the budget has been enhanced by **KES.1,055.94 million**, of which **KES.866.83 million** is for the GAPSS programme and **KES.189.12 million** is for the Foreign Relation and Diplomacy programme.

19. The SDDA budget has been revised downward by **KES.4.13 million**. The SDEAC budget has been enhanced by **KES.278.97 million**. Finally, NIS budget has been enhanced by **KES.9,800.00 million**.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

20. The Departmental Committee on Defence, Intelligence and Foreign Relations held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Supplementary Budget No. II for the FY 2024/2025 on **Wednesday 5th March, 2025** and **Thursday 6th March, 2025**. The highlights of the submissions by the MDAs are recorded hereunder:

3.1 National Intelligence Service (NIS)

21. On behalf of the Director-General for the National Intelligence Service (NIS), the Director Administration, NIS, Mr. David Karanja appeared before the Committee on **Wednesday 5th March, 2025** and submitted as follows:

22. Out of the approved budget of **KES.46.35 billion**, the Service had spent **KES.28.74 billion** as of 31st December 2024 which was equivalent to **62.01%** budget absorption rate.

23. In FY 2024/25 Supplementary Estimates No. II, NIS budget has been revised from **KES.46.35 billion** to **KES.55.65 billion**, reflecting an increase of **KES.9.30 billion** on account of the following: need for enhanced security operations due to regional instability in Somalia, DRC, Ethiopia, Uganda, Sudan and South Sudan; need for increased surveillance due to Al-Shabaab threats/attacks, resurgence of ISIS & OLA (Ethiopia) activities on our borders; address the use of drones by insurgents to conduct attacks on key installations; increase service capacity to deal with rising cyber-attack cases; and continue monitoring the security situation due to heightened political activities in the Country.

24. The Service had not withdrawn any money yet under Article 223 of the Constitution.

3.2 Ministry of Defence (MoD)

25. The Principal Secretary MoD, Mr. Patrick Mariru, appeared before the Committee on Wednesday 5th March, 2025 and submitted as follows:

26. The Ministry's total approved gross estimates for the FY 2024/25 is **KES.172.95 billion** comprising of **KES.171.42 billion** recurrent expenditure and **KES.1.53 billion** development expenditure estimates.

27. Out of the approved budget of **KES.172.95 billion**, the Ministry had spent **KES.84.14 billion** as of 31st December 2024 which is equivalent to **48.65%** budget absorption rate.

28. In FY 2024/25 Supplementary Estimates No. II, MoD budget has been revised from **KES.172.95 billion** to **KES.179.71 billion**, reflecting an increase of **KES.6.75 billion** as shown in Table 3.

Table 3: MoD Summary of FY 2024/25 Approved Vs Revised Estimates II (KES. Millions)

Details	Approved Budget	Supp. Budget II	Change
Capital	**1,000.00**	**3,000.00**	**2,000.00**
AIA-Foreign-ECA	1,000.00	3,000.00	2,000.00
Current	**153,301.02**	**158,054.35**	**4,753.33**
AIA-Local-KMC	5,397.40	3,920.73	(1,476.67)
GoK	**147,903.62**	**154,133.62**	**6,230.00**
Compensation to Employees	1,224.09	1,254.09	30.00
Other Operating Expenses	35.24	235.24	200.00
Current Transfers-Military Spending	146,644.30	152,644.30	6,000.00
Grand Total	**154,301.02**	**161,054.35**	**6,753.33**

Source: *MoD, FY 2024/25 Supplementary Estimates II Submissions*

29. The KES.2 billion increase in AiA capital spending is ECA funding which will support the systems and equipment modernization programme through the acquisition of the Air Defence System. The KES.1.48 billion decrease in AiA for KMC was due to low supply of animals slaughtered. This has resulted in the revision of the set target from 5,949 MT of fresh meat produced to 3,670 MT.

30. In line with National Treasury Circular No.14/2024, MoD requested for additional funding of KES.57.26 billion but they only managed to get KES.6.23 billion as shown in Table 4.

Table 4: MoD Funded/Unfunded Areas in Supplementary Estimates II (KES. Millions)

S/No.	Description	Request	Funded	Unfunded
1	Pending Bills from FY 2023/24	22,500.00	6,000.00	16,500.00
2	Immediate Security Operational Requirements	28,200.00	200.00	28,000.00
3	Funding requirement for UN Mission in Somalia (AUSSOM-African Union Support and Stabilization Mission in Somalia)	5,000.00	-	5,000.00
4	Funding for Presidential Taskforce on development of Kenya Home of Human Origins Museum and Science Park in the Lake Turkana Region	1,180.00		1,180.00
5	KMC Export Certification (Venture into the exports market)	260.00	-	260.00
6	Additional funding for Civilian PE Budget	30.00	30.00	-
	Total	**57,170.00**	**6,230.00**	**50,940.00**

Source: *MoD, FY 2024/25 Supplementary Estimates II Submissions*

31. Out of the unfunded amount of KES.50.94 billion, KES.21.76 billion is considered as the most critical for the following: (i) Pending bills-KES.16.5 billion; (ii) Funding requirement for UN Mission in Somalia-KES.5.00 billion; and (iii) KMC Export Certification-KES.260.00 million which the Ministry is seeking the indulgence of the committee for additional funding.

32. The Ministry of Defence (MOD) workforce is comprised of Kenya Defence Forces (KDF) and the Civilian Staff. The Civilian staff is made up of over 3000 specialized technical staff comprising of doctors, lecturers, nurses, air craft service technicians, safety equipment technicians, panel beaters, spray painters, welders, artisans, builders, mechanics, electricians, carpenters, cooks, waiters and general fitters who are deployed in all military formations and units across the country. The complementary working relationship between KDF and the civilian staff necessitates that the civilian

staff accompany the KDF personnel during missions and various assignments across the country. The civilian staff are required to be fully facilitated under the civilian budget since the military personnel are facilitated by the KDF.

33. Due to the budgetary cut of **KES.124 million** and low budget allocations over the years, the civilian officers are facing enormous challenges in supporting KDF within and outside stations especially for the specialized technical staff who include doctors, nurses, aircraft service technician and safety equipment technicians.

34. The Ministry had not withdrawn any money yet under Article 223 of the Constitution.

3.3 State Department for East African Community (SDEAC)

35. The Principal Secretary, State Department of East African Community, Mr. Abdi Dubat, CBS appeared before the Committee on Wednesday 5th March, 2025 and submitted as follows:

36. The State Department recurrent budget is **KES.572.74 million** comprising of **KES.311.18 million** in compensation of employees and **KES.261.52 million** as Operations and Maintenance which includes rent of **KES.154.00 million**.

37. Out of the approved budget of **KES.572.74 million**, the Department has spent **KES.296.99 million** as of 31st December 2024 which is equivalent to **51.85%** budget absorption rate.

38. In FY 2024/25 Supplementary Estimates No. II, SDEAC budget had been revised from **KES.572.74 million** to **KES.851.71 million**, reflecting an increase of **KES.278.97 million** on account of the following: -
    (i) **KES.201.54 million**-to cater for regional integration activities involving the CS and PS offices and EAC Chairmanship activities upto to March 2025;
    (ii) **KES.25.07 million**-to cater for Northern Corridor Intergrated Projects Monitoring and Evaluation Activities; and
    (iii)**KES.52.36 million**-to cater for EAC regional integration activities and planned National outreach programmes.

39. On 24th November 2024, the Republic of Kenya assumed the Chairmanship of the East African Community, on rotational basis for a period of one year. This is in accordance with the established Rules of Procedure governing the Summit's operations.

40. To attain the Chairperson's objectives this FY 2024/25, an additional budget of **KES.310.04 million** is needed to facilitate the following activities: -
    (i) **KES.40.09 million**-Budget for EAC Chairmanship meetings which include Summit, Council, EAC Sectoral Council, Regional and technical meetings;
    (ii) **KES.195.54 million**-Kenya will host the Council and EAC Head of States Summit and a High-Level Infrastructure Retreat, which is a platform for Northern Corridor Integrated Projects;
    (iii)**KES.5.95 million**-Trainings of Focal Point Persons on rules of procedure to foster efficiency, regional integration and effective decision making;
    (iv)**KES.5.00 million**-To ensure publicity of the East African Community Chairmanship;

(v) **KES.8.23 million** and **KES.7.47 million** for retreats for EAC Ministers and Permanent/Principal Secretaries to discuss strategic and policy areas addressing priorities, challenges, opportunities and develop actionable frameworks among Partner States respectively, and

(vi) **KES.47.76 million**-Visit by the Cabinet Secretary to three (3) EAC Organs and eight (8) Institutions to discuss and prioritize interventions during the Chairmanship period

41. The State Department had not withdrawn any money yet under Article 223 of the Constitution.

3.4 State Department for Diaspora Affairs (SDDA)

42 The Principal Secretary, State Department for Diaspora Affairs, Ms Roseline Njogu appeared before the Committee on Thursday 6th March, 2025 and submitted as follows:

43. The State Department's recurrent budget allocation has decreased by **KES.195.40 million** from the FY 2024/25 Printed Estimates to Supplementary No. II FY 2024/25 as shown in Table 4. The overall reduction affects the attainment of the expanded mandate as outlined in the Executive Order No 2 of 2023 and the Diaspora Policy 2014.

Table 5: SDDA Budget Variation-Approved Budget Vs Supp No. II Budget (KES. Millions)

Description	**Budget Estimates**
Financial Year 2024/25 Printed Estimates	829 10
2024/25 Supplementary Estimates No.1	637 83
Proposed Supplementary No II for FY 2024/25	633 70
Overall Supplementary Budget Reduction	**195.40**

Source: *SDDA, FY 2024/25 Supplementary Estimates II Submissions*

44. The State department does not have development expenditure in the Financial Year 2024/25. However, plans are underway to start the establishing and equipping of safe houses in four missions abroad namely Riyadh, Doha, Dubai and New Delhi in the FY 2025/26 and MTEF period

45. During the period under review the State Department did not receive any additional allocation under Article 223 of the Constitution.

46. The Department's areas for consideration for additional funding requiring the committee's intervention is summarized in Table 6.

Table 6: SDDA Areas for Consideration for Additional Funding (KES. Millions)

Budget Item	Requirement	Allocation	Deficit	Remarks
Repatriation and Evacuation	163.64	43.64	120.00	Additional funding to cater for repatriation and evacuation of Kenyans in distress from Lebanon, Thailand and DRC
Rent and Operations for posting officers in missions	31.44	-	31.44	To facilitate the posting of Diaspora Officers in five Missions abroad. Funds to cater for residential rent (KES.20.72 million) and for operations and maintenance (KES.10.72 million)
Foreign Service Allowance	14.07	-	14.07	FSA for officers in the five (5) selected Diaspora Missions abroad for the 4th quarter of FT 2024/25
Purchase of Office furniture and equipment	8.03	-	8.03	Purchase office furniture and fittings for new third Secretary cadets (26 officers) and 8 technical officers.
Office partitioning	84.00	-	84.00	Phase II partitioning of additional offices space to accommodate additional staff
Diaspora Placement Agency (DPA)	200.00	-	200.00	Funds for operationalization of Placement Agency including operation costs and acquisition of Non-Financial assets in line with the expanded mandate of the State Department.
Total	**501.17**	**43.64**	**457.53**	

Source: *SDDA, FY 2024/25 Supplementary Estimates II Submissions*

3.5 State Department for Foreign Affairs (SDFA)

47. On behalf of the Principal Secretary, State Department for Foreign Affairs, Dr. Korir Singoei, Amb. Eliphas Barine, Director-General, Political and Diplomatic Affairs appeared before the Committee on Thursday 6th March, 2025 and submitted as follows:

48. The SDFA in FY 2024/25 had a development allocation of **KES.2,390.00 million** in the approved printed estimates which were later rationalized to zero in Supplementary Estimates No. I. To date in the current FY, the State Department has incurred expenditure commitments of ongoing projects of approximately KES.1.1 billion, against no budgetary provision. For this reason, the State Department requires immediate intervention to reinstate the budget to avert further accrual of pending bills, especially for the following projects.

49. The approved estimates have been revised from **KES.20,013.15 million** to **KES.21,069.10 million** under Supplementary Estimates No. II. This reflects an increase of **KES.1,055.94 million**, which is entirely recurrent as shown in Table 7.

Table 3: SDFA Supplementary Estimates No. II (KES. Millions)

Description	Approved Estimates	Revised Estimates	Variance
Recurrent Gross	20,013 20	21,069 10	1,055.90
Recurrent AIA	*150 00*	*283 00*	*133 00*
Recurrent Net	*19,863 20*	*20.786 10*	*922 90*
Development	-	-	-
Grand Total	20,013 20	21,069 10	1,055 90

***Source:** SDFA, FY 2024/25 Supplementary Estimates II Submissions*

50 The changes by programme have been summarized in Table 8

Table 4· SDFA Supplementary Estimates No II by Programme (KES. Millions)

Programme	Approved Estimates	Revised Estimates No. II	*Variance*	Justifications
General Administration, Planning and Support Services	2,554 33	3,168 77	*614 44*	To address budget shortfalls in P E (KES 50,00 million) and AUC campaigns (KES 523 85 million)
Foreign Relations & Diplomacy	17,266 99	17,708 52	*441 54*	P E (KES 349 12 million) and O&M (KES 92 41 million) to address budget shortfalls in FSA, Appointments for Deputy Heads of Mission at Ambassadorial level, Postings and Recruitments, Setting up of London and Washington Agency offices
Economic & Commercial Diplomacy	47 93	47 93	-	
Foreign Policy Research, Capacity Development and Technical Cooperation	143 90	143 90	-	
Total	**20,013.15**	**21,069.13**	**1,055.98**	

***Source:** SDFA, FY 2024/25 Supplementary Estimates II Submissions*

51 The main targets and outputs affected by the changes in the Supplementary No. II Estimates are as follows: -

(i) Additional P.E **(KES.399.12 million)** to cater for New Missions, Additional PE for New Agency offices, Additional PE for newly appointed Deputy Ambassadors at Ambassadorial level

(ii) Additional operations and maintenance costs to cater for operationalisation of London and Washington Agencies **(KES.92.42 million)**

52. Additional Funding under Article 223 of the Constitution of Kenya (2010).

Table 5: SDFA Article 223 Spending (KES Millions)

Activity	Amount Approved	Expenditure	*Variance*	Description
International Candidatures	523 84	523 84	-	Funds utilized for African Union Chairmanship Campaigns

***Source:** SDFA, FY 2024/25 Supplementary Estimates II Submissions*

53. Some of the critical but unfunded recurrent activities in FY 2024/25 are shown in Table 9.

Table 9: SDFA Critical but Unfunded Activities (KES. Millions)

Item	Amount Requested	Amount Granted	Deficit	Justification
Personnel Emoluments	578.50	399.00	(179.50)	Establishment of new Missions, recall and posting of Ambassadors and relevant staff to missions; appointment and posting of Deputy Heads of Missions at ambassadorial level, appointment of additional local staff at the Missions as part of entitlements for the newly appointed Deputy Heads of Mission at ambassadorial level
State Visits	1,900.00	-	(1,900.00)	In the current FY, SDFA has facilitated 30 outbound visits and 15 inbound visits on which expenditure of KES. 2.2 billion has been incurred against a budgetary provision of Ksh.1.76 billion. SDFA therefore has a budget deficit of KES.440 million to cover state and official visits already made this financial year. SDFA has been instructed to prepare/facilitate additional 20 outbound visits at a cost of KES.1.9 billion.
Foreign Exchange Loss Assumption Facility	1,000.00	-	(1,000.00)	In the process of implementing the 2023/24 FY and the current financial year budget, SDFA incurred Forex losses of KES.650 million and KES.450 million respectively. Thereby, forcing the Kenyan missions abroad to defer payment of critical services including Rent, utilities and PE to the tune of KES.1.1 billion. To avoid the crisis caused by the Forex losses in the missions above, SDFA is seeking additional KES.1.1 billion in its recurrent Supplementary II to clear the payment arrears in the missions abroad and caution them going forward.
Operationalization of Foreign Service Academy	715.00	-	(715.00)	With the enactment of the Foreign Service Act,2021 the Foreign Service Academy has been established and operationalized as a SAGA in December 2024. The government proceeded to appoint FSA board which commenced its operations immediately. Funds required for PE, Administrative costs, Training and acquiring academic infrastructure
Regional Peace & Security negotiation - Southern Sudan	450.00	-	(450.00)	The funding for the negotiation committee operations of KES.450 million was to be considered during the preparation of FY 2024/25 Supplementary Estimates II.
New Missions	875.00	-	(875.00)	Funds are required for setting up and operationalization of new missions in Asmara, Abidjan, Jeddah, Guangzhou, and Haiti
Total	**5,518.50**	**399.00**	**(5,119.50)**	

Source: *SDFA, FY 2024/25 Supplementary Estimates II Submissions*

PART IV

4.0 COMMITTEE OBSERVATIONS

54. The Committee, after receiving, scrutinizing, and deliberating on both the contents of FY 2024/25 Supplementary Estimates No. II and the submissions from the various MDAs under its purview, made the following observations:

4.1 National Intelligence Service (NIS)

55. The Approved Estimates have been revised from **KES.46,351.00 million** to **KES.55,651.00 million** under FY2024/25 Supplementary Estimates No. II, reflecting an increase of **KES.9,300.00 million** on account of enhanced security operations.

56. The Service budget is in the books is submitted as a one-line item. In the submissions made there is further categorization without a detailed itemized breakdown for the committee to fully interrogate the figures before approval.

4.2 Ministry of Defence (MoD)

57. The MoD total budget has been increased by **KES.6,753.33 million** i.e., from the approved amount of **KES.172,952.06 million** to the revised amount of **KES.179,705.39 million**. Out of the **KES.6,753.33 million** increase in MoD budget, **KES.4,753.33 million** is for recurrent while **KES.2,000.00 million** is for development.

58. The Ministry had carried over pending bills from FY 23/24 of **KES.22.5B** all arising from exchequer under issues. In line with the National Treasury guidelines, the Ministry diligently treated these pending bills as a first charge in this FY's allocation. This created an equivalent gap in their current allocation and has highly disrupted the resourcing of ongoing Defence and security Operations. Currently the Ministry's is unable to fund critical logistic requirements i.e. *combat logistics involving the supply of ammunition to troops in operation areas, Food and Ration for sustenance of these troops in operation hot spots, Fuel to facilitate movement of Defence vehicles, Aircrafts and Ship vessels and finally Medical supplies for sustaining the forces*. The Ministry requested additional funding from National Treasury to fill the funding gap. Out of the **KES.22.5 billion** NT considered funding of **KES.6 billion**.

59. MoD is running on trust from suppliers across the country where they are deployed to sustain the continuity of the Security Operations. The unconsidered/unfunded balance of **KES.16.5 billion** against their additional funding request of **KES.22.5 billion** is highly required to be able to sustain the critical logistic requirements to the end of the FY.

60. On 27 December 2024, the United Nations Security Council adopted resolution 2767 (2024), endorsing of the *African Union Peace and Security Council's decision to replace the African Union Transition Mission in Somalia (ATMIS)* that ended on 31 December 2024 with the *African Union Support and Stabilization Mission in Somalia (AUSSOM)*. The deployment of equipment for UN missions is guided by the UN Statement of Unit Requirement (SUR) prescribing standards of equipment for deployment. For Kenya to be allowed to deploy to the Mission and achieve full reimbursements under the UN's Contigent Owned equipment (COE) System, the deployed equipment must meet the operational capabilities prescribed. The equipment serviceability state of Kenya is way below the UN Statement of Unit Requirement (SUR) due to extended deployment in Somalia against a proportionate budget over time. The required funding of **KES.5 billion** is to facilitate the initial

logistic requirement for deployment and take full opportunity of equipment reimbursements. The requested amount will be recouped through reimbursements by the UN for the deployed units that goes directly to MoD.

61. Further, over the past FYs, the operations and maintenance budget for the MoD civilian budget has been decreasing despite the growing numbers of civilian staff. Since the FY 2022/23 to date, the civilian personnel emoluments budget has increased by **44.91%** while the operations and maintenance budget has decreased by **62.38%.** To address this urgent need, there is need for an additional funding request of **KES.100 million** for the civilian staff.

62. The Committee acknowledges the economic challenges informing the additional funding consideration offered by the National Treasury in Supplementary II Estimates. However, a well-funded defense sector is essential for maintaining stability, protecting national interests, and fostering sustainable economic growth.

4.3 State Department for East African Community (SDEAC)

63. The SDEAC presented its revised budget for FY 2024/25, which increased from **KES.572.74 million** to **KES.851.71 million**. This increase of **KES.278.97 million** is primarily to support regional integration activities, Northern Corridor Integrated Projects Monitoring and Evaluation, and planned national outreach programs.

64. Kenya assumed the Chairmanship of the East African Community in November 2024, which entails significant responsibilities to achieve regional integration objectives. To meet these goals, an additional **KES.310.04 million** is needed to facilitate various activities, including EAC Chairmanship meetings, hosting the EAC Heads of State Summit and a High-Level Infrastructure Retreat, training Focal Point Persons, ensuring publicity, and organizing retreats for EAC Ministers and Principal Secretaries.

65. Over the years, the SDEAC has faced insufficient funding, hindering its ability as a state department to fulfill its mandate effectively. A significant portion of its budget is allocated to personnel emoluments and administrative expenses, leaving only a minimal amount available for the execution of its core responsibilities.

4.4 State Department for Diaspora Affairs (SDDA)

66. The approved estimates have been revised from **KES.637.83 million** to **KES.633.70 million** under FY 2024/25 Supplementary Estimates No. II. This reflects a decrease of **KES.4.13 million**. The overall change is on account of the rationalization of personnel emoluments to reflect the actual requirement and additional funding to cater for rent, contracted guards and cleaning services and gratuity.

67. The SDDA budget has been in a downward trend since its inception. For example, in FY 2023/24, the approved budget for the SDFA was KES.1,314.00 million. This amount was subsequently revised to KES.1,315.71 million in Supplementary Estimates No. I and later adjusted to KES.1,187.71 million in Supplementary Estimates No. II within the same financial year. In FY 2024/25, the approved budget was KES.828.14 million which was revised downwards to KES.637.83 million in Supplementary Estimates No. I and then to KES.633.70 million in Supplementary Estimates No. II in the same

financial year. The ongoing decline in the SDDA budget since it was established has led to significant funding shortfalls, which limit the state department's ability to effectively fulfill its responsibilities.

4.5 State Department for Foreign Affairs (SDFA)

68. The approved estimates have been revised from **KES.20,013.15 million** to **KES.21,069.10 million** under Supplementary Estimates No. II. This reflects an increase of **KES.1,055.94 million**, which is entirely recurrent. The Department does not have any development budget, which was initially **KES.2,390.10 million** as per the original approved budget but was 100% cut in Supplementary Estimates No. I.

69. The **KES.1,055.94 million** increase of SDFA budget is attributed to increment for personnel emoluments of **KES.409.12 million** for new postings and appointments of ambassadors; **KES.523.84 million** for campaign activities for Kenya's candidature of the African Union Commission Chairperson; increment of **KES.50.00 million** for HQ other operating expenses; **KES.33.05 million** increase of the missions' rent expenses; increment of **KES.18.21 million** for other recurrent expenses for missions; increment of **KES.13.86 million** as education grants for posted staff dependants; **KES.6.21 million** increase in domestic travel; and **KES.1.65 million** increase in foreign travel.

70. In FY 2024/25, the State Department for Foreign Affairs (SDFA) had a development allocation of KES.2,390.00 million in the approved printed estimates. However, this allocation was rationalized to zero in Supplementary Estimates No. I. The rationalization of the development budget to zero has led to several critical issues, including: *(i) Attract claims for delayed works and idle capacity; (ii) Attract claims for interest penalties on delayed payments; (iii) Attract civil litigation arising from failure to observe contractual obligations; and (iv) Give negative image for the country.*

71. The State Department was granted Cabinet approval to operationalize six (6) new missions/consulate general in FY 2024/25: (i) Abidjan, Cote D' iVoire; (ii) Asmara, Eritrea; (iii) Port au Prince, Haiti; (iv) Bogota, Clombia; (v) Budapest, Hungary; and (vi) Jeddah, Saudi Arabia. The mission in Abidjan, Cote D' iVoire and consulate general in Port au Prince, Haiti have been already set up.

72. The ongoing expansion of diplomatic missions and consulate generals, without tackling the challenges faced by current missions, raises concerns about the intentions behind this continued diplomatic footprint expansion. It is likely to exacerbate the existing issues of insufficient staffing and budgets.

PART V

5.0 COMMITTEE RECOMMENDATIONS

73. The Committee, having received, scrutinized, and deliberated on both the contents of the FY 2024/25 Supplementary Budget Estimates No. II and the submissions from the various MDAs under its purview, recommends the following:

5.1 Non-Financial Recommendations

74. The Cabinet Secretary for Foreign and Diaspora Affairs (MFDA) should, prior to the operationalization of any new diplomatic mission or consulate, present a comprehensive evaluation report to the National Assembly for consideration and approval. This report should outline the economic viability and strategic significance of the new mission or consulate in relation to Kenya's foreign policy and economic interests

75. The NIS, in its future submissions to the Departmental Committee on Defence, Intelligence and Foreign Relations, should provide a more detailed itemized breakdown of its budget in camera to enable the Committee to fully appreciate the cost drivers of NIS budget before approving it.

76. Given the constraints on resources, the Executive should explore the feasibility of integrating the State Department for Diaspora Affairs and the State Department for East Africa Community Affairs as departments within the Ministry of Foreign and Diaspora Affairs. This approach could enhance efficiency of resource utilization by reducing the significant personnel and administrative expenses associated with operating a standalone state department.

5.2 Financial Recommendations

77. The Committee:

a) **Approves** spending of **KES.523.85 million** for the State Department for Foreign Affairs that was incurred in accordance with Article 223 of the Constitution. Details of the amounts spent are tabulated below:

Table 10: Article 223 Spending (KES. Millions)

Activity	Amount Approved	Expenditure	*Variance*	Description
International Candidatures	523.84	523.84	-	Funds utilized for African Union Chairmanship Campaigns (*Chartered Aircraft Hire, Hotel accommodations, Airport Transfers, and Publicity and Awareness Creation*)

Source: *National Treasury and State Department for Foreign Affairs*

b) **Approves** the additional spending for all the programmes for Vote 1041: MoD; Vote 1052: SDFA; Vote 1053: SDDA; Vote 1221: SDEAC; and Vote 1281: NIS as tabled and as shown in Table 11.

Table 11: Additional Spending as Tabled (KES. Millions)

Vote/Programme	Current	Capital	Total
1041 Ministry of Defence	**4,753.33**	**2,000.00**	**6,753.33**
Defence	*4,523.33*	*2,000.00*	*6,523.33*
Civil Aid	-	-	-
General Administration Planning and Support Services	*230.00*	-	*230.00*
National Space Management	-	-	-
1053 State Department for Foreign Affairs	**1,055.94**	**-**	**1,055.94**
General Administration Planning and Support Services	*866.83*	-	*866.83*
Foreign Relation and Diplomacy	*189.12*	-	*189.12*
Economic and Commercial Diplomacy	-	-	-
Foreign Policy Research, Capacity Dev and Technical Cooperation	-	-	-
1054 State Department for Diaspora Affairs	**(4.13)**	**-**	**(4.13)**
Management of Diaspora Affairs	*(4.13)*	-	*(4.13)*
1221 State Department for East African Community	**278.97**	**-**	**278.97**
East African Affairs and Regional Integration	*278.97*	-	*278.97*
1281 National Intelligence Service	**9,300.00**	**-**	**9,300.00**
National Security Intelligence	*9,300.00*	-	*9,300.00*

Source: *The National Treasury*

5.3 Additional Requests

78. The Committee requests additional funding as shown in Table 12.

Table 12: DC-DIFR MDA's Additional Request (KES. Millions)

Details	Current	Capital	Total
1041: Ministry of Defence (MoD)	**19,860.00**	**-**	**19,760.00**
Defence Programme	*19,760.00*	*-*	*19,760.00*
Pending Bills from FY 2023/24	*16,500.00*		*16,500.00*
Funding requirement for UN Mission in Somalia (AUSSOM- African Union Support and Stabilization Mission in Somalia)	*3,000.00*		*3,000.00*
Kenya Meat Commission (KMC)-Export Certification (Venture into the exports market)	*260.00*	*-*	*260.00*
General Administration Planning and Support Services Programme	*100.00*	*-*	*100.00*
Operations and maintenance budget for the civilian staff	*100.00*	*-*	*100.00*
1054: State Department for Diaspora Affairs (SDDA)	**120.00**	**-**	**120.00**
Management of Diaspora Affairs Programme	*120.00*	*-*	*120.00*
Evacuation and Welfare Facility-Additional funding to cater for repatriation and evacuation of Kenyans in distress from Lebanon, Thailand and DRC	*120.00*	*-*	*120.00*
1221: State Department for East African Community (SDEAC)	**200.00**	**-**	**200.00**
East African Affairs and Regional Integration Programme	*200.00*	*-*	*200.00*
EAC Chairmanship - EAC Chairmanship meetings , Council and EAC Head of States Summit and a High-Level Infrastructure Retreat and EAC MSMEs Trade Fair	*200.00*		*200.00*

Source: *MDA's Submissions*

SIGNED: ..... **DATE:** 10/03/25

THE HON. NELSON KOECH, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATION

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

REPORT ON THE CONSIDERATION OF SUPPLEMENTARY BUDGET ESTIMATES II FOR FY 2024/25:

State Department for Tourism

State Department for Wildlife

Published by:

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ACRONYMS

A-I-A	-	Appropriations in Aid
FY	-	Financial or Fiscal Year
HQ	-	Headquarters
ICT	-	Information, Communication and Technology
KSh.	-	Kenya Shilling
KICC	-	Kenyatta International Convention Centre
KSLH	-	Kenya Safari Lodges and Hotels
KTB	-	Kenya Tourism Board
KUC	-	Kenya Utalii College
KWS	-	Kenya Wildlife Service
MDAs	-	Ministries, Departments and Agencies
MICE	-	Meetings Incentives Conferences and Exhibitions
SAGAs	-	Semi-Autonomous Government Agencies
SGR	-	Standard Gauge Railway
SO	-	Standing Orders
TF	-	Tourism Fund
TPF	-	Tourism Promotion Fund
TRA	-	Tourism Regulatory Authority
WRTI	-	Wildlife Research and Training Institute

PART I

1.0 PREFACE

1.1 Introduction

1. The second Supplementary Estimates for the financial year 2024/25 were presented to the National Assembly on 18th February, 2025, and subsequently tabled for discussion in the House. The formulation and approval of this supplementary budget are governed by legal provisions outlined in Article 223 of the Constitution, Sections 43(2) and 44 of the Public Finance Management Act 2012, and Regulation 40 of the Public Finance Management (National Government) Regulations 2015.

2. Article 223 of the Constitution empowers the National Government to expend funds not originally allocated in the annual Appropriation Act when there is an insufficiency of the initial budget provisions, or a need arises for unallocated expenses. This includes withdrawals from the Contingencies Fund. Consequently, any such expenditures must receive approval from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not exceed 10% of the total sum allocated by Parliament, except when special circumstances warrant a higher percentage, subject to approval by Parliament.

3. Furthermore, the Public Finance Management (National Government) Regulations 2015 mandate the Cabinet Secretary to provide sufficient details regarding the purpose of the supplementary estimates and the format for the revised budget. The Cabinet Secretary is also tasked with issuing a circular to ensure compliance with these regulations.

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

    i. Vote 1202: State Department for Tourism
    ii. Vote 1203: State Department for Wildlife

1.2 Mandate of the Committee

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

    i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    ii. To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
    iii. To study and review all the legislation referred to it;

iv. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*

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

vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);*

vii. *To examine treaties, agreements and conventions;*

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

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

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

6. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, tourism, & tourism promotion and management, tourism research and wildlife management.

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

i. State Department for Tourism

ii. State Department for Wildlife

1.3 Committee Membership

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

Chairperson
Hon. Mbiuki Japhet Miriti Kareke, CBS MP
Maara Constituency
UDA Party

Vice-Chairperson
Hon. Wanjiku John Njuguna, MP
Kiambaa Constituency
UDA Party

Members

Hon. Obo, Ruweida Mohamed, MP
Lamu East Constituency
Jubilee Party

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

Hon. Kiprono, Mutai Alfred, MP
Kuresoi North Constituency
UDA Party

Hon. Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

Hon. Gichuki, Edwin Mugo, MP
Mathioya Constituency
UDA Party

Hon. Karambu Elizabeth, MP
Meru (CWR)Constituency
UDA Party

Hon. Chebor Paul Kibet, MP
Rongai Constituency
UDA Party

Hon. Kilel Richard Cheruiyot, MP
Bomet Central Constituency
UDA Party

Hon. Bedzimba Rashid Juma, MP
Kisauni Constituency
ODM Party

Hon. Abdi Ali, MP
Ijara Constituency
NAP-K Party

Hon. Ruku, Geoffrey Kariuki Kiringa, MP
Mbeere North Constituency
DP Party

Hon. Shake, Peter Mbogho, MP
Mwatate Constituency
JP Party

Hon. Abdi, Khamis Chome, MP
Voi Constituency
WDM-K-Party

1.4 Committee Secretariat

9. The Committee is facilitated by the following secretariat

Ms. Mary Lemerelle
Head of Secretariat/ Clerk Assistant I

Ms. Violet Ouma
Clerk Assistant III

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Peter Mwaura
Principal Legal Counsel

Mr Oscar Onsongo
Research Officer III

Ms. Felistas Muiya
Public Communication Officer

Mr. Yakub Ahmed
Media Relations Officer

Mr Bontace Mushila
Serjeant-at-Arms

Mr Rodgers Kilungya
Audio Officer III

Mr. Amos Tindi
Hansard Reporter

1.5 Overview on the Examination of the Supplementary Budget Estimates II for FY 2024/25

10. The Supplementary Budget Estimates II for the FY 2024/25 were tabled in the House on **Tuesday, 18th February 2025** and thereafter referred to Departmental Committees for consideration.

11. The Committee held meetings with the State Department for Tourism and State Department for Wildlife on 6th March, 2025.

1.6 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Budget Estimates II for the FY 2024/25.

13. I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Tourism and State Department for Wildlife for the useful information that they provided to the Committee on the Supplementary Budget Estimates II for the FY 2024/25.

14. On behalf of the Committee, it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Japhet Kareke Mbiuki, CBS, M.P
Chairperson, Departmental Committee on Tourism and Wildlife

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY BUDGET ESTIMATES II FOR FY 2024/25

15. The Supplementary Budget Estimates II for FY 2024/25 were tabled in the National Assembly on 18th February 2025. This Supplementary Budget aims to make room within the financial framework to address approved Additional Expenditures for both GoK and Development Partners Funded Projects, Approved Realignment of Budgetary Provisions to Projected Levels of Reallocations, Adjustment of Receipts of AIA, Compensation to Employees and Gratuity and Alignment of Budgetary Provisions to Projected Levels of Absorption.

2.1 Overall Fiscal Framework for Supplementary Budget Estimates II FY 2024/25

16. The overall Ministerial Expenditure in the Supplementary Budget Estimates II FY 2024/25 has increased by **KSh. 85.87 billion**, in which the Supplementary Budget Estimates I was **KSh. 2,232.76 billion**, which reflects a **3.85 percent** change. The Recurrent Expenditure increased by **8.61 percent,** from **KSh. 1,591.59 billion** in the Supplementary Estimates I to **KSh. 1,728.55 billion** in the Supplementary Budget Estimates II. The Development Expenditure decreased by **7.97 percent,** a decrease from **KSh. 641.17 billion** in Supplementary Estimates I to **KSh. 590.08 billion** in Supplementary Estimates II FY 2024/25.
17. The overall change in the Ministerial Expenditure from the original approved budget is an increase reflected by the 3.85 percent. Additionally, the total gross change of the Ministerial Estimates, Consolidated Fund Services and County Sharable Transfer is **KSh. 91.38 billion**, which is a **2.63 percent** decrease.

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

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 1 2024/25	Supplementary Estimates No. 2 2024/25	Supp. No. 1 vs Supp. No. 2	
				Gross Change	% Change
1.0 Ministerial National overnment Estimates	**2,378,432.5**	**2,232,756.5**	**2,318,630.1**	**85,873.7**	**(3.85)**
1.1 Recurrent Budget Estimates	1,632,096.6	1,591,590.2	1,728,550.2	136,959.9	**8.61**
1.2 Development Budget Estimates	746,335.9	641,166.2	590,080	(51,086.2)	**(7.97)**
2.0 Consolidated Fund Services	**1,213,453.2**	**1,237,233.8**	**1,242,735.5**	**5,501.7**	**(0.44)**
TOTAL	**3,591,885.7**	**3,469,990.3**	**3,561,365.6**	**(91,375.3)**	**(2.63)**

Source: The National Treasury

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

The Ministries, Departments, and Agencies (MDAs) submitted the following information when they appeared before the Committee:

3.1 Vote 1202: State Department for Tourism

Mr. Mathew Musyoka, the Chief Finance Officer representing the Principal Secretary for the State Department for Tourism, Mr. John Ololtuaa, CBS, appeared before the Committee together with other officers from the Ministry of Tourism and Wildlife to present their Supplementary Budget Estimates II for FY 2024/25 on Thursday 6th March, 2025. They submitted THAT:

18. The total approved budget for the State Department for FY 2024/2025 **is KSh. 10,315.61 million**, which comprises KSh. 9,845.61 million in recurrent expenditures and KSh. 470 million in Development expenditures. The financial allocation for the first half of the fiscal year is **KSh. 5,157.81 million**, consisting of KSh. 4,922.81 million in recurrent expenditures and KSh. 235 million in Development expenditures. The total cumulative expenditure for the first half of the financial year is KSh. 4,293.63 million of which KSh. 4,279.98 million is for recurrent expenditures and KSh. 13,656.8 million is for Development expenditures, resulting in an absorption rate of 43.47% and 2.91%, respectively, as shown in Table 2 below.

Table 2: FY 2024/25 Cumulative Financial Performance

Vote	Approved Estimates FY 2024/25	Allocation to 31st December 2024 (First Half)	Cumulative Expenditure as of 31st December 2024 (First half)	Absorption rate %
Recurrent	9,845,614,503	4,922,807,251.50	4,279,975,947	43.47%
Development	470,000,000	235,000,000	13,656,800	2.91%
Total	**10,315,614,503**	**5,157,807,251.50**	**4,293,632,747**	41.62%

Source: State Department for Tourism

19. The Recurrent budget of **KSh. 9,845,614,503** is composed of **KSh. 9,487,489,999** transfers to SAGAs **and KSh. 358,124,504** for the operation of the State Department.

20. The approved budget for the State Department is KSh. 10,315,614,503 comprising of KSh. 9,845,614,503 in Recurrent and KSh. 470,000,000 in Development. The State Department has a proposed budget of KSh. 15,121,402,502 in the Supplementary Estimates No. 2 FY 2024/25 comprising of KSh. 14,501,402,502 in Recurrent and KSh. 620,000,000 in Development.

Table 3: Approved Budget vs Proposed Supplementary No. 2 FY 2024/25 Variations

Vote	Approved Budget FY 2024/25	Proposed Supplementary No. 2 FY 2024/25	Variance	Justification
Recurrent	9,845,614,503	14,501,402,502	4,655,787,999	TF : 1,501,679,692 TPF: 2,813,000,000 KICC: 103,178,500 TRA: 164,250,000 KTB: 52,000,000 SDT: 21,679,807
Development	470,000,000	620,000,000	150,000,000	The funds are meant for enhancement of the Mapping and Niche Product Development Programme to cater for the development and operationalization of Youth Tourism hub and a youth tourism strategy
TOTAL	**10,315,614,503**	**15,121,402,502**	**4,805,787,999**	

Source: State Department for Tourism

21. The initiative will equip young people with skills in digital marketing, tourism innovation, entrepreneurship, and sustainable practices, fostering their active participation in driving tourism growth and development.

22. Additionally, the initiative aims at making Kenya a youth centric travel by promoting innovative and engaging youth centric tourism products that appeal to the interests and preferences of young travelers.

23. The overall variance for the budget is as follows:

Table 4: Approved budget vs Proposed Supplementary No. 2 FY 2024/25 Variations by programme

Programme	Approved Estimates FY 2024/25	Proposed Supplementary Estimate II	Variations	Justification
Destination Marketing	292,055,000	344,055,000	52,000,000	This increase in AIA from KTB is meant to enhance the marketing of the country as a competitive destination. This is to increase the tourist arrivals and earnings
Tourism Promotion	274,205,000	438,455,000	164,250,000	This increase in AIA from TRA is meant to carry out regulated tourism enterprises audit and accreditation of tourism enterprises
Tourism Promotion and Marketing	**566,260,000**	**782,510,000**	**216,250,000**	
Programme 2				
Niche Tourism Product Development and Diversification	3,816,945,748	6,883,124,248	3,066,178,500	The increase in AIA from TPF of KSh. 2,963,000,000 is meant to fund various projects in Tourism Implementing Agencies. KSh. 103,178,500 increase in AIA from KICC is meant to enhance MICE
Tourism Infrastructure Development	5,181,900,000	6,683,579,692	1,501,679,692	The increase in AIA from TF is meant to support various programs

Programme	Approved Estimates FY 2024/25	Proposed Supplementary Estimate II	Variations	Justification
				as per their mandate
Tourism Training and Capacity Development	492,270,000	492,270,000	-	
Tourism Product Development and Diversification	**9,491,115,748**	**14,058,973,940**	**4,567,858,192**	
Programme 3				
General Administration, Planning and Support Services	258,238,755	279,918,562	21,679,807	The increment is mainly meant for rent and gratuity
General Administration, Planning and Support Services	**258,238,755**	**279,918,562**	**21,679,807**	
TOTAL	**10,315,614,504**	**15,121,402,502**	**4,805,787,999**	

Source: State Department for Tourism

3.2 Vote 1203: State Department for Wildlife

Ms. Silvia Museiya, Principal Secretary for the State Department for Wildlife, accompanied by the head of the finance department and other officers, presented the Department's Supplementary Budget Estimates II for FY 2024/25 Thursday 6th March, 2025. They submitted THAT:

24. In the FY 2024/25, Vote 1203 was allocated a Gross Printed Budget Estimates of Ksh.**14, 343 million** comprising KSh. **12,090 million** recurrent expenditure and Ksh.**2, 253 million** Development expenditure. During Supplementary 1, these allocations were reduced to **Ksh.12, 414 million** comprising KSh. **12,054 million** recurrent expenditure and KSh. **360 million** development expenditure. In Supplementary 2, the allocation has further been revised to **Ksh.12, 410 million** comprising of **Ksh.12, 050 million** recurrent expenditure and **Ksh.360 million** Development expenditure.

25. State Department budget is allocated under one programme and three sub-programmes:
    a. Programme 1: Wildlife Conservation and Management
    b. S.P. 1.1 - Wildlife Security, Conservation and Management
    c. S.P. 1.2 - Wildlife Research and Development
    d. S.P 1.3 - Headquarters and Administrative Services

26. The Implementation Status of the Financial Year 2024/25 budgets as at 31st December, 2024 is as table in tables 5 and 6.

Table 5: Cumulative Financial Performance – Recurrent Vote (KSh. Millions)

	FY 2024/25 Printed Estimates	**FY 2024/25 Suppl Estimates I**	**Expenditure as-at 31st December, 2024**	**Balance**	**% Absorption**
Gross Estimates	**12,090**	**12,054**	**6,052**	**6,002**	**50**
AiA	8,156	8,156	4,558	3,597	56
Net Estimates	3,934	3,898	1,493	2,405	
Compensation of Employees	175	175	77.7	97.3	44
Use of Goods & Services	2,125	2,089	849.3	1,239.7	41
Grants	1,634	1,634	720	914	44

Source: The State Department for Wildlife

Table 6: Cumulative Financial Performance – Development Vote (KSh. Millions)

	FY 2024/25 Printed Estimates	**FY 2024/25 Supplementary Estimates I**	**Expenditure as-at 31st December, 2024**	**Balance**	**% Absorption**
Gross Estimates	**2,253**	**360**	**115.8**	**244.2**	**32**
Out of which:					
GoK	1,918	25	12.5	12.5	50
Donor -Grant	235	235	46.8	188.2	20
Donor - Revenue	100	100	56.5	43.5	57

Source: The State Department for Wildlife

27. The variations to the approved budget programme and justification is as highlighted in table 7 below:

Table 7: Programme Variation Summary (KSh. Millions)

Programme: Wildlife Conservation and Management					
	FY 2024/25 Printed Estimates	**FY 2024/25 Suppl 1 Estimates**	**FY 2024/25 Suppl 2 Estimates**	**Supp I vs Supp II Changes**	**Remarks**
Rec	12,090	12,054	12,050	(4)	The reduction relates to Personnel Emoluments as per actual projected expenditure due to delay in staff recruitment
Dev	2,253	360	360	-	
Total	**14,343**	**12,414**	**12,410**	**(4)**	

Source: The State Department for Wildlife

28. During Supplementary I, the subsector suffered serious cuts in development budget of **KSh. 1.918 billion**. The department requested that they be reinstated in this Supplementary II to help in clearing some accrued pending bills due to lack of Exchequer provision at the closure of 2023/2024 Financial Year which has not been considered. The repercussions of this include:
    a. Increase in Human Wildlife Conflict and an equivalent reduction in Human Wildlife coexistence due to reduced provision of water for wildlife resulting from a slowdown in construction and rehabilitation of water pans and boreholes, reduction in construction of fences in hotspot areas as well as lack of maintenance of existing fences.
    b. Increased poaching due to decrease in modernization of ranger force, equipment and other law enforcement areas.
    c. Reduced revenues due to dilapidated park access roads resulting from unfavorable parks visitor experience leading to a slump in number of park visitors
    d. Hazardous living conditions due to inability to rehabilitate all houses roofed with asbestos in WRTI Naivasha HQ.
    e. Lack of sufficient office space for staff of WRTI.
    f. Stalled projects due to lack of funds to complete construction of ranger houses located in different parks and a research and training facility in Malindi.

29. The State Department requested the following be considered by the Committee:

a. The Wildlife Conservation Trust Fund (WCTF) regulation has now been approved **(copy attached).** It has seed capital of **KSh. 200 million** appropriated in FY 2020/2021 and has been transferred to the Endowment Fund, pending the creation of the fund. The funds have already been deposited into the account. **KSh. 50 million** is needed to cover resource mobilization, recruitment, maintenance of staff, and other operational activities.

b. Reinstate funding for equipping of Wildlife Research and Training center in Malindi at **KSh. 75 million** and **KSh. 71 million** for ongoing National Wildlife Census.

c. A request for an allocation to cater for pending bills incurred in FY 2023/2024 of **KSh. 25.4 million** Recurrent and **KSh. 152.6 million** in Development.

PART IV

4.0 COMMITTEE OBSERVATIONS

After considering the submissions by the State Department for Tourism and State Department for Wildlife on the Supplementary Estimates II for FY 2024/25, the Committee observed THAT:

Vote 1202: State Department for Tourism

1. The State Department for Tourism has a proposed Supplementary II Estimates of **KSh. 15.12 billion** for the financial year 2024/25. This includes **KSh. 14.5 billion** for recurrent expenditure and **KSh. 620 million** for development expenditure.

2. The development expenditure of KSh. 620 million, reflecting an increase of KSh. 150 million, is fully funded through Appropriations-in-Aid (AIA). The additional KSh. 150 million has been allocated to the National Mapping and Development of Tourism Niche project, raising its total funding from KSh. 275 million to KSh. 425 million. This increase is designated to support the establishment of a Youth Hub and the implementation of a Youth Tourism Strategy.

3. The recurrent Appropriations In Aid target has been revised upwards from KSh. 9.30 billion to KSh. 13.94 billion, an increase of **KSh. 4.63 billion**. This increase is due to enhanced collections target from the Tourism Promotion Fund (KSh. 2.81 billion), Tourism Fund (KSh. 1.5 billion), the Kenya International Convention Centre (KSh. 103.18 million), Tourism Regulatory Authority (KSh. 164.25 million) and Kenya Tourism Board (KSh. 52 million).

Vote 1203: State Department for Wildlife

4. The State Department for Wildlife has a proposed Supplementary II Estimates of **KSh. 12.41 billion** for the 2024/25 financial year. This includes KSh. 12.05 billion for recurrent expenditure and KSh. 360 million for development expenditure.

5. The net recurrent expenditure has been proposed to reduce marginally from KSh. 3.898 billion to KSh. 3.894 billion, indicating a reduction of KSh. 3.7 million in the Wildlife Conservation Headquarters item.

6. The Kenya Wildlife Service (KWS) currently has 2,009 ranger houses, against a required total of 3,000. To bridge this gap, KWS is exploring Public-Private Partnerships (PPPs) to accelerate the construction of approximately 1,200 houses in strategically viable locations. However, an additional 1,800 houses will still be needed in remote areas where PPPs may not be a feasible solution.

7. Delays in compensating victims of Human-Wildlife Conflict (HWC), as mandated by the Wildlife Conservation and Management Act CAP 376, have resulted in a surge in legal suits against the Kenya Wildlife Service (KWS). In the 2024/2025 financial year, KWS has incurred litigation and court award expenses totaling **KSh. 430 million** on litigation and court award expenses for concluded cases. This substantial financial burden has strained the operational budget, potentially affecting key conservation efforts and wildlife management activities. As at now, the KWS has received court orders for payment of HWC compensation and legal charges amounting to **KSh. 950 million**, with numerous threats of garnish orders, that threaten their operations accounts.

8. Kenya Wildlife Service (KWS) operates a fleet of 14 aircraft that play a vital role in wildlife security, conservation, and management across the country. Aerial support is essential for key operations, including security surveillance to combat wildlife crime, managing problematic animals to reduce human-wildlife conflict, providing veterinary assistance for injured or diseased wildlife, conducting search and rescue missions, transporting personnel and supplies, wildfire management, and supporting national security initiatives. However, the current operational budget is insufficient to sustain these critical services, particularly for helicopters, amid increasing conservation challenges. This financial gap significantly limits KWS's ability to conduct essential aerial patrols, wildlife monitoring, and anti-poaching efforts. As a result, KWS is requesting an additional **KSh. 200 million** in funding to ensure the continued effectiveness of its aerial operations.

9. As of September 30, 2024, the total outstanding pending bills stood at **KSh. 2.94 billion**. Of this, recurrent pending bills amounted to **KSh. 2.79 billion**, with verified and payable Human-Wildlife Conflict (HWC) compensation claims accounting for KSh. 2.764 billion, while ministerial pending bills stood at KSh. 25.4 million. Additionally, development-related pending bills for the same period totaled **KSh. 152.59 million**.

10. The creation of the Wildlife Conservation Trust Fund is in progress, with the necessary funds already deposited. However, **an additional KSh 50 million** is required for resource mobilization, recruitment, staff maintenance, and other operational activities.

11. The rehabilitation and research training facility in Malindi has been completed and is awaiting the necessary equipment to become fully operational. A further **KSh 100 million** is needed to equip the center for its full functionality.

PART V

5.0 COMMITTEE RECOMMENDATIONS

Based on the review of the proposed Supplementary Estimates II for FY 2024/25 for the State Department for Tourism and State Department for Wildlife, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

5.1 Financial Recommendations

1. For the **State Department for Tourism**, the proposed changes in the Supplementary Estimates II for FY 2024/25 of **KSh. 4,805.8 million increase** comprising an increment in recurrent expenditure amounting to **KSh. 4,655.79 million** and a **KSh. 150 million** for development expenditure **be approved with the following amendments:**

   Due to enhanced Appropriations in Aid (AIA) collections, the Tourism Promotion Fund (TPF) **transfer funds** amounting to **KSh. 900 million** to the Tourism Implementing Agencies.

   The reduced transfers will be from the following projects: (Reductions)

   a) National Mapping and Development of Tourism Niche Products – **KSh. 225 million.**
   b) Establishment and Construction of Kenya Utalii College – Ildolisho Campus – **KSh. 50 million**
   c) Modernization and Rehabilitation and Facelift of KICC – **KSh. 150 million.**
   d) Initiatives and Support of MICE Tourism Segment Meeting Africa 2025 – **KSh. 20 million**
   e) Development of Water facilities and provision of water for Wildlife in Community Conservancies – **KSh. 200 million.** (From KSh. 500 million to KSh. 300 million)
   f) Development of Wildlife and Tourism Niche Product accessibility at Naivasha Wildlife Sanctuary – **KSh. 60 million.**
   g) Construction of Ushanga Mall in Samburu County – **KSh. 110 million**
   h) Joint international marketing, publicity and domestic destination and local tourism promotion with industry stakeholders – **KSh. 50 million**
   i) Establishment of Mansa Culture Centre (Tarbaj Constituency – Wajir County)- **KSh. 35 million.**

   The transfers **will fund** the following key projects: (Increments)

   a) Maintenance of Access Roads and Airstrips in Parks - **KSh. 250 million**
   b) Installation of solar power back-up CCTV Camera for eCitizen revenue gates - **KSh. 200 million**
   c) Support Acquisition of Enterprise Planning (ERP) Software - **KSh. 100 million**
   d) Provision of Water for Wildlife in Protected Areas-Drilling Boreholes and water pans in Garissa and Taita Taveta Counties - **KSh. 300 million**
   e) Protection and development of Mawe Tatu Heritage Site in Kakamega County – **KSh. 200 million**

f) Jomo Kenyatta Beach Rejuvenation in Mombasa County – **KSh. 100 million**
g) Mumonyozo Dam ecotourism Project Phase 2 in Kakamega County – **KSh. 50 million**

2. For the **State Department for Wildlife**, the proposed changes in the Supplementary Estimates II for FY 2024/25 comprising of a decrease in recurrent expenditure amounting to **KSh. 3.7 million** and a **zero change** in development expenditure be **approved without amendments**.

5.2 Additional Request

The Committee suggests that the areas highlighted in **Schedule 3** be given consideration for resource allocation by the Liaison Committee

Schedule 1: Proposed Committee Transfers in the Supplementary Estimates II FY 2024/25 (KSh. Millions) – Reductions

Programme	Sub-programme	Head/Title/Delivery Unit	Proposed Supplementary Estimates II FY 2024/25		Proposed Transfer by Committee		Committee Revised Supplementary Estimates II FY 2024/25		Justification
			Rec (AIA)	Dev	Rec (AIA)	Dev	Rec (AIA)	Dev	
VOTE 1202: STATE DEPARTMENT FOR TOURISM									
0314000 Tourism Product Development and Diversification	0314010 Niche Tourism Product Development and Diversification	1202001800 Tourism Promotion Fund (TPF)	5,081.9	-	(900)	-	4,181.9	-	The Tourism Promotion Fund has an enhanced AIA of KSh. 2.8 billion. The transfer will enable the Tourism Implementing Agencies undertake their roles effectively upon receipt of the funds transferred.
Sub-total for State Department for Tourism					(900)				
TOTAL TRANSFERS					(900)				

Schedule 2: Proposed Committee Transfers in the Supplementary Estimates II FY 2024/25 (KSh. Millions) – Increases

Programme	Sub-programme	Implementing Agency	Head/Title/Delivery Unit	Proposed Supplementary Estimates II FY 2024/25		Proposed Transfer by Committee		Committee Revised Supplementary Estimates II FY 2024/25		Justification
				Rec	Dev (AIA)	Rec	Dev (AIA)	Rec	Dev (AIA)	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE										
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	KWS	Construction and upgrading Meru Mulika Airstrip - Bitumen standards Airstrip and construction of modern hanger		0		250			Open up Meru and Kora National Parks, including the northern circuit hence increase revenue and promote employment of the local community

Programme	Sub-programme	Implementing Agency	Head/Title/Delivery Unit	Proposed Supplementary Estimates II FY 2024/25		Proposed Transfer by Committee		Committee Revised Supplementary Estimates II FY 2024/25		Justification
				Rec	Dev (AIA)	Rec	Dev (AIA)	Rec	Dev (AIA)	
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	KWS	Installation of solar power back up CCTV camera for eCitizen revenue gates		-		200			Safeguard and enhance revenue collection, improve visitor experience by reducing system downtime.
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	KWS	Support Acquisition of Enterprise Planning (ERP) software		-		100			Achieve a robust high performing organization to enhance efficiency in conservation.
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	SDW	Water pans and boreholes in Garissa and Taita Taveta counties		500		(200)		300	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	KWS	Jomo Kenyatta Beach Rejuvenation in Mombasa County		-		100			Construction of walkways, parking, public park, street lighting, drainage and water system, modernized fishing landing bay
Sub-total for State Department for Wildlife							**650**			
VOTE 1202: STATE DEPARTMENT FOR TOURISM										
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	Tourism Fund	Protection and development of Mawe Tatu Heritage site in Kakamega county		-		200			Protection and development of the heritage site
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	Tourism Fund	Mumonyozo Dam ecotourism project phase two in Kakamega county		-		50			Development of water facilities
Sub-total for State Department for Tourism							**250**			
TOTAL TRANSFERS							**900**			

Schedule 3: Committee Additional Requests for proposed Supplementary Estimates II FY 2024/25 (KSh. Millions)

Programme	Sub-programme	Head/Title/Delivery Unit	Supplementary II Estimates FY 2024/25		Additional Request by Committee		Total Committee Requests for Supplementary II FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE									
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100300 Ranger Housing Programme		0	-	100	-	100	The constructed housing units will be particularly beneficial for the recently recruited rangers, providing them with much-needed accommodation. These facilities will support the rangers' ability to effectively carry out their duties, as stable and proximate housing ensures they can be readily available for deployment and response to wildlife conservation activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203000500 Kenya Wildlife Service	1,161	-	200	-	1,791	-	The current operational budget is inadequate to support continued availability, especially for helicopters and the emerging and demanding conservation challenges. The KSh. 200 million additional request comprises of KSh. 120 million for Aircraft running and maintenance and KSh. 80 million for aviation fuel. Additionally, the 2 Bell Helicopters are grounded and due for mandatory maintenance after exhausting flight hours. The cost for each engine overhaul is KSh. 60 million each. Due to increased HWC, translocations, veterinary interventions and security operations, the airwing requires addition running and operational budget to last up to end of FY.
					430	-			As at 30th December 2024, KWS had an expenditure of KSh. 430 million beyond the actual budget. Unprocessed court award as at January 2025 was KSh. 282 million. Considering that we have 3 months to end of financial year, this request will assist KWS to continue with field security operations without interruption,
1019000 Wildlife Conservation and Management	1019020 Wildlife Research and Development	1203101700 Construction & Equipping of Four Research and Training Centers-BETA (Malindi Centre)	-	0	-	75	-	75	The fund is essential for equipping and facilitating the full operationalization of the Malindi Wildlife Research and Training Centre, ensuring its effectiveness in wildlife research, conservation training, and capacity building.
Sub-total for State Department for Wildlife					630	175			

Programme	Sub-programme	Head/Title/Delivery Unit	Supplementary II Estimates FY 2024/25		Additional Request by Committee		Total Committee Requests for Supplementary II FY 2024/25		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
TOTAL REQUESTS					630	175			

Schedule 4: Summary of the Supplementary Estimates II FY 2024/25 (KSh. Millions)

Vote, Programme Code & Title	Approved Estimates FY 2024/25			Supplementary II Estimates FY 2024/25			Committee Changes			Committee Revised Amounts		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
1202 State Department for Tourism	**12,255.08**	**142.15**	**12,397.23**	**12,757.77**	**142.15**	**12,899.92**	-	-	-	**12,757.77**	**142.15**	**12,899.92**
0313000 Tourism Promotion and Marketing	871.95	100	971.95	929.6	100	1,029.6	-	-	-	929.6	100	1,029.6
0314000 Tourism Product Development and Diversification	11,082.11	25	11,107.11	11,537.2	25	11,562.2	-	-	-	11,537.2	25	11,562.2
0315000 General Administration, Planning and Support Services	301.02	17.15	318.17	291.0	17.2	308.2	-	-	-	291.0	17.2	308.2
1203 State Department for Wildlife	**10,221.61**	**1,383**	**11,604.61**	**13,863.4**	**1,057**	**14,920.4**	-	-	-	**13,863.4**	**1,057**	**14,920.4**
1019010 Wildlife Security, Conservation and Management	9,211.17	1,179	10,390.17	12,864.6	858	13,722.6	-	-	-	12,864.6	858	13,722.6
1019020 Wildlife Research and Development	734	204	938	733.5	199	932.5	-	-	-	733.5	199	932.5
1019030 Administrative Services	276.90	-	276.90	265.3	-	265.3	-	-	-	265.3	-	265.3

SIGNED: ..... DATE 10th March 2025

HON. JAPHET KAREKE MBIUKI, CBS, M.P

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE) Annexures

Annex 1: Adoption List

Annex 2: Adoption Minutes

Annex 3: PBO Brief on the Supplementary Budget Estimates II for FY 2024/25

Annex 4: MDA's submissions

Vote 1202- State Department for Tourism

Vote 1203- State Department for Wildlife

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

THE SCRUTINY OF THE SUPPLEMENTARY ESTIMATES NO. 2 FOR THE 2024/25 FINANCIAL YEAR FOR THE FOLLOWING VOTES

VOTE 1071: STATE DEPARTMENT OF THE TREASURY
VOTE STATE 1072: DEPARTMENT OF ECONOMIC PLANNING
VOTE 2061: COMMISSION OF REVENUE ALLOCATION
VOTE 2121: OFFICE OF CONTROLLER OF BUDGET

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MARCH, 2024

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LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controller of Budget
MDAs	-	Ministries, Departments and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

ANNEXURES

Annexure 1: Adoption List
Annexure 2: Minutes
Annexure 3: Invitation Letters to Ministry of National Treasury and Economic Planning
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Annexure 5: Submissions from the State Department of Economic Planning
Annexure 6: Submissions from the Commission of Revenue Allocation
Annexure 7: Submissions from the Office of the Controller of Budget

1.0 PREFACE

1.1 INTRODUCTION

1. The Supplementary Estimates 2 for the financial year 2024/25 were presented to the National Assembly on 16th February, 2024, for approval. This supplementary budget addresses various financial needs, including approved reallocations, additional funding requests for emerging priorities, and shortfalls in critical expenditures. It also covers salary shortfalls, security-related interventions, drought-related expenditures, and adjustments of Appropriations-in-Aid (AIA) for certain Ministries, Departments, and Agencies (MDAs).

2. Supplementary Estimates 2 has been prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management (PFM) Act, Cap 412A. Additionally, the processing procedure is guided by the National Assembly's Standing Order No. 243, which outlines the review process by the Budget and Appropriations Committee, Departmental Committees, and the entire House, ultimately leading to the enactment of the Supplementary Appropriations Bill.

3. Therefore, the brief intends to provide an analysis of the FY2024/25 Supplementary Estimates 2 for the MDAs under the Finance and National Planning Committee, which consists of the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of Controller Budget. The analysis intends to inform the Committee about the changes to the approved Budget Estimates for FY2024/25 and their impact on various votes within sectors and targets.

1.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

   i) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
   ii) *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv) *To study and review all legislation referred to it;*
   v) *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   vii) *To examine treaties, agreements and conventions;*
   viii) *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*

ix) *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution and*

x) *To examine any questions raised by Members on a matter within its mandate*

1.3 COMMITTEE MEMBERSHIP

5. The Committee comprises the following Members.

Chairperson
Hon. CPA Kuria Kimani, CBS, MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. (Amb). Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. (Dr). Adan Keynan, CBS, MP
Eldas Constituency
Jubilee Party

Hon. David Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency
UDA Party

Hon. CPA Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Dr. John Ariko, MP
Turkana South Constituency
ODM Party

Hon. George Sunkuyia, MP
Kajiado West Constituency
UDA Party

Hon. Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. CPA.Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Umul Ker Kassim, MP
Mandera County
UDA Party

Hon. (Dr.) Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Joseph Munyoro, MP
Kigumo Constituency
UDA Party

Hon. Mohamed Soud Machele, MP
Mvita Constituency
ODM Party

1.4 COMMITTEE SECRETARIAT

6. The following staff facilitates the Committee

Mr. Benjamin Magut
Principal Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director, Legal Service

Mr. Salem Lorot
Legal Counsel I

Mr. James M. Macharia
Media Relations Officer I

Ms. Peninnah Simiren
Legal Counsel II

Ms. Winfred Kambua
Clerk Assistant III

Mr. George Ndenjeshe
Fiscal Analyst III

Mr. Benson Kamande
Clerk Assistant III

Ms. Nelly W.N Ondieki
Research Officer III

Mr. Benson Muthuri
Serjeant-At-Arms

Ms. Joyce Wachera
Hansard Officer III

1.5 ACKNOWLEDGMENTS

7. The Committee extends its sincere gratitude to the Offices of the Speaker and the Clerk of the National Assembly for their unwavering support in carrying out its mandate. Their assistance has been invaluable in enabling the Committee to fulfill its responsibilities effectively. I also wish to express my appreciation to all Committee Members for their dedication and valuable contributions throughout the process.

8. Additionally, the Committee acknowledges the invaluable support of the Parliamentary Staff assigned to it. Their expertise and diligence have played a crucial role in the successful completion of our tasks. Their unwavering commitment to providing the necessary support and resources is highly commendable and deeply appreciated.

9. Finally, on behalf of the Departmental Committee on Finance and National Planning, it is my privilege to present this Committee Report on the Scrutiny of Supplementary Estimates 2 for FY 2024/25. This presentation is in accordance with Section 44 of the Public Finance Management Act, 2012, and Standing Order 199. We anticipate meaningful deliberations and contributions from the Budget and Appropriations Committee as we proceed.

Thank You.

SIGNED.....

HON. CPA KURIA KIMANI, CBS, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES 1

10. The Supplementary Estimates 2 for the financial year 2024/25 were presented to the National Assembly on 16th February, 2024, for approval. This supplementary budget addresses various financial needs, including approved reallocations, additional funding requests for emerging priorities, and shortfalls in critical expenditures. It also covers salary shortfalls, security-related interventions, drought-related expenditures, and adjustments of Appropriations-in-Aid (AIA) for certain Ministries, Departments, and Agencies (MDAs).

11. Supplementary Estimates 2 has been prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management (PFM) Act, Cap 412A. Additionally, the processing procedure is guided by the National Assembly's Standing Order No. 243, which outlines the review process by the Budget and Appropriations Committee, Departmental Committees, and the entire House, ultimately leading to the enactment of the Supplementary Appropriations Bill.

12. Therefore, the brief intends to provide an analysis of the FY2024/25 Supplementary Estimates 2 for the MDAs under the Finance and National Planning Committee, which consists of the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of Controller Budget. The analysis intends to inform the Committee about the changes to the approved Budget Estimates for FY2024/25 and their impact on various votes within sectors and targets.

2.1 Overall Highlights of the Proposed Supplementary Estimates 2 for FY2024/25.

13. **Revenue Projections in Supplementary Estimates 2 for FY2024/25:** In Supplementary Estimates 2 for the FY2024/25, total revenue, including Appropriation-in-Aid, is projected at KSh. 3,065.208 billion, representing 17.6% of GDP. This marks a slight increase from the KSh. 3,059.970 billion (16.9% of GDP) projected in Supplementary Estimates 1. Of this total, ordinary revenue is estimated at KSh. 2,580.927 billion, accounting for 14.8% of GDP, compared to the earlier projection of KSh. 2,631.418 billion (14.8% of GDP) in Supplementary Estimates 1.

14. **Revised Expenditure and Net Lending Projections for FY2024/25:** Total expenditure and net lending are projected at KSh. 3,978.275 billion (22.8% of GDP), reflecting an upward revision of KSh. 97.451 billion from the KSh. 3,880.824 billion (21.5% of GDP) in Supplementary Estimates 1 for FY2024/25. This total comprises recurrent expenditure of KSh. 2,946.317 billion (16.9% of GDP) and development expenditure of KSh. 586.327 billion, which has been revised downward from KSh. 599.507 billion in Supplementary Estimates 1.

15. The fiscal deficit in Supplementary Estimates 2 is projected at KSh. 862.744 billion, up from KSh. 768.57 billion in Supplementary Estimates 1. This deficit will be financed through external funding of KSh. 280.064 billion and domestic financing of KSh. 582.68 billion.

2.2 Analysis of Proposed Changes for MDAs under Committee's Purview

2.2.1 Vote 1071: The National Treasury

16. The Supplementary Estimates 2 for the 2024/25 budget reveal significant shifts compared to Supplementary Estimates 1, in recurrent and development expenditure across various programs. The total net expenditure has been notably reduced by Kshs. 3.516 billion, primarily due to budget rationalization. This includes an increase of KSh. 13.399 billion in recurrent expenditure, mainly to cover salary and operational shortfalls for the Kenya Revenue Authority and equity participation in the African Development Bank. Additionally, development expenditure has decreased by KSh. 16.915 billion as a result of budget rationalization.

Table 6. 2024/25 Budget changes in Supplementary Estimates 2 (Kshs Millions).

Program		Suppl. 1, 2024/25	Suppl.no 2-24/25	Supp 1 Vis-a-Vi Supp 2
Total Expenditure	Rec	66,721	80,120	13,399
	Dev	52,504	35,589	(16,915)
	Total	**119,225**	**115,709**	**(3,516)**
General Admin	Rec	52,188	65,771	13,583
	Dev	6,552	13,646	7,094
	Total	**58,740**	**79,417**	**20,677**
Public Financial Management	Rec	12,537	12,243	-295
	Dev	36,965	16,865	(20,100)
	Total	**49,502**	**29,108**	**(20,395)**
Economic and Financial Policy Formulation and Management	Rec	1,488	1,488	0
	Dev	8,987	5,077	(3,910)
	Total	**10,475**	**6,565**	**(3,910)**
Market Competition	Rec	**509**	**618**	109

Source: The National Treasury

Changes in Recurrent Budget under the National Treasury

17. The proposed recurrent expenditure is set to rise by KSh. 13.399 billion, increasing the total recurrent allocation from KSh. 66.721 billion to KSh. 80.120 billion.

Table 7. Summary of Supplementary Estimates 1 under Recurrent Estimates in KSh. Million

	Vote/ Head	Supp 1.24/25	Supp.2. 2024/25	Deviation
1	Headquarters Administrative Services	7,139	13,689	6,550
2	Budget Department	5,127	4,165	(962)
	Competition Authority of Kenya	472	581	109
5	Economic Stimulus Programme	3,550,	2,584	(966)
6	Kenya Revenue Authority	27,413	35,413	8,000
7	Accounting Services	156	506	350
8	Government Accounting Services	897	1,097	200
9	Financial Management Information Services	66	74	8

Source: The National Treasury

18. The increase in the under the Headquarters and Administrative service is mainly on account of the following:

i. KSh. 8 billion to address the budgetary shortfall for the Kenya Revenue Authority (KRA), covering salaries, contractual obligations, and support

for revenue mobilization, increasing KRA allocation from KSh. 27.412 billion to KSh. 35.412 billion

ii. KSh. 200 million to support the implementation of Accrual Accounting.

iii. KSh. 5.991 billion to fund Strategic Interventions—Security Operations under the Motor Vehicle Leasing Programme (MVLP) increasing the allocation from KSh. 6.212 billion to KSh. 12.087 billion

iv. KSh. 558 million, of which:

- ✓ KSh. 58 million is allocated to cover personnel emolument shortfalls.
- ✓ KSh. 500 million is designated for operations and settlement of pending bills, including expenses related to Hospitality Supplies and Services, Training, Foreign and Domestic Travel and Subsistence, other transportation costs, and Routine Maintenance of Vehicles and Other Transport Equipment and Other Operating Expenses.

v. KSh. 109 million allocated to Kenya Trade Network (Ken Trade) to cover salaries and support other operations

vi. KSh. 50 million to fund monthly allowances and operations of the Pending Bills Verification Committee (PBVC).

19. Furthermore, despite the increase mentioned above, there are reductions in recurrent expenditure in the following areas:

- ✓ KSh. 962 million reallocated to Motor Vehicle Leasing Program (MVLP) from the budget reserve, reducing its allocation from KSh. 4.875 billion to KSh. 3,913 billion
- ✓ KSh. 966 million reallocated to Motor Vehicle Leasing Program (MVLP) from Economic Stimulus Programme—pending Bills reducing its allocation from KSh.3,55 billion to KSh. 2,584 billion.
- ✓ KSh. 362 million for East Africa Transport, Trade & Development Facilitation Project, reducing from KSh. 808 million to KSh. 445 million.

Changes in the Development Budget under the National Treasury

20. Under the Development Expenditure, the allocation is proposed to decrease by KSh. 16.915 billion, reducing the development expenditure from KSh. 52.504 billion to KSh. 35.589 billion.

Table 8. Major change under Development Expenditure in Supplementary Estimates 2- 2024/25.

Project	Supp 1. Est.	Suppl. 2	Changes
Contingency Fund Transfers	4,000	-	4,000
Equalization Fund Transfers - BETA	8,000	2,500	(5,500)
Kenya Affordable Housing Project - BETA	3,000	8,000	5,000
Kenya Financing Locally Led Climate Action Programme (FLLCoA) - BETA	5,181	2,586	(2,595)
Data Center- pending Bill	-	500	500

Source: The National Treasury

21. Although there were significant reductions as noted above, development expenditure also saw increases in various areas, as outlined below:

i. KSh. 26 million for refurbishment of Administrative Services National Treasury Buildings, making the annual target being 35%
ii. KSh. 1.333 billion for Equity and Subscriptions in International Financial Institutions to AfDB
iii. KSh. 137 million for Upgrading, Pension Services Integration of Pensions Management Information System, changing the target to 6%.
iv. KSh. 500 million for Part settlement of a long outstanding legal claim for the Data Recovery Centre Equipment, the Government Data Centre (stalled project in Naivasha, changing target to 50%
v. KSh. 23.9 million for Treasury-Bima-Herufi Security System: Car Scanners Fire Systems CCTV changing target to 65%.
vi. KSh. 5 billion for Kenya Affordable Housing Services Housing Project - BETA
vii. KSh. 550 million for Implementation of e-Procurement System for the Govt. of Kenya - BETA.

Issue of Concern: Challenges in Financing, Budget Cuts, and Disbursement of the Equalization Fund

22. The Equalization Fund has faced persistent challenges in financing and fund transfers, affecting its ability to fulfill its mandate of delivering essential services to marginalized areas.

23. According to Article 204(1) of the Constitution of Kenya, one-half percent (0.5%) of all revenue collected by the National Government each year must be paid into the Equalization Fund, based on the most recent audited accounts of revenue received as approved by the National Assembly. However, financial reviews indicate that compliance with this constitutional requirement has been inconsistent.

24. A review of the Equalization Fund's financial statements for the year ending June 30, 2024, revealed that out of the expected KSh. 62,403,759,050—representing total entitlement from the financial years 2011/2012 to 2023/2024—only KSh. 13,430,000,000 had been transferred to the Equalization Fund Account. This substantial shortfall has significantly hindered the Fund's operations.

25. Additionally, recent budgetary allocations further highlight these challenges. In Supplementary Estimate 2 of FY 2022/2023, the allocated amount was reduced to zero, preventing any transfer of funds to the Equalization Fund for that year. Similarly, in Supplementary Estimates 2 of FY 2024/2025, the proposed allocation was slashed from KSh. 8 billion to KSh. 2.5 billion, a drastic reduction of KSh. 5.5 billion.

26. Additionally, the Division of Revenue Acts has reflected a total entitlement of KSh. 62.64 billion, yet only KSh. 29.3 billion has been allocated to the Fund. As of June 30, 2024, the National Treasury had not remitted the outstanding balance of KSh. 48,973,759,050. There is also uncertainty regarding whether the Fund will receive the accrued revenue share, further exacerbating concerns about its sustainability.

27. Given these persistent financing and disbursement challenges, the committee must actively monitor fund allocations and transfers in line with the Division of Revenue Acts to ensure compliance with legal and financial regulations. This will help safeguard the Fund's ability to achieve its intended purpose of bridging development disparities in marginalized areas.

Table 9: Amount Reflected in DORA Vis-à-vis Allocation over years

S/N.	Financial Year	Appropriation Act	Payments into the Fund (Ksh.Million)	Amount Reflected in the DORA (Kshs. Million)
1	2011/12	-	-	-
2	2012/13	-	-	-
3	2013/14	-	-	-
4	2014/15	-	400	3,400
5	2015/16	-	6,000	6,000
6	2016/17	-	6,000	6,000
7	2017/18	12,400	-	7,727
8	2018/19	-	-	4,700
9	2019/20	-	-	5,760
10	2020/21	-	-	6,788
11	2021/22	6,825	-	6,825
12	2022/23	-	-	7,068
13	2023/24	10,077	1,030	8,369
TOTAL		**29,302**	**13,430**	**62,638**

Source: Equalization Fund

2.2.2 State Department for Economic Planning

28. The overall FY2024/25 budget has seen a net increase of KSh. 2.393 billion, bringing the revised allocation to KSh. 74.263 billion from KSh. 68.623 billion. The recurrent budget is set to increase by KSh. 185 million, while the development budget is expected to rise by KSh. 2.207 billion. Notably, the increase in development expenditure is driven by a KSh. 2.3 billion allocation to the East African Regional Statistics Programme for Results project, which had no allocation in Supplementary Estimates 1.

Table 10. 2024/25 Budget changes in Supplementary Estimates 2 (Kshs Millions)

Program	Category	Supp 1 24/25	Suppl. No 2- 2024/25	Supp 1 -2024/25 vis-à-vis Suppl.2- 2024/25
Total Expenditure	Rec	3,247	3,432	185
	Dev	68,623	70,830	2,207
	Total	**71,870**	**74,263**	**2,393**
Public Service Transformation	**Rec**	2	2	0
Economic Policy and National	Rec	1,673	1,837	164
	Dev	68,328	68,328	0
	Total	**70,001**	**70,165**	**164**
National Statistical Information Services	Rec	868	868	0
	Dev	289	2,496	2,207
	Total	**1,157**	**3,364**	**2,207**
Monitoring and Evaluation	Rec	494	493	(1)
	Dev	6	6	0
	Total	**500**	**499**	**(1)**
General Administration Planning	**Rec**	209	234	25

Source: The National Treasury

Changes in Recurrent Budget under the State Department of Economic Planning

29. The proposed recurrent expenditure is proposed to increase by KSh. 185 million. The most affected areas within various departments under the State Department include Hospitality Supplies and Services, Other Operating Expenses, Foreign and Domestic Travel Subsistence, and other transportation costs, Refurbishment of Buildings, Purchase of Office Furniture and General Equipment, Communication Supplies and Services, and Training Expenses.

Table 11: Key changes under the Recurrent for Supplementary Estimates 1 in KSh. Million

	Vote/ Head	Supp 1-24/25	Suppl. 2-2024/25	Change
1	Headquarters Administrative Services - Planning	626	783	157
2	Economic Development Coordination Department	62	61	(1)
3	Socio-Economic Information Resource Centers	4	2	(2)
4	Monitoring and Evaluation Directorate	452	451	(1)
5	Vision 2030 Secretariat	133	166	33
7	National County Planning Services	109.3	108.7	(0.6)

Source: The National Treasury

Changes to the Development Estimates

30. The development budget is expected to increase by KSh. 2.207 billion. This rise is primarily driven by a KSh. 2.3 billion allocation to the East African Regional Statistics Programme for Results project, which previously had no allocation in Supplementary Estimates 1.

Table 12: Projects Affected by Supplementary Estimates 1

Projects	Supp1	Target	Supp. 2	Target
East African Regional Statistics Programme for Results - BETA			2,300	4- Quarterly Reports on harmonized methodology 4- Quarterly Reports on harmonized economic, agricultural, and administrative statistics 4- Quarterly Reports-

Source: The National Treasury

2.2.3 Commission on Revenue Allocation

31. Supplementary Estimates 2 proposes to reduce by KSh. 6 million, equivalent to 2% of the Supplementary Estimates 1, from KSh. 364 million to KSh. 358 million.

Table 13: 2024/25 Budget Adjustments in Supplementary Estimates 1 (Kshs Millions)

Program		Supp 1.	Suppl. 2	Supp1 1 vis-à-vis-Suppl.2
Inter-Governmental Transfers and Financial Matters	Rec	364	358	(6)

Source: The National Treasury

Expenditures Under Article 223 of the Constitution.

32. **Advance Request and Budget Incorporation of World Bank Funds:** On 8th February 2024, the Kenya National Bureau of Statistics (KNBS), through the National Treasury and Economic Planning, requested an advance of EUR 14 million (approximately KSh. 2.31 billion) from the World Bank for the East African Regional Statistics Programme for Results. The World Bank approved the request on 22nd February 2024, with confirmation of disbursement received on 1st March 2024. On the same day, the

Permanent Secretary of the State Department for Economic Planning formally notified the National Treasury of the need to incorporate this advance into the FY 2024/25 Main Budget Estimates and Supplementary Budget I.

33. However, despite this notification, the KSh. 2.31 billion advance was not reflected in either Supplementary Budget I or the FY 2024/25 Budget Estimates. The amount has been included in Supplementary Estimates 2 for FY 2024/25 as an expenditure under Article 223 of the Constitution. The National Treasury approved the expenditure on 21st August 2024, while the disbursement took place on 1st October 2024.

3.0 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

The national Treasury

Recent Economic Developments

34. Kenya's economy remains on a strong growth trajectory, with GDP expected to rise from 4.6% in 2024 to 5.3% in 2025, outperforming both global (3.2%) and Sub-Saharan Africa (3.8%) growth rates. This resilience is supported by improving macroeconomic conditions, including declining inflation, lower interest rates, and a stable exchange rate. Inflation dropped significantly to 3.3% in January 2025, while the Central Bank eased monetary policy, reducing the Central Bank Rate (CBR) to 10.75% and the Cash Reserve Ratio (CRR) to 3.25%, fostering improved credit access for the private sector.

35. The exchange rate has strengthened by 19% from Ksh 160.8/USD in January 2024 to Ksh 129.4/USD in January 2025. Foreign exchange reserves remain sufficient at $9.4 billion, providing a buffer against external shocks. The current account deficit improved to 3.7% of GDP in 2024 and is expected to remain stable at 3.8% in 2025, driven by stronger exports, high diaspora remittances, and lower oil imports.

36. However, budget implementation faced challenges, particularly due to the rejection of the Finance Bill 2024 and subsequent protests, which slowed economic activity. As of January 2025, total revenue collection was Ksh 1,585.1 billion, falling short of the Ksh 1,695.3 billion target by Ksh 110 billion. Revenue growth also slowed, increasing by only 5.7% in January 2025 compared to 14.4% in January 2024. Despite these fiscal constraints, Kenya's economic outlook remains positive, supported by strong macroeconomic fundamentals and ongoing policy adjustments.

Table 1: Revenue performance by January 2025

	January 2024			January 2025				
	Actual	% of GDP	% Growth	Target (Suppl.1)	Per. Act.	Deviation	% of GDP	% Growth
A. Total Revenue (1+2)	**1,499.7**	**9.3**	**14.4**	**1,695.3**	**1,585.3**	**(110.0)**	**8.8**	**5.7**
1. Ordinary Revenue	**1,257.5**	**7.8**	**10.4**	**1,462.6**	**1,349.5**	**(113.1)**	**7.5**	**7.3**
Import Duty	80.1	0.5	1.1	91.8	83.2	(8.6)	0.5	3.9
Excise Duty	163.4	1.0	6.0	184.9	167.0	(17.9)	0.9	2.2
Income Tax	559.7	3.5	8.7	643.2	605.2	(38.1)	3.4	8.1
PAYE	302.8	1.9	10.5	352.2	327.9	(24.3)	1.8	8.3
Other Income Tax	256.9	1.6	6.7	291.0	277.3	(13.8)	1.5	7.9
VAT	375.0	2.3	20.3	407.6	365.3	(42.3)	2.0	-2.6
Other Revenue	79.4	0.5	0.6	135.0	128.7	(6.3)	0.7	62.1
2. Appropriation In Aid	**242.2**	**1.5**	**40.7**	**232.7**	**235.8**	**3.1**	**1.3**	**-2.6**
B. External Grants	**7.6**	**0.0**	**(2.7)**	**10.2**	**7.9**	**(2.3)**	**0.0**	**0.0**
Total Revenue and External Grants (A+B)	**1,507.3**	**9.3**	**14.3**	**1,705**	**1,593**	**(112.3)**	**8.8**	**5.7**
Nominal GDP (Fiscal Year)	16,131.5			18,054.3	18,054.3	-		

37. As of January 2025, total expenditure stood at Ksh 2,106.6 billion, falling Ksh 47.9 billion below target due to lower disbursements to counties, including Ksh 34.9 billion in equitable share and Ksh 18.0 billion in additional allocations.

38. The fiscal deficit reached Ksh 513.5 billion (2.8% of GDP), exceeding the target of Ksh 441.1 billion (2.4% of GDP). This deficit was primarily financed through net domestic borrowing of Ksh 530.8 billion, while net foreign financing resulted in a repayment of Ksh 29.3 billion.

Challenges encountered during the six months to December 2024.

39. In the six months to December 2024, revenue shortfalls and expenditure pressures affected the timely execution of the FY 2024/25 budget. Revenue collection fell below target due to several factors, including:

- ✓ Civil protests (Gen-Z protests) in June, July, and August 2024 disrupted businesses and economic activity.
- ✓ Withdrawal of the Finance Bill 2024, which was expected to generate an additional Ksh 344.3 billion in revenue.
- ✓ Continued economic slowdown in the first three quarters of 2024, limiting revenue growth.
- ✓ Expenditure pressures from Collective Bargaining Agreements (CBAs), increasing public wage costs.
- ✓ Implementation of a new university education funding model, adding financial strain.
- ✓ Salary shortfalls in the budget, requiring additional government spending.

40. To address these challenges, the National Treasury introduced fiscal measures in November 2024, including the Tax Laws (Amendment) Bill, the Tax Procedures (Amendment) Bill, and the Business Laws Amendment Bill. These enacted laws are expected to generate Ksh 70.02 billion, with an estimated half-year impact of Ksh 49.93 billion, aimed at optimizing tax instruments, increasing revenue, and streamlining business operations.

Revision of Budget: Supplementary Estimates No. II for FY 2024/25

41. Taking into account the ordinary revenue shortfall of Ksh 93.5 billion by December 2024 and the projected half-year revenue yields from measures approved in December 2024, the target for ordinary revenues in Supplementary Estimates No. II is set at Ksh 2,580.9 billion, which is Ksh 50.5 billion lower than the Ksh 2,631.4 billion in Supplementary I.

42. Total revenues for FY 2024/25 are projected at Ksh 3,065.2 billion (17.6% of GDP), while total expenditures are estimated at Ksh 3,978.3 billion (22.8% of GDP). This results in an overall fiscal deficit of Ksh 862.7 billion (4.9% of GDP), up from Ksh 768.6 billion (4.3% of GDP) in Supplementary I. The deficit will be financed through Ksh 208.1 billion (1.6% of GDP) in net foreign financing and Ksh 582.7 billion (3.3% of GDP) in net domestic financing.

Programmes Variation and Justification by the Supplementary Estimate No. II FY2024/25

43. Supplementary II of FY 2024/25 affected critical programmes including those under the BETA initiatives. The Tables that follow show the effects by the Economic Classification as well as Programmes/Sub-Programmes.

Highlights of Supplementary Estimates No. II for FY 2024/25 Variations by Economic Classification (Figures in Kshs. Millions).

No.	Expenditure Classification	Approved Estimates	Supplementary Estimates II	Changes in Estimates
1)	**Current Expenditure**	**66,721.43**	**80,120.04**	**13,398.61**
a	Compensation to Employees	3,880.20	3,938.65	58.45
b	Use of Goods and Services	10,692.88	17,610.91	6,918.03
c	Current Transfers to Govt. Agencies	52,122.54	58,529.68	6,407.13
d	Other Recurrent	25.80	40.80	15.00
2)	**Capital Expenditure**	**52,504.36**	**35,588.71**	**(16,915.64)**
a	Acquisition of Non-Financial Assets	1,675.80	1,594.85	(80.95)
b	Capital Grants to Govt Agencies	25,106.94	20,757.09	(4,349.85)
c	Other Development	25,721.62	13,236.78	(12,484.84)
	Total (1+2)	**119,225.78**	**115,708.75**	**(3,517.03)**

Summary of Supplementary Estimates II for FY 2024/25 by Programmes/Sub-Programmes (Figures in Kshs. Millions)

No.	Programme/Sub-Programmes	Approved Estimates	Supp Estimates II	Variance	Remarks/Justifications
1	**General Administration, Planning and Support Services**	**58,740.15**	**79,417.21**	**20,677.06**	Budget increment in General Administration is in on account of leasing programme and KRA budget enhancement for revenue mobilization effort.
	Administration Services	25,508.16	38,147.55	12,639.39	
	Human Resource Management Services	114.84	114.84	-	
	Financial Services	33,070.85	40,608.52	7,537.67	
	ICT Services	46.29	546.29	500.00	
2	**Public Financial Management**	**49,502.17**	**29,108.21**	**(20,393.96)**	Global fund budget was

No.	Programme/Sub-Programmes	Approved Estimates	Supp Estimates II	Variance	Remarks/Justifications
	Resource Mobilization	24,716.22	13,088.87	(11,627.34)	rationalized downwards especially the donor component and some activities ending in December 2024; Contingency and equalization funds were rationalized for fiscal space and transfer to beneficiary State Departments as ASAL for latter; Accounting Services and Public Procurement Directorate had additional funding for Cash to Accrual Accounting migration and roll-out of e-GP system
	Budget Formulation, Coordination and Management	17,143.59	6,681.92	(10,461.67)	
	Audit Services	861.17	861.17	-	
	Accounting Services	2,342.02	3,350.02	1,008.00	
	Supply Chain Management	1,129.20	1,689.20	560.00	
	Public Financial Management Reforms	526.41	544.41	18.00	
	Government Investment and Assets	2,783.56	2,892.61	109.05	
3	**Economic and Financial Policy Formulation and Management**	**10,474.96**	**6,565.34**	**(3,909.62)**	FLLoCA and RK FINFA budgets reduced in line with fiscal space constraints of donor financed projects.
	Fiscal Policy Formulation and Management	8,217.71	5,386.09	(2,831.62)	
	Debt Management	148.36	148.36	-	
	Micro Finance Sector Support and Development	2,108.89	1,030.89	(1,078.00)	
4	**Market competition**	508.50	617.99	109.49	The increment is on account of insufficient budget for staff salaries for Competition Authority.
	Elimination of Restrictive Trade Practices	508.50	617.99	109.49	
	Grand Total	**119,225.78**	**115,708.75**	**(3,517.03)**	

Expected Impact of Budget Revision on Capital Projects

44. The National Treasury continues to implement various projects at different stages of completion, but due to tight fiscal constraints, some donor funding has been reduced. The Supplementary Estimates II for FY 2024/25 have had a greater impact on the development vote, affecting multiple projects, while the recurrent vote was already significantly impacted by Supplementary Estimates I.

45. For donor-supported projects, adjustments were made based on absorption capacity and the fiscal framework. Key impacts include:

- ✓ PFMR project: Reduced funding will limit budget support due to non-achievement of Disbursement Linked Indicators (DLIs).
- ✓ AfDB Equity Participation: Kenya remains eligible for credit, subject to compliance requirements.
- ✓ IFMIS & e-Procurement: Some outstanding bills will remain unpaid, as additional allocations only reinstated amounts lost in Supplementary Estimates I.
- ✓ Data Recovery Centre (DRC): A court-awarded payment for the Naivasha Data Centre remains partially unpaid, leading to accruing interest.
- ✓ Equalization Fund: Lower disbursements will reduce funding for beneficiary projects and counties, raising potential compliance issues.
- ✓ e-Procurement: Enhanced per Cabinet directive on digitizing procurement, with a pilot roll-out expected soon.

- ✓ Global Fund CPF, FFLoCA, RK-FINFA, and SAFER: Budgets reduced based on absorption capacity, affecting some planned FY 2024/25 deliverables.
- ✓ Directorate of Accounting Services: Increased funding to support migration from Cash to Accrual Accounting in government.

Expenditures Under Article 223 of the Constitution

46. Additional expenditures amounting to Ksh 3,143.55 million under Article 223 of the Constitution were approved by the CS/TNT&EP. Of this amount, Ksh 1,100.00 million was allocated to Recurrent expenditure, while Ksh 2,043.55 million was directed towards Development votes.

Schedule of Article 223 of the Constitution Additional Funds

Department or Project	Amount (Kshs. Million)	Withdrawal Date	Purpose	Documentation (Annex 5)
Recurrent				
Administrative Services	500.00	December 2024	Various outstanding payments and pending bills payment	Approval letters
Strategic Intervention	600.00	December 2024	Pending bills for Motor Vehicle leasing Programme (MVLP) and its fuel	Approval letters
Sub Total	**1,100.00**			
Development				
Refurbishment for National Treasury Buildings.	26.00	December 2024	Pending bills payment of office refurbishment	Approval letters
Equity Participation (AfDB)	1,333.65	February 2025	Addressing outstanding payment for equity shares allocation arrears	Pay Advice, AfDB and Approval letters
Upgrading, Integration of Pension Management System.	37.10	February 2025	Settle pending bills and on-going deliverables	Approval letters
National Treasury Capacity Strengthening Project	13.00	February 2025	Capacity building for the PFM officials on public financial reforms	Approval letters
Treasury Security Systems CCTV and Scanners, and PABX installation and commissioning.	73.90	February 2025	Settle pending bills for CCTV cameras in Bima House and PABX in the Treasury	Approval letters.
Implementation of e-Procurement Systems of GOK.	560.00	December 2024	Implementing Presidential Directives on E-Procurement	Approval letters.
Sub Total	**2,043.55**			
Total	**3,143.55**			

Justification for Reallocations of Additional Expenditures

47. The National Treasury made only one reallocation in Supplementary Estimates No. II for FY 2024/25, directing Ksh 2.775 billion to the Motor Vehicle Leasing Programme (MVLP). This reallocation aimed to settle pending invoices for service providers, some of whom had threatened to discontinue services or had already impounded vehicles due to unpaid claims for servicing and repairs.

The State Department for Economic Planning

Highlight and Justifications of the Variations to the Approved Budget For FY 2024/25

48. The FY 2024/25 Approved Estimates for SDEP total KSh 71,870.2 million, comprising KSh 3,246.5 million for Recurrent Estimates and KSh 68,623.7 million for Development Estimates. In Supplementary Estimates No. 2 for FY 2024/25, the total allocation amounts to KSh 74,262.85 million, with KSh 3,432.76 million for Recurrent Estimates and KSh 70,830.09 million for Development Estimates. This results in a variance of KSh 2,392.61 million between the Approved Estimates and Supplementary Estimates No. 2, with a detailed breakdown provided by Programme and Economic classification below.

Program	Category	Supp 1 24/25	Suppl. No 2-2024/25	Supp 1 -2024/25 vis-à-vis Suppl.2- 2024/25
Total Expenditure	Rec	3,247	3,432	185
	Dev	68,623	70,830	2,207
	Total	**71,870**	**74,263**	**2,393**

Analysis by Programme

Program	Supp 1 24/25	Suppl. No 2-2024/25	Supp 1 -2024/25 vis-à-vis Suppl.2- 2024/25
Public Service Transformation	2	2	0
Economic policy and National	70,001	70,165	164
National Statistical Information Services	1,157	3,364	2,207
Monitoring and Evaluation	500	499	(1)
General Administration Planning	209	234	25
Total	**71,870**	**74,263**	**2,393**

Revised Schedule of Outputs and Performance Targets

49. The performance targets and outputs for three programs—Economic Policy and National Planning, Monitoring and Evaluation Services, and General Administration, Planning, and Support Services—will remain unchanged as their budgetary allocations were not adjusted in Supplementary Estimates No. 2 for FY 2024/25. As a result, SDEP will continue implementing its targets as planned with the approved budgetary allocation. However, the National Statistical Information Programme's performance targets have been revised to incorporate activities under the East Africa Regional Statistics Programme for Results, which received an additional allocation of KSh 2.3 billion in Supplementary Estimates No. 2.

Economic Policy and National Planning

50. Based on Supplementary Estimates No. 2 for FY 2024/25, the State Department now plans to implement the following under Economic Policy and National Planning:
    - ✓ Finalization of Economic Planning Policy and Economic Planning Bill to enhance compliance and coordination of the planning function across both levels of Government;
    - ✓ Develop a framework for engagement with County governments on Economic Planning;

- ✓ Review and Dissemination of County Development Planning Guidelines;
- ✓ Facilitate the provision of bursary to 1,287,232 students, construction of 14,334 school's/colleges facilities, development of 1,593 security infrastructure, and provision of medical cover to 27,274 elderly persons through NG-CDF;
- ✓ Development of concept paper on Post-Vision 2030 development framework;
- ✓ Enhance Sustainable Development Goals (SDGs) implementation at both the National and County levels;
- ✓ Coordination of Implementation, Monitoring and Reporting on Regional and International Frameworks (Tokyo International Conference on Africa's Development (TICAD), SDGs, Africa Agenda 2063);

National Statistical Information Services

51. Under the East Africa Regional Statistics Programme for Results, the Kenya National Bureau of Statistics (KNBS) will undertake the following Census and Surveys:

I. Preparation of Annual, Quarterly, and Monthly Statistical Publications and Reports, including:

- ✓ Economic Survey and Statistical Abstracts
- ✓ Quarterly Balance of Payment (QBOP) Reports
- ✓ Quarterly Gross Domestic Product (QGDP) Reports
- ✓ Quarterly Producer Price Index (QPPI) Reports
- ✓ Quarterly Labour Reports
- ✓ Monthly Leading Economic Indicators Reports
- ✓ Monthly Consumer Price Index Reports

II. Kenya Integrated Household Budget Survey (KIHBS)

III. Medium, Small, and Micro Enterprises (MSME) Survey

No	Survey /Activity		Survey /Activity
1	Census of Agriculture	12	Vital Statistical Reports
2	Rent and Housing Survey	13	Mapping and Census of Educational Institutions
3	Agriculture Validation	14	Kenya Household Master Sample Frame(KHMSF)
4	Capacity Building	15	KNBS Strategic Plan 2023/28
5	Census of Establishment (CoE)	16	Remittance Survey
6	Real Estate Survey	17	Kenya Integrated Household Budget Survey (KIHBS)
7	Foreign Investment Survey (FIS)	18	Survey of Non-Communicable Diseases
8	Gross County Product (GCP)	19	Micro, Small & Medium Enterprises Survey
9	Harmonized Consumer Price Index (HCPI)	20	Infrastructure for Rapid Phone Observatory Survey
10	County Statistical Abstracts (CSAs) and Statistical Plans	21	ICBT & Inbound and Outbound Survey
11	Updating of SDGs	22	Information Security System ISO:27000 Certification

Monitoring and Evaluation Services

52. Under Economic Policy and National Planning, the State Department plans to carry out the following in FY 2024/25, based on Supplementary Estimates No. 2:

- ✓ Prepare the Annual Progress Report on the implementation of programs and projects.
- ✓ Review the electronic National/County Integrated Monitoring and Evaluation System (e-NIMES/e-CIMES) to enhance its functionality as an end-to-end system for planning, monitoring, and evaluation.
- ✓ Train officers from MDAs and Counties on Public Investment Management Processes.
- ✓ Build the capacity of officers from Headquarters and MDAs in conducting evaluations.
- ✓ Conduct evaluations on two selected projects to assess effectiveness and impact.
- ✓ Coordinate the implementation of the Knowledge Management Policy to enhance data-driven decision-making.

General Administration, Planning and Support Services

53. Under General Administration, Planning, and Support Services, the State Department plans to undertake the following in FY 2024/25, based on Supplementary Estimates No. 2:

- ✓ Fill existing staff vacancies, with the current authorized establishment at 511 personnel against 382 in-posts.
- ✓ Train technical staff at the SDEP headquarters and within MDAs to enhance capacity.
- ✓ Provide training on promotional courses in line with the Career Progression Guidelines.
- ✓ Equip and tool staff to improve service delivery at both National and County Government levels.
- ✓ Sensitize staff on cross-cutting issues to promote inclusivity and awareness.
- ✓ Prepare and submit budget implementation and statutory reports as required.
- ✓ Develop and maintain SDEP Information Systems to enhance efficiency and data management.

Expected Impact of Budget Revisions on Capital Projects

54. The State Department for Economic Planning (SDEP) and its SAGAs implement several capital projects, many of which lacked funding in the Approved Estimates FY 2024/25 and received no additional allocation under Supplementary Estimates No. 2. The Eastern Africa Regional Statistics Program for Results (EARSPforR), implemented by KNBS with World Bank support, was particularly affected. This program is crucial for producing harmonized, high-quality economic and social statistics. Initially allocated KSh 300 million, the funding was reduced to nil in Supplementary Estimates I. To prevent project delays, the World Bank advanced KSh 2.3 billion under Article 223 of the Constitution, pending formal regularization in Supplementary Estimates No. 2 for FY 2024/25.

Withdrawal Under Article 223

55. The World Bank is supporting the Kenya National Bureau of Statistics (KNBS) in implementing the Eastern Africa Regional Statistics Program for Results (EARSPforR) through a concessional loan running from 2022/23 to 2026/27. To facilitate program activities, the World Bank advanced EUR 14 million (KSh 2.3 billion) to the Exchequer, as provided in Schedule 2, Section IV of the Financing Agreement. The National Treasury then approved the State Department for Economic Planning to utilize these funds under Article 223 of the Constitution, pending formal regularization in Supplementary Estimates No. 2 for FY 2024/25.

56. The State Department for Economic Planning (SDEP) received an advance of KSh 2.3 billion from the Exchequer on 2nd October 2024 for the implementation of activities under the Eastern Africa Regional Statistics Program for Results (EARSPforR). A detailed schedule of activities and expenditures to date. The funds were disbursed to KNBS and officially received on 7th October 2024, with supporting financial documents as evidence of expenditure.

Areas of Underfunding

57. The State Department acknowledged the prevailing economic situation in the country and the circumstances that led to expenditure rationalization following the withdrawal of the 2024 Finance Bill. However, it appealed for additional funds to support critical areas that require urgent financial consideration.

a) **SDEP-HQS- Ksh. 125.7 Million**

i. **Operations and Maintenance; - KSh. 62.17 million**

- ✓ **Rent- KSh. 4.17 million** is required for payment of parking space for SDEP at KICC.
- ✓ **Refurbishment of SDEP boardroom-KSh. 13 million.** The refurbishment works were completed in July 2024. FY 2024/25 Printed Estimates had allocated funds for payment of the works which were rationalized to nil during the Supplementary Estimates I FY 2024/25
- ✓ **Updating SDEP's Asset Register- KSh. 10 million.** The accrual system of accounting requires the asset register to be accurate and up to date. These funds are required for asset valuation, asset tagging, capacity building of staff on development of an asset register among others
- ✓ **Vehicles - KSh. 35M** is required to purchase 5 vehicles for the incoming top management of SDEP following the approval of the revised Organization structure and Staff Establishment.

ii. **Core mandate- KSh 63 M:** Mandate of SDEP includes monitoring and evaluation (M&E) of economic trends. The budgetary allocation for conducting M&E and project

pre-feasibility studies was rationalized to nil in the Supplementary Estimates I FY 2024/25.

b) **KIPPRA- KSh 209.7 Million**

- ✓ Rent -KSh. 39.3M
- ✓ Board Expenses-KSh. 19 M
- ✓ Young Professionals Program-KSh. 68M
- ✓ Kenya Economic Report -KSh. 10M
- ✓ Kenya Annual Regional Conference KSh. 30M
- ✓ Research and Analysis and other O&M Costs- KSh. 43.4 M

c) **Vision 2030 Secretariat (VDS)- KSh. 74.86 Million**

- ✓ Rent- KSh. 26M
- ✓ Administrative and other contracted services - KSh. 15.86M
- ✓ Board Expenses KSh. 12M
- ✓ Core Mandate functions-KSh. 21M

d) **NCPD- KSh. 87.4 Million**

- ✓ Gratuity- KSh. 6 M
- ✓ Core mandate- KSh. 81.4
  - Population situation analysis - KSh.15 M
  - Kenya Population & Development Conference- KSh. 20M
  - Advocacy, public education and research- KSh. 46.4 M

Office of Controller of Budget.

58. The Controller of Budget's printed budget estimate for FY 2024/25 was Kshs. 738.2 million, but it was reduced to Kshs. 702.2 million in Supplementary Budget Estimate I due to budget cuts and austerity measures.

A schedule showing the programmes and sub-programmes affected by the Supplementary Budget Estimate II.

Programme: Control and Management of Public Finances:

Sub-Programme	Printed Budget Estimate	Approved Supplementary Budget Estimate I	Proposed Supplementary Budget Estimate II	Variance (Budget cuts)
Administration Support Services	448,212,151	435,949,795	425,373,695	(10,576,100)
Research and Planning	49,874,508	42,514,508	49,610,008	7,095,500
Budget Review and Analysis	65,410,934	58,276,004	58,506,004	230,000
County Services	174,721,487	165,511,590	168,762,190	3,250,600
TOTAL	**738,219,080**	**702,251,897**	**702,251,897**	**0**

59. During the Supplementary Budget Estimate No. II, the office proposed requests for reallocations and additional funds. The status is as follows.

Description	Amount (Kshs.)	Status	Justifications
Reallocation no.1	4,100,000	Approval granted by The National Treasury	To cater for the upgrading of Zimbra, additional licensing and antispam gateway
Reallocation no.2	2,300,000	Approval granted by The National Treasury	To cater for research and planning officers with tools to carry out monitoring and evaluation in the

			47 counties.
Reallocation no.3	13,600,000	Approval granted by The National Treasury	To cater for various economic items as a result of austerity measures and budget cuts during Supplementary Budget Estimate I
Additional funds Request	25,020,400	The office was advised that the request would be reviewed during the preparation of FY 2024/25 Supplementary Estimate II subject to revenue performance.	To cater for various economic items as a result of austerity measures and budget cuts during Supplementary Budget Estimate I

Commission on Revenue Allocation

60. Supplementary Estimates 2 proposes to reduce by KSh. 6 million, equivalent to 2% of the Supplementary Estimates 1, from KSh. 364 million to KSh. 358 million.

Title and Details	Supp 1 **2024/25**	Supp 2 **2024/25**	Variation
Personnel Emoluments	214.2	193.2	(21.0)
O & M	115.1	131.6	16.5
Capital Expenditure	2.5	2.5	0.0
Equitable Sharing of Revenue	1.8	1.3	(0.5)
Public Financial Management	11.1	11.1	0.0
ransitional Equalization	4.7	2.8	(1.9)
4th Formula on Revenue Sharing	14.9	34.5	19.6

4.0 COMMITTEE OBSERVATIONS

61. Having held deliberations with the MDAs under its purview, the Committee observed THAT:

The State Department of the National Treasury

I. Revenue Performance and Shortfall

62. The committee observed that by January 31, 2025, total revenues amounted to Kshs. 1,585.1 billion, falling short of the target of Kshs. 1,695.3 billion by Kshs. 110.0 billion. This shortfall was primarily driven by a deficit in ordinary revenues of Kshs. 113.1 billion, despite Ministerial Appropriations-in-Aid (A-I-A) exceeding the target by Kshs. 3.1 billion.

II. Projected Revenue and Tax Buoyancy for FY 2024/25

63. Total revenues for FY 2024/25 are projected at Kshs. 3,065.2 billion, representing 17.6% of GDP. Ordinary revenues are expected to reach Kshs. 2,580.9 billion, which is Kshs. 50.5 billion lower than the Kshs. 2,631.4 billion estimated in Supplementary I. This downward revision is based on the current revenue growth trends, which is based on the concept of

tax buoyance[1] that will make total revenue grow at 13% based on the normal growth of the economy, which grows at almost a similar rate.

III. Expenditure Adjustments in Supplementary Estimates 2 for FY 2024/25.

64. The Supplementary Estimates 2 for the 2024/25 budget reveal significant shifts compared to Supplementary Estimates 1, in recurrent and development expenditure across various programs. The total net expenditure has been notably reduced by Kshs. 3.516 billion. This includes an increase of KSh. 13.399 billion in recurrent expenditure, mainly to cover salary and operational shortfalls for the Kenya Revenue Authority and equity participation in the African Development Bank. Additionally, development expenditure has decreased by KSh. 16.915 billion.

Program		Suppl. 1, 2024/25	Suppl.no 2-24/25	Supp 1 Vis-a-Vi Supp 2
Total Expenditure	Rec	66,721	80,120	13,399
	Dev	52,504	35,589	(16,915)
	Total	**119,225**	**115,709**	**(3,516)**

IV. Expenditures Under Article 223 of the Constitution

65. The National Treasury incurred additional expenditures totaling Ksh 3,143.55 million under Article 223 of the Constitution, as approved by the CS/TNT&EP. Of this amount, Ksh 1,100.00 million was allocated to Recurrent expenditure, while Ksh 2,043.55 million was designated for Development votes.

Schedule of Article 223 of the Constitution Additional Funds

Department or Project	Amount (Kshs. Million)	Withdrawal Date	Purpose	Documentation (Annex 5)
Recurrent				
Administrative Services	500.00	December 2024	Various outstanding payments and pending bills payment	Approval letters
Strategic Intervention	600.00	December 2024	Pending bills for the Motor Vehicle leasing Programme (MVLP) and its fuel	Approval letters
Sub Total	**1,100**			
Development				
Refurbishment for National Treasury Buildings.	26.00	December 2024	Pending the payment of the office refurbishment	Approval letters
Equity Participation (AfDB)	1,333.65	February 2025	Addressing outstanding payment for equity shares allocation arrears	Pay Advice, AfDB and Approval letters
Upgrading, Integration of Pension Management System.	37.10	February 2025	Settle pending bills and on-going deliverables	Approval letters
National Treasury Capacity Strengthening Project	13.00	February 2025	Capacity building for the PFM officials on public financial reforms	Approval letters

[1] Tax buoyancy is the measure of how tax revenue naturally increases in response to economic growth without changes in tax rates or policies.

Department or Project	Amount (Kshs. Million)	Withdrawal Date	Purpose	Documentation (Annex 5)
Treasury Security Systems CCTV and Scanners, and PABX installation and commissioning.	73.90	February 2025	Settle pending bills for CCTV cameras in Bima House and PABX in the Treasury	Approval letters.
Implementation of e-Procurement Systems of GOK.	560.00	December 2024	Implementing Presidential Directives on E-Procurement	Approval letters.
Sub Total	**2,043.55**			
Total	**3,143.55**			

66. The Committee noted that certain expenditures incurred under Article 223 of the Constitution do not align with the criteria of being unforeseen or urgent, as required by the provision. Specifically, expenditures such as capacity building for Public Financial Management (PFM) officials on public financial reforms were flagged as activities that could have been planned and budgeted for within the regular budgeting process. The Committee expressed concern that allocating funds for such predictable activities under Article 223 undermines the principle of fiscal discipline and prudent financial management.

67. The Committee notes with concern the use of Article 223 in FY 2024/25. The Committee recognizing the economic situation that resulted from the withdrawn Finance Bill 2024 and subsequent Supplementray Estimates No 1 that reduced budget votes across the board, the Committee take exception on serveral expenditures in Article 223 whose disbursement amounting to Kshs 40 billion among it Kshs 8 billion allocated to roads which in the Committee's opinion does not fall on unforeseen curcumstances.

v. Challenges in Financing and Transfer of the Equalization Fund.

68. The committee also noted that the Equalization Fund has faced persistent financing and fund transfer challenges, limiting its ability to deliver essential services to marginalized areas. Article 204(1) of the Constitution requires that 0.5% of all national revenue be allocated to the Fund based on the most recent audited accounts, but compliance has been inconsistent. A financial review for the year ending June 30, 2024, showed that out of an expected KSh. 62.4 billion (from FY 2011/12 to FY 2023/24), only KSh. 13.43 billion had been transferred. Budgetary allocations have worsened the situation, with Supplementary Estimate 2 for FY 2022/23 reducing the allocation to zero and Supplementary Estimates 2 for FY 2024/25 cutting the proposed KSh. 8 billion to KSh. 2.5 billion—a KSh. 5.5 billion reduction.

69. Despite a total entitlement of KSh. 62.64 billion in the Division of Revenue Acts(DORA), only KSh. 29.3 billion has been allocated, leaving KSh. 48.97 billion unremitted as of June 30, 2024. The National Treasury's failure to transfer funds raises concerns about whether the accrued revenue share will be received.

State Department of Economic Planning

vi. FY 2024/25 Budget Increase: Key Drivers and Sectoral Allocations

70. The overall budget for FY 2024/25 has increased by KSh. 2.393 billion, raising the total revised allocation to KSh. 74.263 billion from the previous KSh. 68.623 billion. The

recurrent budget has grown by KSh. 185 million, while the development budget has risen by KSh. 2.207 billion. A significant driver of the development expenditure increase is the KSh. 2.3 billion allocation to the East African Regional Statistics Programme for Results project, which had not received funding in Supplementary Estimates 1.

VII. Expenditure under Article 223 of the Constitution

71. The Committee observed that on 8th February 2024, the Kenya National Bureau of Statistics (KNBS), through the National Treasury and Economic Planning, requested an advance of EUR 14 million (approximately KSh. 2.31 billion) from the World Bank for the East African Regional Statistics Programme for Results. The World Bank approved the request on 22nd February 2024, with confirmation of disbursement received on 1st March 2024. On the same day, the Permanent Secretary of the State Department for Economic Planning formally notified the National Treasury of the need to incorporate this advance into the FY 2024/25 Main Budget Estimates and Supplementary Budget I.

72. The amount has been included in Supplementary Estimates 2 for FY 2024/25 as an expenditure under Article 223 of the Constitution. The National Treasury approved the expenditure on 21st August 2024, while the disbursement took place on 1st October 2024.

Office of Controller of Budget

VIII. Budget Allocation and Reallocation Requests for the Office of the Controller of Budget in FY 2024/25.

73. The committee observed that the Office of the Controller of Budget was not affected by Supplementary Estimates 2 for FY 2024/25 in the allocation of KSh. 702 million, which had been provided in Supplementary Estimates 1. However, the Office requested a reallocation of its funds within the vote to finance underfunded priority areas that need to be achieved before the end of the financial year.

Commission on Revenue Allocation

74. Supplementary Estimates 2 proposes to reduce by KSh. 6 million, equivalent to 2% of the Supplementary Estimates 1, from KSh. 364 million to KSh. 358 million.

5.0 COMMITTEE RECOMMENDATIONS

75. Having held deliberations with the MDAs under its purview, the Committee recommends **THAT -**

5.1 Financial Recommendations

I. Approval of Expenditures under Article 223 of the Constitution

76. The following expenditures under Article 223 be approved

Schedule of Article 223 of the Constitution Additional Funds

Department or Project	Amount (Kshs. Million)	Withdrawal Date	Purpose	Documentation
THE NATIONAL TREASURY				
Recurrent				
Administrative Services	500.00	December 2024	Various outstanding payments and pending bills payment	Approval letters

Department or Project	Amount (Kshs. Million)	Withdrawal Date	Purpose	Documentation
THE NATIONAL TREASURY				
Strategic Intervention	600.00	December 2024	Pending bills for the Motor Vehicle leasing Programme (MVLP) and its fuel	Approval letters
Sub Total	**1,100**			
Development				
Refurbishment for National Treasury Buildings.	26.00	December 2024	Pending the payment of the office refurbishment	Approval letters
Equity Participation (AfDB)	1,333.65	February 2025	Addressing outstanding payment for equity shares allocation arrears	Pay Advice, AfDB and Approval letters
Upgrading, Integration of Pension Management System.	37.10	February 2025	Settle pending bills and on-going deliverables	Approval letters
National Treasury Capacity Strengthening Project	13.00	February 2025	Capacity building for the PFM officials on public financial reforms	Approval letters
Treasury Security Systems CCTV and Scanners, and PABX installation and commissioning.	73.90	February 2025	Settle pending bills for CCTV cameras in Bima House and PABX in the Treasury	Approval letters.
Implementation of e-Procurement Systems of GOK.	560.00	December 2024	Implementing Presidential Directives on E-Procurement	Approval letters.
Sub Total	**2,043.55**			
Total	**3,143.55**			
STATE DEPARTMENT FOR ECONOMIC PLANNING				
East African Regional Statistics Programme for Results	2,300	1st October 2024.	The World Bank advance of approximately KSh 2.3 billion for the program to avoid delay and stalling of time-bound activities	Approved letters

II. Approval of Budgetary Allocations for MADs under the Purvie of the Committee

78. THAT, the proposed overall allocation of KSh 115.709 billion under Vote Head 1071 for The National Treasury, KSh. 74.263 billion under Vote 1072 for the State Department of Economic Planning, KSh 358 million for Commission of Revenue Allocation (CRA), and KSh 702 million for the Office of Controller of Budget be approved subject to the amendments:

5.1.1 Reduction

79. Under **Vote 1071**, the State Department of National Treasury

Recurrent Expenditure

1. KSh. 500 million from 1071000111-Strategic Intervention (other operating expenses-leasing of Police vehicles)
2. KSh. 500 million from 1071000204- National Government Budget Process (Budget reserve).
3. KSh. 716 from 1071009700 -Economic Stimulus programme (Recurrent)

4. KSh. 60 million from 1071000100- Headquaters Administrative Services (Training Expenses KSh. 30 million and Other Expenses KSh. 30 million)
5. KSh. 109 million from 1071002203- Kenya Trade Network

Development Expenditure

6. KSh. 100 million from Single Window Project
7. KSh. 200 from 1071104000- Renewal of Oracle Licenses, Annual Support for IFMIS Apps, Hardware

Increases

Vote 1071: The National Treasury

1. KSh. 600 million to address a pending bill that arose from a court award related to the Naivasha Data Centre and Misort Limited Company is essential for settling the outstanding debt. This payment ensures compliance with the court ruling and prevents further legal and financial consequences that could arise from prolonged non-payment. By addressing this obligation, the government upholds its financial responsibilities while avoiding potential disruptions to critical projects and services.

   The accrued interest rate of 12% per year adds to the urgency of resolving this matter. If left unpaid, the total amount owed will continue to rise, placing additional pressure on public finances. Settling the debt promptly prevents unnecessary escalation of costs and demonstrates responsible fiscal management. Efficient handling of such financial commitments is crucial in preventing wastage of taxpayer funds on accumulating interest charges.

   Beyond financial considerations, settling this bill is crucial for maintaining investor confidence and trust in government contracts. Unresolved debts and legal disputes may discourage private sector partnerships, ultimately affecting economic development. By fulfilling this obligation, the government reassures stakeholders of its commitment to honoring contractual agreements, fostering a stable business environment, and reinforcing the rule of law.

2. KSh. 450 million for capacity development of persons involved in public procurement is essential to enhance efficiency, transparency, and accountability in the procurement process. Section 9(2)(ra) of the Public Procurement and Asset Disposal Act, 2015, mandates the Public Procurement Regulatory Authority (PPRA) to develop, promote, and support training initiatives for procurement professionals. With over 34,000 public procuring entities and numerous stakeholders involved in procurement and asset disposal, investing in capacity building is crucial to ensuring that procurement processes are conducted effectively and in compliance with legal and ethical standards.

   So far, PPRA has targeted the training of at least 2,500 procuring entities, with the goal of reaching 5,000 entities. The allocation of KSh. 450 million will facilitate extensive education and awareness programs for suppliers, government agencies, and the general public. These training sessions will focus on improving knowledge of procurement regulations, promoting adherence to best practices, and ensuring that stakeholders fully understand the functionalities and benefits of the public procurement information portal. Enhancing accessibility and usage of this portal will

streamline procurement processes, minimize errors, and strengthen oversight mechanisms.

3. KSh. 500 million is required to support the Kenya Revenue Authority (KRA) in implementing change management and governance reforms. These funds will be directed towards re-engineering key processes, workflows, and risk management strategies, particularly in customs and border point control. Strengthening these areas is crucial in improving efficiency, reducing revenue leakages, and enhancing service delivery. By modernizing its operations, KRA aims to create a more transparent, responsive, and accountable tax administration system.

   A significant portion of this funding will focus on evaluating and mitigating contracting risks, ensuring that procurement and operational decisions align with best practices and regulatory requirements. Additionally, the reforms will include capacity-building initiatives for staff, adoption of advanced technology, and streamlining of customs procedures to minimize delays and improve trade facilitation. These improvements will enhance border security, curb smuggling, and increase compliance with tax regulations, ultimately boosting national revenue collection.

   Investing in governance reforms and process re-engineering at KRA aligns with broader efforts to enhance public sector efficiency and accountability. Strengthening risk management and modernizing customs operations will foster a fair and predictable business environment, encouraging voluntary compliance among taxpayers. By addressing inefficiencies and risks, KRA can improve revenue collection, support economic growth, and reinforce trust in the tax administration system.

4. KSh. 200 million is required to support the implementation of the Roadmap on Borderlands under the Horn of Africa Initiative. These funds will facilitate key activities such as project design, development of policy notes and briefs, thematic research, and feasibility studies. By investing in these foundational elements, the government ensures that future projects are well-planned, evidence-based, and aligned with regional development goals. Strengthening the policy framework and research will enhance decision-making and promote sustainable development in border regions.

   A portion of the funds will also be directed towards fulfilling Kenya's pending commitments under the Horn of Africa Initiative. These commitments focus on regional infrastructure connectivity, trade integration, and resilience-building efforts. Enhancing cross-border infrastructure will facilitate trade, improve mobility, and foster economic cooperation between Kenya and its neighboring countries. Additionally, strengthening trade integration mechanisms will reduce barriers, streamline customs procedures, and promote economic opportunities for communities living along the borderlands.

Vote 1072: Economic Planning

5. KSh. 35 million is required to support the implementation of an accurate and up-to-date asset register in line with the accrual system of accounting. Maintaining a comprehensive asset register is essential for proper financial reporting, accountability, and efficient management of public resources. These funds will be

utilized for key activities such as asset valuation, asset tagging, and updating records to ensure that all government assets are properly documented and accounted for.

Additionally, a portion of the funds will be allocated to capacity building for staff involved in the development and maintenance of the asset register. Training and equipping personnel with the necessary skills will enhance their ability to conduct accurate asset assessments, maintain compliance with accounting standards, and improve decision-making regarding asset management. This initiative will also help in minimizing asset losses, mismanagement, and discrepancies in financial records.

6. KSh. 400 million is required to build the capacity of County Planning Offices, which serve as focal points for implementing and monitoring both national and county planning functions. Strengthening these offices is crucial to ensuring effective coordination, data-driven decision-making, and the successful execution of development projects. By equipping county planning teams with the necessary skills, tools, and resources, the government aims to enhance efficiency in project planning, budgeting, and service delivery at the local level.

   A portion of the funds will also be allocated to facilitating the review and assessment of national government projects. This review process is essential for tracking progress, identifying challenges, and ensuring that projects align with national development priorities. Strengthening monitoring and evaluation mechanisms will help improve accountability, minimize resource wastage, and enhance the overall impact of government initiatives.

SIGNED.....

HON. CPA KURIA KIMANI, CBS, MP.
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

SCHEDULE I: REDUCTIONS

SCHEDULE 2: INCREASES

DEPARTMENTAL COMMITTEE ON ENVIROPNMENT, FORESTRY AND MINING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION, 2025

THE DEPARTMENTAL COMMITTEE
ON
ENVIRONMENT, FORESTRY, AND MINING

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/25 SUPPLEMENTARY ESTIMATES NO. 2

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

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MARCH, 2025

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PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Environment, Forestry, and Mining of Supplementary Estimates No. 2 for the FY 2024/25 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations, 2015, and Standing Order 243.

1.2. The Mandate of the Committee

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

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

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

1.3. Committee Membership

4. The Committee comprises the following Members:

Chairperson

The Hon. Charles Kamuren, MP
Baringo South Constituency
UDA Party

Members

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

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

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

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

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

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

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

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

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

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

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

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

1.4. Committee Secretariat

5. The following Members of Staff service the Committee:

Ms. Hellen Ekadeli
Clerk Assistant I/Head of Secretariat

Ms. Nancy Chamunga
Fiscal Analyst III

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Mr. Joseph Kuria
Research Officer II

Ms. Mercy Wanyonyi
Legal Counsel

Mr. Stephen Otieno
Sergeant-At-Arms

Mr. Kevin Obilo
Media Relations Officer III

1.5. Overview of the Examination of the Supplementary Estimates 2 for FY 2024/25

6. The Supplementary Estimates 2 for the Financial Year 2024/25 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on **Wednesday, 19th February 2025.** Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

7. The Departmental Committee on Environment, Forestry, and Mining held a sitting on **Thursday, 6th March 2025** for a briefing on Supplementary Estimates by the Parliamentary Budget Office. The Committee, thereafter held its retreat to scrutinize and deliberate on the Estimates with the Ministries, Departments, and Agencies under its purview from **Friday, 7th March 2025 at Bunge Tower.**

1.6. Acknowledgment

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

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

THE HON. CHARLES KAMUREN, M.P.

CHAIRPERSON

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 2 FOR FY 2024/25

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

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

2.1 Review of Supplementary Estimates 2 FY 2024/25 per MDA

12. Supplementary Estimate No. 2 for FY 2024/25 has the following impact on the three (3) State Departments under the Committee's purview on account of **budget rationalization**:

13. It proposes to **increase** the allocation of the **State Department for Environment and Climate Change** by **Kshs. 619 million (13.9 percent)**. This comprises of **increases** of **Kshs. 182 million (5.8 percent)** for recurrent on account of GoK Exchequer funding and **Kshs. 437 million (33.4 percent)** for development expenditure on account of additional funding of externally funded projects ***(Grant Revenue).***

Table 1: Summary of Changes for State Department for Environment (Kshs. Millions)

		Approved Estimates	Revised Estimates	Difference
Recurrent Expenditure	GoK Exchequer	2,234.64	2,416.64	182.00
	AiA	918.90	918.90	0.00
	Sub-Total	**3,153.54**	**3,335.54**	**182.00**
Development Expenditure	GoK Exchequer	1,237.80	1,674.80	437.00
	Donor AiA	70.00	70.00	0.00
	Sub-Total	**1,307.80**	**1,744.80**	**437.00**
Total		**4,461.34**	**5,080.34**	**619.00**

Source: National Treasury

14. It proposes to **reduce** the allocation of the **State Department for Forestry** by **Kshs. 302.8 million (2.5 percent)**. This comprises an **increase** in recurrent expenditure of **Kshs. 169.2 million (1.9 percent)** and a **reduction** in development expenditure of **Kshs. 472 million (15.5 percent)**.

Table 2: Summary of Changes for State Department for Forestry (Kshs. Millions)

		Approved Estimates	Revised Estimates	Difference
Recurrent Expenditure	GoK Exchequer	4,481.68	4,650.88	169.20
	AiA	4,550.00	4,550.00	0.00
	Sub-Total	**9,031.68**	**9,200.88**	**169.20**
Development Expenditure	GoK Exchequer	1,500.00	1,300.00	(200.00)
	Donor Funding	1,548.00	1,276.00	(272.00)
	Sub-Total	**3,048.00**	**2,576.00**	**(472.00)**
Total		**12,079.68**	**11,776.88**	**(302.80)**

Source: National Treasury

15. Lastly, it proposes to **increase** the **State Department for Mining** allocation by **Kshs. 594.2 million (59.7 percent). This comprises increases** of **Kshs. 434.2 million (43.6 percent)** and **Kshs. 160 million (100 percent)** for recurrent and development expenditures, respectively.

Table 3: Summary of Changes for State Department for Mining (Kshs. Millions)

		Approved Estimates	Revised Estimates	Difference
Recurrent Expenditure	GoK Exchequer	894.87	1,029.07	134.20
	AiA	100.00	400.00	300.00
	Sub-Total	**994.87**	**1,429.07**	**434.20**
Development Expenditure	GoK Exchequer	0.00	0.00	0.00
	Local Funding	0.00	160.00	160.00
	Sub-Total	**0.00**	**160.00**	**160.00**
Total		**994.87**	**1,589.07**	**594.20**

Source: National Treasury

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

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

16. The Principal Secretary, State Department for Environment and Climate Change, Eng. Festus Ng'eno made the following submissions on the Supplementary Estimates No.2:
17. The State Department for Environment and Climate Change is implementing the following (4) programs in the 2024/25 Financial Year namely;

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

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

S/No	Programme Name	Approved Estimates FY 2024/2025	Proposed Supplementary Cuts (FY 2024/25)	Proposed FY 2024/25 Supplementary Estimates.
1	Environment Management and Protection	967	213	1,180
2	General Administration, Planning and Support Services	553	(31)	522
TOTALS		**1,520**	**182**	**1,720**

Source: Committee Reports

Table 3: Programmes affected by the Supplementary Estimates 2 (Kshs. Millions)- Development

S/No	Programme Name	Approved Estimates FY 2024/2025	Proposed Supplementary Cuts in FY 2024/25		Proposed FY 2024/25 Supplementary Estimates.
			Foreign	GoK	
1	Environment Management and Protection	226	437	-	663
Totals		**226**	**437**	**-**	**663**

Source: Committee Reports

LIST OF PROJECTS AFFECTED BY THE SUPPLEMENTARY ESTIMATE 2 OF FY 2024/25

18. This increment of **Kshs. 437M** in development will boost the implementation of four Key Pillar Projects for the State Department namely:

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

S/No	Project Code Name	Approved Estimates	Revised Estimates	Change	Spending Items
1	Enhancing Community Resilience & Water Security	-	300	300	To develop and upgrade water sources and infrastructure for domestic use
2	Lake Naivasha Basin Ecosystem Based Management Project implementation	-	70	70	To restore the degraded forest areas around the Lake Naivasha Catchment areas
3	Kenya ETF Reporting Programme to UNFCCC	10	100	90	To support Reporting Programme to UNFCCC Project on the adaptation and mitigation of climate change effect.
4	Agroforestry and Commercial Forestry	170	171	3	Scaling up Agro and Commercial Forestry Ha in the community.
5	Strategic Sector Phase II	46	22	(24)	The project was completed in December 2024.
	TOTALS	**226**	**663**	**437**	

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

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

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

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

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

3.2 State Department for Forestry – Vote 1332

20. The Principal Secretary, State Department for Forestry, Mr. Gitonga Mugambi, EBS submitted as follows on the FY 2024/25 Supplementary Estimates 2:

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

i. **Forests Development, Management, and Conservation Environment Management and Protection**
ii. **Agroforestry and Commercial Forestry Development**
iii. **General Administration, Planning, and Support Services**

22. The total gross change in estimates between the Approved Estimates for the FY 2024/25 and the Supplementary Estimates 2 reflects a downward effect of **Kshs. 302.8 million**.

23. In FY 2024/25, the total approved estimates for the State Department for Forestry (Vote 1332) were **Kshs.12.08 billion** which comprised of **Kshs. 9.03 billion** for Recurrent expenditure, and **Kshs. 3.05 billion** for Development expenditure.

24. The Approved Estimates have been revised during the Supplementary Estimate No. 2 for FY 2024/25 to **Kshs.11.78 billion** which comprises of **Kshs. 9.20 billion** for recurrent expenditure and **Kshs. 2.58 billion** for development expenditure.

Table 6: Summary of Changes in the Supplementary Estimates 2 FY 2024/25 (Kshs. Millions)

Description	Approved Budget FY 2024/25	Revised Estimate FY 2024/25	Change FY 2024/25	Change (%)
	A	B	C=B-A	
Recurrent	9,031.68	9,200.88	169.20	1.9
Development	3,048.00	2,576.00	(472.3)	(15.5)
Total	**12,079.68**	**11,776.88**	**(302.80)**	**(2.5)**

Source: Committee Reports

25. Based on Table 6 above, the recurrent budget has been **increased by 1.9 %** to cater for the Personnel Emolument shortfall of Kshs.138 million at KEFRI and Kshs.31 million at the State Department Headquarters.
26. Further, the Development budget has been **reduced by 15.5%.** The reduction has affected the GoK component for projects being funded directly by the Government as well as GoK Counterpart funding for the donor-funded projects.
27. Arising from the budgetary reduction of **Kshs. 302.8 million**, the implementation of planned programs has been affected significantly as shown in Table 7 below.

Table 7: Programmes Affected by Supplementary Estimates 2 (Kshs. Millions)

Programme	Approved Estimates FY 2024/25	Supplementary Estimates No. 2 FY 2024/25	Change in Estimates
Forests Resources Conservation and Management	10,520	10,053	(467)
Forests Research and Development	1,423	1,561	138
Forests Development, Management and Conservation	**11,943**	**11,614**	**(329)**
Agroforestry Services	9	9	-
Agroforestry and Commercial Forestry Development	**9**	**9**	**-**
General Administration, Planning and Support Services	129	155	26
General Administration, Planning and Support Services	**129**	**155**	**26**
Total Expenditure	**12,080**	**11,777**	**(303)**

Source: Committee Reports

28. From Table 7 above, the Forest Resources Conservation and Management sub-program has been revised downwards by **Kshs.467 Million**. The key activities under this sub-program include the National Tree Growing and Rangeland Restoration Campaign which aims to achieve 30% tree cover by 2032, Green Zones Development Support Project Phase II (Kshs. 200 million), Capacity Development for modern technology in forest fire mgt (Kshs. 272 million), and; other forest restoration programs under Kenya Forests Service (KFS).
29. Further, the Forests Research and Development sub-program has been revised upwards by **Kshs.138 Million**. The key activities under this sub-program include the construction of tree seed processing units, farmers' resource centers across the country, the development of technologies, and other forest research programs under the Kenya Forest Research Institute (KEFRI).
30. In line with the Medium-Term Plan IV of 2023-2027, the State Department for Forestry has identified key projects/programs that are linked to BETA as follows:
    i. National Tree Growing and Rangeland Restoration
    ii. Agro-forestry and Commercial forestry
    iii. Forest Research and Development
    iv. Livelihood and job creation
    v. Policy legal and institutional reforms
31. **Capacity Development for Modern Technology in Forest Fire Management** is a donor-funded project. The project involves developing and establishing effective fire detection, surveillance, and radio communication systems and fire suppression through appropriate training and fully equipping firefighting crews with modern firefighting equipment and tools, firefighting vehicles, troop carriers, and drones. The project is financed as per the signed financial agreement between the Government of Kenya (GoK) and the French Republic at an estimated cost of 22,000,000 Euros.
32. The project was scheduled for completion in June 2025. Currently, approximately 70% of the work has been done. The budget cut of **Kshs.272 Million** will hurt the contractors' ability to supply the equipment and install the required systems within the stipulated contractual period. Further, the non-provision of GoK counterpart funding reflects negatively on the Government Commitment in line with the signed agreements.
33. **Green Zones Development Support Project Phase II** is a project financed by the African Development Bank and the Government of Kenya. It is charged with the mandate of conserving the country's forests and enhancing community livelihood for climate change resilience.

34. The Government of Kenya committed to provide funds amounting to UA 3.4 million (app. Kshs. 579,360,000) as counterpart funds as per the loan description, to cater for ineligible activities to be funded by the donor component as well as taxes payable on specific items not covered in the Tax exemption Master list among others. The project was scheduled for completion in December 2025. Given the above, the **budgetary reduction** of **Kshs.200 Million** being donor funds will affect the project completion timelines. Further, non-provision of GoK counterpart funding will have a negative reflection on the Government's Commitment in line with the signed agreements.

3.3 State Department for Mining – Vote 1192

35. The Principal Secretary State Department for Mining, Mr. Elijah Mwangi submitted as follows on the FY 2024/25 Supplementary Estimates 2:

36. The State Department is implementing three Programmes namely:

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

37. The total gross change in estimates between the Approved Estimates for the FY 2024/25 and the Supplementary Estimates 2 reflects an upward effect of **Kshs. 594.2 million**.
38. In FY 2024/25, the total approved estimates for the State Department for Mining (Vote 1192) were **Kshs. 994.87 million, wholly** for Recurrent expenditure.
39. The Approved Estimates have been revised during the Supplementary Estimate No. 2 for FY 2024/25 to **Kshs. 1.589 billion** which comprises **Kshs. 1.429 billion** for recurrent expenditure and **Kshs. 160 million** for development expenditure.

Table 6: Summary of Changes in the Supplementary Estimates 2 FY 2024/25 (Kshs. Millions)

Description	Approved Budget FY 2024/25	Revised Estimate FY 2024/25	Change FY 2024/25	Change (%)
	A	B	C=B-A	
Recurrent	994.87	1,429.07	434.20	43.6
Development	-	160.00	160.00	100
Total	**994.87**	**1,589.07**	**594.20**	**59.7**

Source: Committee Reports

40. Based on Table 6 above, the recurrent budget has been **increased by 43.6 %** to cater for the Personnel Emolument shortfall of Kshs.100 million at NaMiCo and Kshs.334.2 million at the State Department Headquarters.

41. Further, the Development budget has been **increased by 100%.** The increment is wholly on Appropriation-In-Aid. Allocation for the State Department as per Supplementary I Budget was quite disadvantageous – Including Zero Allocation for Development Vote. This hampered critical programs and the ongoing mining sector reform agenda.

Table 7: Programmes Affected by Supplementary Estimates 2 (Kshs. Millions)

Programme	Approved Estimates	Revised Estimates	Change	Remark
General Administration Planning and Support Services	396.32	496.32	100.00	The Increase is on account of Current Transfers to NAMICO
Mineral Resources Management	307.62	648.62	341.00	The increase will cater for the shortfall in Salaries, facilitate enhanced mineral rights inspection and clear Pending Bills for Digitization projects
Geological Survey and Geo-information Management	290.92	444.12	153.20	The increase will cater for the shortfall in Salaries, facilitate mineral exploration and clear Pending Bills for Laboratory equipment
TOTALS	**994.87**	**1,589.07**	**594.20**	

Source: Committee Reports

42. The State Department is therefore hopeful that the Supplementary II Budget supported by the local A-in-A sourced funds will revitalize operations and invigorate the sector back on a Reform Trajectory and requested the committee to consider granting the Department an additional **Recurrent Budget of Kshs. 147 Million** to be financed through enhancement of the A-in-A Ceiling.

43. Arising from the initially Approved Medium Term Development Budget, the Department has contractual Obligations mainly for the decentralization of laboratories, digitization of mining services, and mineral exploration equipment. However, the State Department does not have a commensurate Budgetary provision in the current FY and petitioned the Committee to consider additional **Development Budget allocation** of **Kshs. 640.5 Million.**

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

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

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

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

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

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

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

51. Pending bills amounting to **Kshs. 169,564,599.25** and awarded multi-year contracts will not be able to be cleared/honored due to a lack of Development budget allocation in the proposed supplementary estimates. This could cause litigations due to failure to honor contractual obligations of contracts associated with it.

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

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

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

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

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

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

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

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

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

59. National Mining Corporation (NAMICO), the only State Corporation under the Ministry and Charged with the Responsibility of Commercialization of Strategic Mineral Resources has its budget reduced **from Kshs. 336 Million in FY 2023/24 to a partly Kshs. 89 Million**. This will hamper its operations and derail the rollout of key initiatives in STRATEGIC mineral exploitation.

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

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

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

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

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

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

PART III

4.0 COMMITTEE OBSERVATIONS

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

4.1 State Department for Environment and Climate Change

67. Supplementary Estimate No. 2 for FY 2024/25 proposes to **increase** the total expenditure for the State Department **by Kshs. 619 million (13.9 percent).** This comprises of **increases of Kshs. 182 million (5.8 percent) for recurrent** on account of GoK Exchequer funding and **Kshs. 437 million (33.4 percent) for development expenditure** on account of additional funding of externally funded projects *(Grant Revenue).*

68. The Committee noted that the **increment in recurrent estimates** is due to the **increase** in GoK exchequer funding of **Kshs. 182 million** towards several entities, namely the National Environment Management Authority (NEMA), by an **increase** in Kshs. **133 million,** National Environmental Trust Fund (NETFUND) by an **increase** of **Kshs. 80 million** on account of a deficit in personnel emoluments and office operations, and Headquarters by a **decrease** of **Kshs. 31 million** on account of personnel emoluments.

69. The Committee noted that the State Department has received a proposal of **Kshs. 437 million total increment** in the capital projects' budget, and this is on account of **five** key projects:

i. Kenya Enhanced Transparency Framework Reporting Programme to United Nations Framework Convention on Climate Change (UNFCCC) Project has **an increase of Kshs. 90 million.** This will go towards supporting the State Department in developing and completing the Third Greenhouse Gas (GHG) Inventory Report

ii. Agroforestry and Commercial Forestry has **an increase of Kshs. 1 million.** This will go towards facilitating completion of 47 County-based Commercial Enterprises.

iii. Strategic Sector Support Phase II **has a decrease of Kshs. 24 million.** This is due to the end of the current project phase.

iv. Enhancing Community Resilience & Water Security ***(NEW)*** has **an allocation of Kshs. 300 million (foreign financed).** This will facilitate the achievement of 100% enhancement of climate resilience in communities;

v. Lake Naivasha Basin Ecosystem-Based Management ***(NEW)*** has **an allocation of Kshs. 70 million (foreign financed).** This will go towards undertaking the

restoration of 40 Ha of degraded forest areas and training for Water Resource User Associations (WRUAs), Community Forest Associations (CFAs), and Green Shop operators.

70. The Committee further noted that the Kenya Meteorological Department which is responsible for the dissemination of weather updates and Issuance of severe weather warning, Implementation of Quality Management Systems (QMS) for Aviation is greatly underfunded impeding the Modernization and Monetization of Meteorological Services to enhance Climate Information under the National Framework of Climate Services.

    In order to achieve their mandate, the Department requires an additional **Kshs. 170 million** with respect to: **Kshs. 20 million** for Water and Electricity; **Kshs 40 million** for Food and Ration to cater for shift workers at the Airport; **Kshs 20 million** for Fuel and Maintenance Motor Vehicle; **Kshs 20 million** for Internet and communications; **Kshs 10 million** for Contracted Guards and Cleaning Services; **Kshs 20 million** for Climate Change Activities and **Kshs 40 million** to cater for Operations of the Institute of Meteorological Training and Research (IMTR).

71. The Committee noted that although the State Department acknowledges the financing challenges facing the government as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the inadequate exchequer funding to NEMA and NETFUND of **Kshs. 800 million** and **Kshs. 124 million** respectively will affect significant shortfalls in personnel emoluments and office operations.

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

4.2 State Department for Forestry

73. Supplementary Estimate No. 2 for FY 2024/25 proposes **to reduce** the total expenditure for the State Department **by Kshs. 302.8 million (2.5 percent).** This comprises **an increase in recurrent expenditure of Kshs. 169.2 million (1.9 percent)** and a **reduction in development expenditure of Kshs. 472 million (15.5 percent).**

74. The **increment in recurrent estimates** is due to an increase in GoK exchequer funding of **Kshs. 138 million** to the **Kenya Forestry Research Institute** and **Kshs. 31.2 million** to the Headquarters to cater for the shortfall in personnel emoluments.

75. The Committee noted that the State Department has received a proposal of **reduction of Kshs. 472 million** in **development estimates** on account of **two** key projects:

    i. Capacity Development for Modern Technology in Forest Fire Management **has a reduction of Kshs. 272 million.** This project involves developing and establishing effective fire detection, surveillance and radio communication systems and fire suppression through appropriate training and fully equipping firefighting crews with modern firefighting equipment and tools, fire fighting vehicles, troop carriers and drones. The project is financed as per the signed financial agreement between the Government of Kenya (GoK) and French Republic at an estimated cost of **Kshs. 3.339 billion** and was scheduled for completion in June 2025. Currently, approximately 70% of the work has been done. The foreign funding budget cut will have a negative impact on the contractors' ability to supply the equipment and install the required systems within the stipulated contractual period.

    ii. Green Zones Development Support Project Phase II **has a reduction of Kshs. 200 million.** This project is charged with the mandate of conserving the country's forests and enhancing community livelihood for climate change resilience. The project is financed as per the signed financial agreement between the African Development Bank and the Government of Kenya at an estimated cost of **Kshs. 5.498 billion** and was scheduled for completion in December 2025. Currently, approximately 80% of the work has been done. The foreign funding budget cut will have a negative reflection on the Government's Commitment in line with the signed agreements.

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

4.3 State Department for Mining

77. Supplementary Estimate No. 2 for FY 2024/25 proposes to **increase the total expenditure** for the State Department **by Kshs. 594.2 million (59.7 percent).** This comprises of **increases of Kshs. 434.2 million (43.6 percent)** and **Kshs. 160 million (100 percent) for recurrent and development expenditures** respectively.

78. The **increment in recurrent estimates** is due to an **increase** in GoK exchequer funding of **Kshs. 100 million** to the National Mining Corporation for the recruitment of technical officers and logistical support to do due diligence for the commercialization of strategic minerals operations, and an **increase** in Appropriation in Aid funding of **Kshs. 34.2 million** and **Kshs. 300 million** respectively to the Headquarters towards catering for personnel emoluments and operations expenses.

79. On the other hand, four (4) key projects are to be affected by the **increase** in local funding of **Kshs. 160 million** namely:

    i. Mineral Certification Laboratory has **an increase of Kshs. 75 million**. This will increase the ISO Certification of the mineral laboratory to 30%.
    ii. The cost of Geological Mapping and Mineral Exploration has increased by **Kshs. 29 million, increasing** the implementation of the program to 35%.
    iii. Mineral Audit Support-BETA has **an increase of Kshs. 26 million.** This will increase the completion of Royalty Management System (RMS)implementation to 60%.
    iv. Rehabilitation of Madini House has **an increase of Kshs. 16 million.** This will increase the completion of the rehabilitation of Madini House to 40% hence improving the working environment.
    v. Online Transactional Mining Cadaster Portal-BETA has **an increase of Kshs. 14 million.** This will increase the administration of mineral rights to 45%.

80. The Committee observed that the allocation for the State Department as per Supplementary I Budget was quite disadvantageous – Including Zero Allocation for Development Vote. This hampered critical programmes and the ongoing mining sector reform agenda.
81. The Committee observed that the State Department is hopeful that the Supplementary II Budget supported by the local A-in-A sourced funds will revitalize operations and invigorate the sector back on a Reform trajectory and requested the committee to consider granting the State Department an additional Recurrent Budget of **Kshs. 147 Million** to be financed through enhancement of the A-in-A Ceiling.
82. The Committee further observed that arising from the initially Approved Medium Term Development Budget, the State Department has contractual obligations mainly for decentralization of laboratories, digitization of mining services and mineral exploration equipment. However, the State Department does not have commensurate Budgetary provision in the current financial year and requested for consideration of additional Development Budget allocation of **Kshs. 640.5 million**.

83. The Committee noted that the State Department collected **Kshs. 2.75 billion** as of February 2025 against an annual revenue collection target of **Kshs. 3.0 billion** in royalties which went into the Consolidated Funds Services. With facilitation of inspection, compliance and mineral audit exercises, the State Department intends to surpass the FY 2024/25 actual collections.

5.0 COMMITTEE RECOMMENDATIONS

84. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. 2 for the FY 2024/25, the Committee recommends the following:

5.1 FINANCIAL RECOMMENDATIONS

85. The Committee recommends THAT:

a) For the **State Department for Environment and Climate Change,** the proposed changes in the Second Supplementary Estimates for the FY 2024/25 comprise increments in recurrent and development expenditures amounting to **Kshs. 182 million** and **Kshs. 437 million be approved**.

b) For the **State Department for Forestry,** the proposed changes in the Second Supplementary Estimates for the FY 2024/25 comprise increment in recurrent expenditure amounting to **Kshs. 169.2 million** and reductions in development expenditures amounting to **Kshs. 472 million be approved.**

c) For the **State Department for Mining**, the proposed changes in the Second Supplementary Estimates for the FY 2024/25 comprise increments in recurrent and development expenditure amounting to **Kshs. 434.2 million,** and **Kshs. 160 million be approved** as submitted.

6.0 COMMITTEE REQUEST FOR ADDITIONAL FUNDING

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

a. The State Department for Environment and Climate Change be allocated an additional **Kshs. 2.275 billion** for the following:

i. Increment of **Kshs. 740 million** under the development expenditure for the Weather Radar Surveillance Network project by **Kshs. 400 million**; Implementation of National Climate Change Action Plan by **Kshs. 140 million**; National Solid Waste Management by **Kshs. 100 million**; and Plastic Waste and Pollution Control by **Kshs. 100 million**. This will impede the Modernization and Monetization of Meteorological Services to enhance Climate Information under the National Framework of Climate Services, implementation of the waste

management strategy and climate change adaptation and mitigation emission reduction interventions monitored as per NCCAP 2023-2027.

ii. Increment of **Kshs. 170 million** under the recurrent expenditure for the Kenya Meteorological Department (KMD) for the following: **Kshs. 20 million** for Water and Electricity; **Kshs 40 million** for Food and Ration to cater for shift workers at the Airport; **Kshs 20 million** for Fuel and Maintenance Motor Vehicle; **Kshs 20 million** for Internet and communications; **Kshs 10 million** for Contracted Guards and Cleaning Services; **Kshs 20 million** for Climate Change Activities and **Kshs 40 million** to cater for Operations of the Institute of Meteorological Training and Research (IMTR). This will strengthen operations of the Kenya Meteorological Department (KMD)

iii. Increment of **Kshs. 440.5 million** under the recurrent expenditure for the Pending Bills carried from 2023/24 Financial Year occasioned by inadequate exchequer funding in respect of that financial year

iv. Increment of **Kshs. 924 million** under the recurrent expenditure for the National Environment Management Authority (NEMA) by **Kshs. 800 million** and National Environment Trust Fund (NETFUND) by Kshs. **124 million.** This to cater for the areas of significant shortfalls in: Personnel Emoluments and office operations.

b. The State Department for Forestry is allocated an additional **Kshs. 972 million** for the following:

i. Increment of **Kshs. 500 million** under development expenditure to the Tree Growing Campaign and Rangeland Restoration Project. This will cater towards achieving the objective of the 15 billion trees growing campaign, collection and distribution of tree seeds, and development of technology and protocols especially for endangered and hard-to-propagate tree species.

ii. Increment of **Kshs. 272 million** under development expenditure to the Capacity Development for Modern Technology in Forest Fire Management. Since the funding is loan AIA, and the activity has been implemented, underfunding will lead to Pending Bills incurred.

iii. Increment of **Kshs. 200 million** under development expenditure to the Green Zone Development Support Project Phase II. The project was scheduled for completion in December 2025. In view of the above, the budgetary reduction, being donor funds will affect the project completion timelines. Further, non-provision of GoK counterpart funding will have a negative

reflection on the Government's Commitment in line with the signed agreements.

c. The State Department for Mining is allocated additional **Kshs. 787.5 million** for the following:

i. Increment of **Kshs. 239 million** under the development expenditure to the Ground truthing and mineral exploration. This will cater towards purchase of drilling rigs and survey equipment for detailed ground trothing in the remaining Counties. Implementation of this project will provide mineral data that will attract investments in mining and contribute to improved living standards of citizens.

ii. Increment of **Kshs. 220 million** under the development expenditure to the Mineral Certification Laboratory. This will enable the decentralization of laboratory facilities to the regional levels; and mineral identification for artisanal miners.

iii. Increment of **Kshs. 181.5 million** under the development expenditure to the Online Transactional Mining Cadastre Portal-BETA. This will cater towards upgrading of the online mining cadastre to incorporate new licences in system flow, finalize the Royalty Management System (RMS), Artisanal Registry, Laboratory Information Management System (LIMS) and Library Management System (LMS)

iv. Increment of **Kshs. 38 million** under the recurrent expenditure for the Operational and Maintenance (O&M) budget for Regional Mining Offices. Mining activities occur in remote and rugged terrain across the Country. The additional funds will facilitate Daily Subsistence Allowance for Regional Mining Officers (RMOs) for effective monitoring of mining activities in their respective regions/ counties.

v. Increment of **Kshs. 50 million** under the recurrent expenditure for the Laboratory Materials, Supplies and Small Equipment. The additional funds will facilitate payment of pending bills in relation to Laboratory Materials, consumables Supplies and Small Equipment.

vi. Increment of **Kshs. 36 million** under the recurrent expenditure to the Mineral Exploration. The additional funds will facilitate undertaking of mineral exploration activities to ascertain the outcome of the Airborne Geophysical Survey project. The exercise will provide data vital for updating geological data. Geological data will guide investments in the mining sector

by de-risking investments and shortening the turnaround period from exploration to mining

PART IV

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

Vote	Recurrent	Development	Total	Justification
1331000300 National Environment Trust Fund(NETFUND) **Programme: Environment Management and Protection**	124.0 ~~800.0~~	-	124.0 ~~800.0~~	This to cater for the areas of significant shortfalls in; Personnel Emoluments and office operations
1331001100 National Environment Management Authority (NEMA) **Programme: Environment Management and Protection**	800.0 ~~124.0~~	-	800.0 ~~124.0~~	The State Department is requesting the intervention of this Committee to assist in reinstatement of the Net Funding for NEMA to Kshs 819M being the Approved Net Funding for the Agency in 2023/24 Financial Year after the Approved Supplementary Estimates II.
1331101300 National Solid Waste Management **Programme: Environment Management and Protection**	-	100.0	100.0	This will cater towards enhanced monitoring of counties on the implementation of the waste management strategy
1331101700 Plastic Waste and Pollution Control **Programme: Environment Management and Protection**	-	100.0	100.0	This will cater towards enhanced pollution control measures through inspections of industries on effluent discharge of waste and plastic ban
1331100900 Weather Radar Surveillance Network **Programme: Meteorological Services**	-	400.0	400.0	This will cater towards enhanced capacity development on weather modification through modernization of meteorological infrastructure
1331102200 Implementation of National Climate Change Action Plan **Programme: Environment Management and Protection**	-	140.0	140.0	This will cater towards capacity building on climate action and monitoring of climate change adaptation and mitigation emission reduction interventions
1331001000 Kenya Meteorological Department (KMD) **Programme: Meteorological Services**	170.0	-	170.0	KMD is responsible for the dissemination of weather updates and Issuance of severe weather warning, Implementation of Quality Management Systems (QMS) for Aviation in order to achieve this the Department requires: Kshs 20M, Water and Electricity; Kshs 40M, Food

Vote	Recurrent	Development	Total	Justification
				and Ration to cater for shift workers at the Airport; Kshs 20M, Fuel and Maintenance Motor Vehicle; Kshs 20M, Internet and communications; Kshs 10M, Contracted Guards and Cleaning Services; Kshs 20M, Climate Change Activities and Kshs 40M to cater for Operations of the Institute of Meteorological Training and Research (IMTR).
Pending Bills carried forward from 2023/24 Financial Year.	12.5	428.0	440.5	The State Department carried forward Pending Bills from 2023/24 Financial Year amounting to Kshs 440.5 occasioned by inadequate exchequer funding in respect of that financial year.
Total	**1,106.5**	**1,168.0**	**2.275.5**	

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

Vote	Recurrent	Development	Total	Justification
1332101900 Tree Growing Campaign and Rangeland Restoration Project-BETA **Programme: Forests Development, Management and Conservation**	-	500.0	500.0	This will cater towards achieving the objective of the 15 billion trees growing campaign, collection and distribution of tree seeds, and development of technology and protocols especially for endangered and hard-to-propagate tree species.
1332101800 Green Zone Development Support Project Phase II **Programme: Forests Development, Management and Conservation**	-	200.0	200.0	The project was scheduled for completion in December 2025. In view of the above, the budgetary reduction, being donor funds will affect the project completion timelines. Further, non-provision of GoK counterpart funding will have a negative reflection on the Government's Commitment in line with the signed agreements
1332102200 Capacity Development for Modern Technology in Forest Fire Management **Programme: Forests Development, Management and Conservation**	-	272.0	272.0	Since the funding is loan AIA, and the activity has been implemented, underfunding will lead to Pending Bills incurred
Total	**-**	**972.0**	**972.0**	

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

Vote	Recurrent	Development	Total	Justification
Operational and Maintenance (O&M) budget for Regional Mining Offices. **Programme: Mineral Resources Management**	38.0	-	38.0	The Recurrent Budget reduction will adversely affect operations aimed at discoveries of new economic viable mineral deposits; systematic field geological exploration, regular field mineral rights inspection and enforcement, geological & mining incidents response which majorly involve local domestic travel.
Mineral Exploration **Programme: Geological Survey and Geoinformation Management**	36.0	-	36.0	Undertaking mineral exploration activities to ascertain the outcome of the Airborne Geophysical Survey project. The exercise will Provide data vital for updating geological data. Geological data will guide investments in the mining sector by de-risking investments and shortening the turnaround period from exploration to mining.
Laboratory Materials, Supplies and Small Equipment **Programme: Geological Survey and Geoinformation Management**	50.0	-	50.0	The item will facilitate payment of pending bills in relation to Laboratory Materials, consumables Supplies and Small Equipment
Facilitation of Artisanal Mining Committees (AMCs) **Programme: Mineral Resources Management**	23.0	-	23.0	The additional funds will facilitate payment of Temporary Committees Expenses to the Artisanal Mining Committees (AMCs) In all the 47 Counties for effective issuance of mining permits
Digitization of Mining Services **Programme: Mineral Resources Management**	-	181.5	181.5	Upgrading of the online mining cadastre to incorporate new licences in system flow, finalize the Royalty Management System (RMS), Artisanal Registry, Laboratory Information Management System (LIMS) and Library Management System (LMS)
Equipping of 8 regional laboratories **Programme: Geological Survey and Geoinformation Management**	-	220.0	220.0	This will enable the decentralization of laboratory facilities to the regional levels; and mineral identification for artisanal miners.
Ground truthing and mineral exploration **Programme: Geological Survey and Geoinformation Management**	-	239.0	239.0	Purchase of drilling rigs and survey equipment for detailed ground trothing in the remaining Counties. Implementation of this project will provide mineral data that will attract investments in mining and contribute to improved living standards of citizens.
Total	**147.0**	**640.5**	**787.5**	

SIGNED ..... For:

For: THE HON. CHARLES KAMUREN, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND MINING)

DATE..... 10-3-2025

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

DEPARTMENTAL COMMITTEE ON LANDS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

.....

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

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

Published by:

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PART I

1.1 PREFACE

1.1.1 Introduction

1. The Supplementary Estimates No. II for Financial Year 2024/2025 were tabled in the National Assembly on Tuesday, 18th February, 2025 and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order No. 243(3B). The Committees were required to consider the Supplementary Estimates for the Ministries, Departments and Agencies under their purview and thereafter report to the Liaison Committee, which will report to the House.

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

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

1.1.2 Establishment and Mandate of the Committee

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

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

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

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

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

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

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

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

   viii. *To examine treaties, agreements and conventions;*

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

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

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

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

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

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

1.1.3 Committee Membership

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

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

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

Members

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

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

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

Hon. George Koimburi, MP
Juja Constituency
UDA Party

Hon. Paul Katan, MP
Kaloleni Constituency
ODM Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

Hon. Joseph Hamisi Dena, MP
Nominated
ANC Party

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

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
WIPER Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
JUBILEE Party

1.1.4 Committee Secretariat

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

Mr. Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr. Binensa Mabungu
Clerk Assistant III

Mr. Sidney Bwire
Senior Legal Counsel

Ms. Judith Kiprop
Fiscal Analyst III

Mr. Murimi Mwangi
Media Relations Officer

Ms. Mary Kamande
Public Communication Officer

Ms. Brenda Michira
Research Officer III

Mr. Yeziel Jillo
Senior Serjeant-At-Arms

Mr. Cosmas Akhonya
Audio Officer

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

9. The Supplementary Estimates No. II for Financial Year 2024/2025 were tabled in the National Assembly on **Tuesday, 18th February, 2025** and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B). The Committees are required to consider the Supplementary Estimates for the Ministries, Departments and Agencies under their purview and thereafter report to the Liaison Committee, which will report to the House.

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

1.1.6 Acknowledgement

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

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

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

DEPARTMENTAL COMMITTEE ON LANDS

PART II

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO. II FY 2024/25

2.1.1 STATE DEPARTMENT FOR LANDS AND PHYSICAL PLANNING

13. The Supplementary Estimate No. 2 for FY 2024/25 proposes to increase allocation for the State Department for Lands and Physical Planning by **Kshs. 2,174 million (33.4 percent)** comprising an increment of **Kshs. 404 million** for recurrent expenditure and **Kshs. 1,770 million** for development expenditure as shown in table 1.

Table 1: Summary of Changes for State Department of Lands and Physical Planning (Kshs. Million)

	Category	Approved Estimates 2024/25	Supplementary II Estimates 2024/25	Difference
Recurrent	GoK Exchequer	3,384.6	3,368.6	(16)
	AIA	751.0	1,171	420
	Sub total	**4,135.6**	**4,539.6**	**404**
Development	GoK Exchequer	1,520.0	1,549	29
	Local AIA	650.0	2,450	1,800
	Donor Funding	209.0	150	(59)
	Sub Total	**2,379.0**	**4,149.0**	**1,770**
Total		**6,514.6**	**8,688.6**	**2,174**

Source: National Treasury

14. From the above, the AIA is the highest increment in both the recurrent and development supplementary estimate budget.

Recurrent Expenditure

15. Supplementary Estimates no. 2 FY 2024/25 proposes to increase the State Departments' recurrent expenditure by **Kshs. 404.0 million** which includes a **reduction of Kshs. 16 million** on GoK exchequer and an **increase of Kshs. 420 million** on the AIA. The highest AIA increment is for the Headquarters Administration and Planning Services at Kshs. 193.8 million and a reduction from the Department of Lands. The programs affected are summarized in the table 3.

Table 3: Summary of the Supplementary Estimates Changes on the Recurrent Budget (Kshs. Million)

VOTE/ HEAD	Approved Estimates			Revised Estimates			Change		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters Administration and Planning Services	**1,165.3**	292	873.3	**1,359**	485.8	873.3	**193.8**	193.8	-
Department of Survey	**934.6**	78.8	855.8	**954.6**	98.8	855.8	**20**	20	-
Kenya Institute of Surveying and Mapping	**144.1**	41	103.1	**154.1**	51	103.1	**10**	10	-
Department of Lands	**951.2**	66	885.2	**1,081.3**	212.2	869.2	**130.2**	146.2	(16)
County Land Offices	**216**	179.3	36.7	**266**	229.3	36.7	**50**	50	-
Total	**3,411.2**	**657.1**	**2,754.1**	**3,815.1**	**1,077.1**	**2,738.1**	**404**	**420**	**(16)**

Source: National Treasury

Increment

i. Headquarters Administration and Planning Services has an increment in Appropriation in Aid collection, by **Kshs. 193.8 million** purposely for rentals of produced assets, purchase of vehicles and other transport and the utilities supplies and services.
ii. Department of Survey has an increment in Appropriation in Aid collection, by **Kshs. 20.0 million**.
iii. Kenya Institute of Surveying and Mapping has an increment in Appropriation in Aid collection, by **Kshs. 10.0 million** for specialized materials and supplies.
iv. Department of Lands has an increment in Appropriation in Aid collection, by **Kshs. 146.2 million** for printing, advertising and information supplies and services.
v. County Land Offices has an increment in Appropriation in Aid collection, by **Kshs. 50.0 million** for hospitality Supplies and Services

Decrease

i. Department of Lands has a decrease of **Kshs. 16.0 million** on salaries.

Development Expenditure

16. Supplementary Estimates No. 2 proposes an increase for the State Department for Lands and Physical Planning by **Kshs. 1,770 million** comprising of an increment in Appropriation in Aid of **Kshs. 1,800 million** and a reduction in donor fund by **Kshs. 59 million**.

Table 3: Summary of the Supplementary Estimates Changes on the Development Budget (Kshs. Million)

VOTE/ HEAD	Approved Estimates			Revised Estimates			Change		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Processing and Registration of Title Deeds – BETA	**350**	350	-	**1,002**	973	29	**652**	623	29
Construction of Land Registries	-	-	-	**80**	80	-	**80**	80	-
Renovation of Land Offices	**20**	20	-	**136.5**	136.5	-	**116.5**	116.5	-
Digitization of Land Registries	**130**	130	-	**564**	564	-	**434**	434	-
Survey, Inspection & Maintaining National & International Boundaries	-	-	-	**20**	20	-	**20**	20	-
Infrastructure Improvement in Kenya Institute of Survey and Mapping	**20**	20	-	**63.5**	63.5	-	**43.5**	43.5	-
National Physical Planning – BETA	**20**	20	-	**40**	40	-	**20**	20	-
Settlement of the Landless – BETA	**1,520**	20	1,500	**1,870**	370	1,500	**350**	350	-
Natioal Land Value Index – BETA	**40**	40	-	**93**	93	-	**53**	53	-
Geo Referencing of Land Parcels – BETA	**50**	50	-	**110**	110	-	**60**	60	-
Kenya Affordable Housing Finance Project	**209**	-	209	**150**	-	150	**(59)**	-	(59)
Public Participation Projects	**20**	-	20	**20**	-	20	**-**	-	-
Total	**2,379**	**650**	**1,729**	**4,149**	**2,450**	**1,699**	**1,770**	**1,800**	**(30)**

Source: National Treasury

Increment:

i. Processing and Registration of Title Deeds – BETA increased by **Kshs. 652.0 million** (AIA of Kshs. 623 million and Kshs. 29 million GoK Exchequer). This will increase the target of title deeds processed and issued from 50,000 to 405,000

ii. Construction of Land registries increased by **Kshs. 80.0 million** that targets 4 land registries.

iii. Renovation of Land Offices increased by **Kshs. 116.5 million** targeting 10 land registries.
iv. Digitization of Land Registries – BETA has an increase of **Kshs. 434.0 million** targeting 2 land offices.
v. Survey, Inspection & Maintaining National & International Boundaries has an increase of **Kshs. 20.0 million**
vi. Infrastructure Improvement in Kenya Institute of Survey and Mapping has an increase of **Kshs. 43.5 million**
vii. National Physical Planning – BETA has an increase of **Kshs. 20.0 million**
viii. Settlement of the Landless – BETA has an increase of **Kshs. 350.0 million** thus increasing the landless households to be settled from the targeted 10,120 to 12,120
ix. National Land Value Index - BETA has an increase of **Kshs. 53.0 million**
x. Geo Referencing of Land Parcels – BETA has an increase of **Kshs. 60.0 million** which will increase the target of land parcels from 50,000 to 75,000

Reduction

xi. Kenya Affordable Housing Project has a decrease of **Kshs. 59.0 million** on the Net expenditure.

2.1.2 NATIONAL LANDS COMMISSION

17. The Supplementary Estimate No. 2 for FY 2024/25 proposes to increase the allocation for the National Lands Commission by **Kshs. 176 million (9.9 percent increment)** on the recurrent expenditure as summarized in the table below.

Table 4: Summary of Changes in the Supplementary Estimates II FY 2024/25 – NLC

MDA	Category	Approved Estimates 2024/25	Supplementary II Estimates 2024/25	Difference
Recurrent	GoK Exchequer	1,782	1,958	176
	AIA	-	-	-
	Total	**1,782**	**1,958**	**176**
Development	GoK Exchequer	-	-	-
	Local AIA	-	-	-
	Donor Funding	-	-	-
	Total	**1,782**	**1,958**	**176**

Source: National Treasury

18. The proposed increase on the recurrent expenditure is wholly on GoK Exchequer on account for basic salaries (permanent employees) at **Kshs. 86.6 million**, personal allowance (paid as part of salary) at **Kshs. 26.5 million** and employer contribution to NSSF at **Kshs. 62.9 million**.

2.1.3 ARTICLE 223 SPENDING/CONTINGENCY SPENDING

19. The State Department for Lands and Physical Planning was issued **Kshs. 200 million** expenditures granted under Article 223 of the Constitution on Supplementary Appropriation. This was funded through AIA aimed at operations and maintenance within the Land Policy and Planning Programme.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

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

3.1.1 STATE DEPARTMENT FOR LANDS & PHYSICAL PLANNING

21. The Principal Secretary of the State Department for Lands and Physical Planning Hon. Nixon Korir appeared before the Committee on Thursday, 6th March, 2025 and submitted as follows-

22. The State Department for Lands and Physical Planning was seeking to revise the Recurrent and Development Budget by **Ksh 404 million** and **Kshs 1.770 billion,** respectively bringing a total change in their Estimates of **Kshs 2.174 billion**

23. The State Department initiated a raft of reforms, which included the implementation of a cashless programme and boarding of all land transactions on the E-citizen platform, which drastically reduced revenue leakages and enhanced revenue collections across all their land stations countrywide.

24. Having witnessed a tremendous improvement in their revenue performance, they requested an increase in the AIA target and got approval from the National Treasury to review their AIA budget estimates from **Kshs.1.401 billion** to **2.2 billion**.

25. If the Committee and House approves their proposed Supplementary II Estimates of the FY 2024/2025 as submitted, the funds would be utilized to fund programmes and activities that were affected by the austerity cuts that were affected in the Supplementary Estimates No.1 of the FY 2024/2025.

26. The State Department is expected to utilize the resources to implement the following key priorities:

    (i) Settle pending Bills (most notably Government printer debt of Kshs 172 million)
    (ii) Lease additional 15 No. vehicles to increase their fleet countrywide to 108 No. vehicles
    (iii) Accelerate processing and issuance of title deeds.
    (iv) Survey and demarcation of Mau East Forest, KDF Land in Eldoret and Chelimo (Kericho) forest for settlement of squatters.
    (v) Accelerate Georeferencing of Sectional properties under the Affordable housing programme to enable buyers to get sectional titles when purchasing completed units.
    (vi) Collect data to enable the Review of land rent in Nairobi, Kiambu and Mombasa counties, which will enhance revenue for the Government

(vii) Settle pending work certificates for ongoing construction projects and
(viii) Procurement of ICT equipment and general office equipment required to support the ongoing Digitization programme.

27. The Capital Projects being implemented by the State Department showing allocation, exchequer issues, completion status and actual expenditure as at 30th September, 2023 is attached in the report.

3.1.2 THE IMPLEMENTATION STATUS OF THE FINANCIAL YEAR 2024/25 BUDGET AS AT 31ST DECEMBER 2024.

28. The State Department was allocated a total budget of **Ksh. 6,514,650,000** for the financial year 2024/25, out of which Recurrent is **Ksh. 4,135,650,000** and Development **is Ksh. 2,379,000,000.**

29. In the First Half of the Financial Year 2024/2025, the State Department was allocated a total budget of **Ksh. 4,545,060,000** out of which Recurrent is **Ksh. 2,247,310,000** and Development is **Ksh. 2,297,750,000.**

30. The actual expenditure as at 31st December, 2024 is **Ksh. 4,212,800,000** of which **Ksh. 2,146,170,000** is recurrent expenditure and **Ksh. 2,066,630,000** is Development expenditure. Based on the first-half allocation, the absorption rate is 95% recurrent and 90% development.

3.1.3 REVENUE PERFORMANCE AS AT 31ST DECEMBER 2024

i) AIA (Appropriations in Aid) Revenue

31. In the FY 2024/2025, the State Department had an approved AIA budget of **Ksh 1,401,000,000,** out of which **Ksh 751,000,000** is Recurrent and **Ksh 650,000,000** is Development.

32. Following the implementation of a raft of reforms aimed at improving their Revenue Management processes, the State Department had witnessed a tremendous improvement in their AIA collections. Following this improvement, the National Treasury approved their request to adjust their AIA budget from **Kshs 1,401,000,000** to **Kshs 3,621,000,000** out of which **Ksh 1,171,000,000** is Recurrent and **Ksh 2,450,000,000** is Development.

33. The adjustment of AIA budget was based on the trend of the first half collections. As at 31st December, 2024 the State Department had collected **Kshs 1,748,390,792** in five (5) revenue streams namely:
    a) Land registration
    b) Land adjudication and case fees
    c) Valuation fees
    d) Conveyance fees; and
    e) Other land revenues

ii) **Exchequer Revenue**

34. The State Department collects revenue from Stamp Duty, Land Rent and Stand Premia on behalf of the National Treasury and remits the same directly to the Consolidated Fund. As at 31st December, 2024, the State Department had collected and remitted **Kshs 7,859,571,151** which is below the targeted Kshs. 10,521,391,428.

3.1.4 HIGHLIGHT OF THE VARIATIONS TO THE MDAS APPROVED BUDGET FOR FY 2024/ 25 BY PROGRAMME AND JUSTIFICATION FOR THE VARIATIONS.

35. The State Department has three programmes: Land policy and Planning, Land information Management and General Administration Planning and Support services. In the Financial Year 2024/2025, the State Department was allocated a total approved budget of Ksh.6,514,650,000 out of which Recurrent was Ksh.4,135,650,000 and Development was Ksh.2,379,000,000.

36. The proposed Supplementary II Estimates for FY 2024/25 has proposed an increase in the allocation to Ksh.8,688,650,000 implying a variation of Ksh.2,174,000,000 from the approved budget.

3.1.5 EXPECTED IMPACT OF BUDGET REVISIONS ON CAPITAL PROJECTS

Construction of Land Stations

37. The State Department has provided an allocation of **Kshs 80 million** in the proposed Supplementary II Estimates to fully complete the following (4) construction projects whose percentage completion levels are above 90%

i. Mbeere Kshs 5.6 million
ii. Bomet Kshs 13.7 million
iii. Ol Kalou Kshs 5.1 million
iv. Kitui Kshs 6.3 million

38. The State Department has also provided an allocation of **Kshs 16.1 million** in the Supplementary Estimates to commence the construction of an Ardhi House in Mutomo.

39. Pay certificates totaling **Ksh 32.8 million** for Ngong, Naivasha, Samburu and Kapsabet Land Offices

Renovation

40. The Budget revisions will also cater for renovations of Ardhi House in Nairobi (Washrooms and Roof) and nine Ardhi Houses countrywide in Isiolo, Busia, Kisumu, Taveta, Migori, Mombasa, Siaya, Narok- South and Kiambu

3.1.6 WHERE MONEY HAS ALREADY BEEN WITHDRAWN AS PER ARTICLE 223 OF THE CONSTITUTION:

41. The State Department requested and obtained Authority from the National Treasury pending the regularization by Parliament to spend **Ksh 200 million** under Article 223 of the Constitution of Kenya. The withdrawal dates are Ksh 100 million on 20th November 2024 and Ksh 100 million on 29th November 2024.

42. The funds shall be utilized to cater for operational expenses of running the Ardhisasa system, purchase hardware & software, renew software licenses and pay salaries for web developers.

3.2 THE NATIONAL LAND COMMISSION

43. On the Thursday, 6th March 2025, the CEO - National Lands Commission made submissions to the Committee as follows-

3.2.1 The implementation status of the Financial Year 2024/25 budget as at 31st December 2024;

i) Cumulative Financial Performance;

44. The table below shows the National Land Commission latest 2024/25 programme performance information comprising half of the year cumulative financial performance.

Table 4: Summary of Recurrent Expenditure Analysis

Item Description	Printed Estimates FY 2024/25	Approved Estimates FY 2024/25	Half-Year Estimates FY 2024/25	Expenditure at at 31/12/2024	Absorption
			(Ksh. Million)		
Gross	1,868	1,782	999	903	90%
AIA	0	0	0	0	0%
NET	1,868	1,782	999	903	90%

Table 5: Summary of Development Expenditure Analysis:

Item Description	Printed Estimates FY 2024/25	Approved Estimates FY 2024/25	Half-Year Estimates FY 2024/25	Expenditure as at 31/12/2024	Absorption
			(Ksh. Million)		
Gross	147.8	0	0	0	0%
AIA	0	0	0	0	0%
Donor	0	0	0	0	0%
Net	147.8	0	0	0	0%

45. During the half year, the Commission was allocated a total budget of **Ksh.999 million** being all recurrent. The actual expenditure on recurrent is **kshs 903 million** representing an absorption rate of **90%,** while the allocated development budget was cut in full in the Supplementary I austerity measures.

ii) Actual outputs achieved relative to the approved targets

46. The Commission latest 2024/25 programme performance information comprising Actual outputs achieved relative to the approved targets in the 2024/25 Program Based Budget is attached in the report.

3.2.2 Highlight of the variations to the MDAs approved budget for FY 2024/25 by programme and justification for the variations;

47. The Commission has been implementing one (1) programme namely, Land Administration & Management, and four (4) sub-programmes. During the supplementary II budget estimates, the Commission did, register variation on its approved budget as follows; -

NATIONAL LAND COMMSSION: PROGRAMME & SUB - PROGRAMME APPROVED BUDGET FOR THE FY 2024/2025			
Name of the Programme: Land Administration & Management	**Revised* Printed Estimates (Kshs.)**		
	Approved Estimates	**Supplementary Estimates II**	**Additional Variation**
Sub-Programmes			
1: General Administration, Planning & support	1,464,860,451	1,640,860,451	176,000,000
2: Land Administration & Management	25,703,657	25,703,657	0
3: Public Land Information Management	574,595	574,595	0
4: Land Dispute & Conflict Resolution	291,050,195	291,050,195	0
Total Expenditure for vote 2021 National Land Commission	**1,782,188,898**	**1,958,188,898**	**176,000,000**

48. From the table above, the supplementary estimates for the *Sub-Programme 1 on General Administration, Planning & support* have been revised upwards by Kshs. 176 million. This will be channeled towards Personal Emolument.

3.2.3 Expected impact of budget revisions on capital projects;

49. The Commission prepared a table showing the implementations status of Capital projects which is attached in the report.

3.2.4 Where money has already been withdrawn as per Article 223 of the Constitution:

50. The Commission did not withdraw any money as per Article 223 of the Constitution.

i. Other Pertinent Issues brought to the attention of the Committee

i. Budget Financing Gaps

51. The Commission is requesting the assistance of the Committee for the reinstatement of Ksh. **234 million** for the Development expenditure that was reduced under Supplementary Estimates II to facilitate ongoing projects implementation that includes; - the Commission's County offices connectivity, digitalization and digitization of Commission processes and records, cyber security systems and internet services licenses has since expired and is exposing the Commission with external cyber threats. If not settled, the Commission risks further accumulation of pending bills and/or possible litigation and loss of public confidence in the institution.

ii. Gratuity for staff whose Contracts expired

52. The National Land Commission is seeking funds of **Ksh. 6,318,427 million** to settle the gratuity payment for the 5 staff previously employed by the National Land Commission and whose contracts came to an end and as such, need to be paid their gratuity for the service they rendered to the Commission.

iii. Pending Bills

53. The Commission has continually been underfunded and this has resulted to accumulation of huge pending bills.

iv. Request for funds to bridge personal emolument shortfall of Kshs. 32 million to cater for the FY 2024/2025

54. The National Land Commission requested for funds to bridge personal emolument shortfall in the FY 2024/25 and funds to implement the Commission's new structure as approved by Salaries and Remuneration Commission (SRC) *vide letter ref: NLC/8/27/(63)* dated 25th September,2024. The National Treasury *vide letter ref: RES 2021/24 /01 'A' (14)* dated 8th October, 2024 responded to their request and guided that allocation of **Kshs. 208** million be considered during supplementary estimates II. However, during the said review, the Commission was allocated an additional Kshs **176 million,** a figure that is lower than the requested **Ksh 208 million**, resulting in a shortfall of **Kshs 32 million**. The shortfall was to cater for the following items;

i. Staff Annual Increment - Ksh 19.4 million
ii. Statutory Deduction (N.S.S.F new rate) - Ksh 4.6 Million
iii. Leave Allowance - Ksh 4.5 Million.
iv. Staff Replacement - Ksh 3.6 Million

55. In view of the above, the National Land Commission is requesting the assistance of the Committee's indulgence on the same to enable the Commission get shortfall amount of **Ksh 32 million** to enable them sufficiently cater for PE requirement.

PART IV

4.1 COMMITTEE OBSERVATIONS

56. The Committee made the following observations:

The State Department for Lands and Physical Planning

57. The State Department for Lands and Physical Planning is seeking to revise its FY2024/25 budget to **Kshs. 2.174 billion** comprising of Recurrent at **Kshs. 404 million** and development at **Kshs. 1.770 billion**.

58. The State Department initiated a raft of reforms, which included the implementation of a cashless programme and boarding of all land transactions on the E-citizen platform, which drastically reduced revenue leakages and enhanced revenue collections across all their land stations countrywide.

59. Having witnessed a tremendous improvement in their revenue performance during the first half of the FY 2024/25, the State Department requested and got approval from the National Treasury to review their AIA budget estimates from **Kshs.1.401 billion** to **Kshs. 2.2 billion.**

60. The State Department entered into a contract for purchase of land at Kedong Ranch – Naivasha measuring 11,000 acres at a contract price of **Kshs. 8,594,427,000** payable in five installments. The first installment (deposit) of Kshs. 1.7 billion was paid in FY 2023/24 and the second installment amount of Kshs. 1,723,606,750 was due for payment not later than 30th November, 2024 as per the payment terms of the Contract. Due to the austerity measures effected in Supplementary estimates 1 FY 2024/25, Kshs. 500 million was allocated towards the payment of this commitment leaving a balance of **Kshs. 1,223,606,750** outstanding.

The National Land Commission

61. The Commissions' development expenditure budget for the FY 2024/25 was largely affected by the austerity measures implemented in Supplementary I Estimates by **Kshs. 234 million**. This has largely affected the ongoing projects implementation that includes; - the Commission's County offices connectivity, digitalization and digitization of Commission processes and records, cyber security systems and internet services licenses has since expired and is exposing the Commission with external cyber threats. If not settled, the Commission risks further accumulation of pending bills and/or possible litigation and loss of public confidence in the institution.

62. The National Land Commission is seeking funds of **Ksh. 6,318,427 million** to settle the gratuity payment for the 5 staff previously employed by the National Land Commission and whose contracts came to an end and as such, need to be paid their gratuity for the service they rendered to the Commission.

63. The Commission has a pending bill amounting to **Kshs. 1,153,275,946.99** as at 31st December, 2024, which includes Kshs. 863,321,009 for non-legal fee and Kshs.

289,954,937 on historical legal bill which was submitted to the Pending Bills Verification Committee.

64. The National Land Commission requested for funds to bridge personal emolument shortfall in the FY 2024/25 and funds to implement the Commission's new structure as approved by Salaries and Remuneration Commission (SRC) *vide letter ref: NLC/8/27/(63)* dated 25th September,2024. The National Treasury *vide letter ref: RES 2021/24 /01 'A' (14)* dated 8th October, 2024 responded to their request and guided that allocation of **Kshs. 208 million** be considered during supplementary estimates. However, during the said review, the Commission was allocated an additional **Kshs. 176 million,** a figure that was lower than the requested amount of Kshs. **208 million**, resulting in a shortfall of **Kshs. 32 million**.

PART V

5.0 RECOMMENDATIONS

State Department for Lands & Physical Planning

Financial Recommendations

65. The State Department be facilitated with an additional allocation of **Kshs. 2,174 billion** comprising of Recurrent at **Kshs. 404 million** and development at **Kshs. 1.770 billion** as provided in Supplementary Estimates II FY 2024/25.

66. The State Department reallocate **Kshs. 200 million** from the Settlement of the Landless Programme meant for Kiambaa to the ongoing Kedong Settlement. The reallocation is necessitated since Kiambaa is not a settlement programme and had not been approved by the Settlement Board of Trustees.

The National Land Commission

Financial Recommendations

67. The National Lands Commission be facilitated with an additional allocation of **Kshs. 176 million** for the Recurrent expenditure as provided in Supplementary Estimates II FY 2024/25.

5.1 Request for Additional Resources

68. The National Lands Commission be facilitated with **Kshs. 234 million** for the development expenditure. This will facilitate ongoing projects implementation that includes; - the Commission's County offices connectivity, digitalization and digitization of Commission processes and records, cyber security systems and internet services licenses has since expired and is exposing the Commission to external cyber threats.

69. The Commission be facilitated with **Kshs. 32 Million** to cater for the staff personal emolument shortfall in the FY 2024/25.

SIGNED..... **DATE**..... 7/3/2025

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

REPORT ON THE CONSIDERATION ON THE SUPPLEMENTARY ESTIMATES NO. 2 FOR FY 2024/25;

1) VOTE 1032: STATE DEPARTMENT FOR DEVOLUTION; AND

2) VOTE 1036: STATE DEPARTMENT FOR THE ASALS & REGIONAL DEVELOPMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MARCH, 2025

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CHAIRPERSON'S FOREWORD

The proposed Supplementary Estimates No. 2 for the Financial Year 2024/25 was tabled in the House on Tuesday, 16th February 2025 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act CAP 412A and Part 40 of the PFM (National Government) Regulations, 2015. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

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

The Committee held a total of four (4) sittings scrutinizing the Supplementary Budget Estimates and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Thursday 6th March, 2025 and made their submissions concerning the proposed Supplementary Estimates. The Committee considered and unanimously adopted its report on the consideration of the proposed Supplementary Estimates No. 2 for FY 2024/25.

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

On behalf of the Departmental Committee on Regional Development, it is my pleasant privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the proposed Supplementary Estimate No. 2 of the FY 2024/25.

Hon. Lochakapong Peter, M.P.
Chairperson, Departmental Committee on Regional Development

CHAPTER ONE

1.0 Mandate of the Committee

1. The Departmental Committee on Regional Development is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows: -
    (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    (b) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
    (c) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    (d) study and review all legislation referred to it;
    (e) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
    (f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment)
    (g) examine treaties, agreements and conventions;
    (h) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    (i) Examine any questions raised by Members on a matter within its mandate.

1.1 Subjects under the Committee

2. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows
    (a) Regional development, including regional development authorities;
    (b) Refugee affairs;
    (c) Devolution;
    (d) Inclusive growth;
    (e) Arid and semi-arid areas;
    (f) Disaster risk management;
    (g) Drought, famine and disaster response; and
    (h) Post- disaster recovery and rehabilitation.

3. The Committee in executing its mandate oversights the **State Department for the ASALS & Regional Development** and the **State Department for Devolution.**

1.2 Committee Membership

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

Chairperson

Hon. Lochakapong Peter, M.P.
Sigor Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon. Njoroge Mary Wamaua Waithira, M.P
Maragwa Constituency
United Democratic Alliance (UDA)

Hon. Kombe Harrison Garama, M.P.
Magarini Constituency
Orange Democratic Movement (ODM)

Hon. Kalasinga Joseph Majimbo, M.P.
Kabuchai Constituency
FORD-Kenya Party

Hon. Hon. Siyad Amina Udgoon, M.P.
Garissa County
Jubilee Party

Hon. Maina Mwago Amos, M.P.
Starehe Constituency
Jubilee Party

Hon. Tungule Charo Kazungu, M.P.
Ganze Constituency
Pamoja African Alliance (PAA)

Hon. Cherorot Joseph Kimutai, M.P.
Kipkelion East Constituency
United Democratic Alliance (UDA)

Hon. (Maj) Dekow M. Barrow, M.P.
Garissa Township Constituency
United Democratic Alliance (UDA)

Hon. Mawathe Julius Musili, M.P.
Embakasi South Constituency
Wiper Democratic Movement–Kenya

Hon. Hon.Nabulindo Peter Oscar, M.P
Matunga Constituency
Orange Democratic Movement (ODM)

Hon. Letipila Dominic Eli, M.P.
Samburu North Constituency
United Democratic Alliance (UDA)

Hon. Abdi Khamis Chome, M.P.
Voi Constituency
Wiper Democratic Movement–Kenya

Hon. Yakub Farah Salah, M.P
Fafi Constituency
United Democratic Alliance (UDA)

Hon. Paul Abuor, M.P
Rongo Constituency
Orange Democratic Movement (ODM)

1.3 Committee Secretariats

5. The Committee is facilitated by the following staff:

Mr Mohammed Boru
Clerk Assistant I/Head of Secretariat

Mr. Nebert Ikai
Clerk Assistant I

CPA. Cyrille Mutali
Fiscal Analyst

Ms Rose Tabuke
Research Officer III

Mr Anthony Kariuki
Sergeant-at-Arms

Ms. Nelly Korir
Audio Intern

Mr. Sisto Macharia
Clerk Assistant III

Mr. Moses Mwarir
Legal Counsel

Ms. Deborah Mupusi
Media Relations Officer I

Mr Jared Onyancha
Public Communication Officer III

CHAPTER TWO

2.1 Introduction

6. This is a brief on the second supplementary estimates for the FY 2024/25 which was submitted to the National Assembly on Tuesday, 16th February 2025 and subsequently tabled in the House. It aims to realign budgetary provisions to projected levels of absorption; approve additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

7. The Departmental Committee on Regional Development is mandated to oversight matters related to regional development, including regional development authorities; Refugee affairs, Devolution, Inclusive growth, Arid and semi-arid areas, Disaster risk management, Drought, famine and disaster response and post-disaster recovery and rehabilitation line with Standing Order No. 216.

8. The brief focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely:

   a) Vote 1032 - Ministry of Devolution;
   b) Vote 1036 - State Department for the ASALs and Regional Development; and
   c) Refugee Affairs (Vote 1024 - State Department for Immigration and Citizen Services).

2.1.1 Legal Provisions Underpinning Submission of Supplementary Estimates

9. The preparation and approval of the Supplementary Budget are provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act CAP 412A, and Regulations 40 of the PFM (National Government) Regulations, 2015.

10. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. As a result, authorization for such expenditures must be obtained from Parliament through a Supplementary Budget and, later, a Supplementary Appropriation Bill. However, unless Parliament has allowed a larger proportion in special circumstances, the amount spent shall not exceed 10% of the total amount appropriated by Parliament.

11. In addition, according to Section 40 of the PFM Regulations 2015, Supplementary Estimates are typically submitted in the event of unforeseen and unavoidable circumstances where no budget provision was made or where there is an existing budgetary provision that is inadequate.

2.2 Highlights of the 2024/25 Supplementary Estimates II

12. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% (Kshs. 85.87 billion) from the original budget which is within the 10% allowable threshold in accordance to Article 223 of the Constitution. The increase is mainly on account

of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocations; adjust receipts of AIA and review compensation to employees and gratuity.

13. Recurrent expenditures are proposed to increase by 8.61% (Kshs. 136.96 billion) whereas development expenditure decrease by 7.97% (Kshs. 51.1 billion). Finally, CFS has increased by 0.44% (Kshs. 5.5 billion). A summary of the changes is shown in Table 1.

Table 1: Overall Change in the FY 2024/25 Budget Estimates (Kshs. Million)

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 2 2024/25	Change	% Change
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.60**	**3.85%**
1.1 Recurrent Budget Estimates	1,591,590.2	1,728,550.2	136,960.00	8.61%
1.2 Development Budget Estimates	641,166.2	590,080.0	(51,086.20)	(7.97%)
2.0 Consolidated Fund Services (CFS)	**1,237,233.8**	**1,242,735.5**	**5,501.70**	**0.44%**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.30**	**2.63%**

Source: National Treasury, 2025

CHAPTER THREE

3.1 Overview of Supplementary Estimates No. 2 For FY 2024/25

14. The approved budget for the MDAs under the purview of the Committee for the financial year 2024/25 was Kshs. 12.97 billion, which is comprised of Kshs. 6.39 billion for recurrent expenditure and Kshs. 6.58 billion for development expenditure. This forms the baseline for the 2024/25 Supplementary II budget estimates.

15. The approved budget for the MDAs have been revised upwards by Kshs. 4.73 billion to an overall allocation of Kshs. 17.69 billion, where recurrent expenditure is Kshs. 11.72 billion and Kshs. 5.97 billion for development expenditure.

3.1.1 The State Department for Devolution

16. The State Department for Devolution is mandated to coordinate intergovernmental relations between the National and County Governments. This includes establishing mechanisms for the management of intergovernmental relations between the two levels of Government: provision of support to the County Governments, capacity building and technical assistance to the County Governments.

17. The approved estimates for the State Department for Devolution for the FY 2024/25 amounts to Kshs. 4,095.92 million. This comprises of Kshs. 1,442.92 million for recurrent expenditure and Kshs. 2,653 million for development expenditure.

18. Under the Supplementary Estimates No. 2, the approved estimates have been adjusted downwards to Kshs. 2,978.67 million comprising of Kshs. 1,412.92 million for recurrent expenditure and Kshs. 1,565.75 million for development expenditure. This reflects a decrease of Kshs. 1,117.25 million in the State Department's budget, translating to a percentage decrease of 27%.

Table 2: Approved Budget vs. Supplementary Estimates No. 2 (Kshs. Millions)

Details		Approved Estimates	Supp. No. 2 Estimates	Changes	% Change
State Department for Devolution	Recurrent	1,442.92	1,412.92	(30.00)	(2.1)
	Developme	2,653.00	1,565.75	(1,087.25)	(41.0)
	Total	**4,095.92**	**2,978.67**	**(1,117.25)**	**(27.3)**

Source: Supplementary No. 2 Estimate, National Treasury, 2025

a) Changes in Recurrent Expenditure

19. The State Department's recurrent budget has been reduced by Kshs. 30 million translating to a percentage change of 2.1%. This adjustment is on account of budget rationalization in basic salaries and allowances.

20. The budget cuts in the recurrent expenditure are mainly affecting the Headquarters and Administrative Services – Kshs. 22.5 million, Management of Devolution Affairs – Kshs. 4.5 million and Capacity Building and Technical Assistance head - Kshs. 3 million.

Table 3: Approved Budget vs. Supplementary Estimates No. 2 (Kshs. Millions)

Details	Approved Budget	Supp. No. 2 Estimates	Changes	% Change
1032000100 Management of Devolution Affairs	57.35	52.85	(4.50)	(7.8)
1032000300 Capacity Building and Technical Assistance	66.69	63.69	(3.00)	(4.5)
1032000400 Headquarters and Administrative Services	338.64	316.14	(22.50)	(6.6)
Of which: World Scout Parliamentary Union Secretariat	*26.48*	*26.48*	-	-
1032001200 Intergovernmental Relations	670.10	670.10	-	-
Of which: Council of Governors	*207.40*	*207.40*	-	-
Of which: IGRTC	*411.70*	*411.70*	-	-
1032002400 Central Planning and Project Monitoring Unit	9.83	9.83	-	-
1032002600 Nairobi Rivers Commission	300.32	300.32	-	-
TOTAL	**462.67**	**432.67**	**(30.00)**	**(2.1)**

Source: The National Treasury, 2025

b) Changes in Development Expenditure

21. Under the supplementary estimates, the Kenya Devolution Support Programme II (KDSP II) has a proposed cut of Kshs. 1,087.25 million (41%) as provided in table 4.

Table 4: Summary of the Projects Affected in the FY 2024/25 (Kshs. Millions)

Head/Description	Approved Estimates	Supp. No. 2 Estimates	Changes
Kenya Devolution Support Programme II (KDSP II)	2,653.00	1,565.75	(1,087.25)
Total	**2,653.00**	**1,565.75**	**(1,087.25)**

Source: Supplementary No. 2 Estimate, National Treasury, 2025

22. The Kenya Devolution Support Programme II (KDSP II) has experienced a significant reduction in its funding allocation. The approved estimate for the programme was initially set at Kshs. 2,653 million, but the revised estimates now stand at Kshs. 1,565.75 million, reflecting a decrease of Kshs. 1,087.25 million. This reduction is attributed to a decrease in donor funding and as a result 27 counties will be implementing the programme from the initial targeted number of 47.

3.1.2 The State Department for the ASALs & Regional Development

23. The State Department for ASALs & Regional Development is mandated to ensure effective coordination of planning and development of Arid and Semi-Arid Lands; implementation of special programmes for the development of arid and semi-arid areas; coordinating integrated basin-based development in the Regional Development Authorities.

24. The approved estimates for the State Department amounts to Kshs. 8,733.22 million. This comprises Kshs. 4,805.69 million for recurrent expenditure and Kshs. 3,927.53 million for development expenditure.

25. Under the Supplementary Estimates No. 2, the approved estimates have been adjusted upwards to Kshs. 14,577.49 million comprising of Kshs. 10,172.70 million for recurrent expenditure and Kshs. 4,404.79 million for development expenditure. This reflects an increase of Kshs. 5,844.28 million translating to a percentage increase of 67%.

Table 5: Approved Budget vs. Supplementary Estimates No. 2 (Kshs. Millions)

Details		Approved Estimates	Supp. No. 2 Estimates	Changes	% Change
State Department for the ASALs & Regional Development	Recurrent	4,805.69	10,172.70	5,367.02	111.7
	Development	3,927.53	4,404.79	477.26	12.2
	Total	**8,733.22**	**14,577.50**	**5,844.28**	**66.9**

Source: Supplementary No. 2 Estimate, National Treasury, 2025

a) Changes in Recurrent Expenditure

26. The State Department's recurrent budget has increased by Kshs. 5,367.02 million as shown in table 6.

Table 6: Approved Budget vs. Supplementary Estimates No. 2 (Kshs. Millions)

Details	Approved Budget	Supp. No. 2 Estimates	Change	KPIs
1036000200 Relief and Rehabilitation	257.12	4,857.12	4,600.00	• From 200,000 to 2 million beneficiaries supported with relief food. • From 30,000 to 150,000 beneficiaries receiving non-food items. • From 500,000 to 1.5 million beneficiaries receiving relief assistance during flood and other disasters.
1036000300 General Administrative Services	313.29	257.50	(55.79)	Despite the reduction, the targets have been revised upwards. They include: • From 2 to 3 monitoring and evaluation reports • From 80 to 90 staff trained
1036000800 Conservation Department - Regional Development	89.27	67.07	(22.20)	From 50,000 to 55,000 fruit tree seedlings to be propagated.

Details	Approved Budget	Supp. No. 2 Estimates	Change	KPIs
1036000900 Kerio Valley Development Authority	306.38	437.38	131.00	• From 10 to 20 conversation services. • From 100 to 150 food security services. • From 10,000 to 15,000 community livelihoods services.
1036001000 Tana and Athi Rivers Development Authority	388.72	589.12	200.40	From 2 to 3 regional services to be offered.
1036001100 Lake Basin Development Authority (LBDA)	347.21	638.51	291.30	From 100 to 120 acres of land installed with irrigation infrastructure.
1036001200 Ewaso Nyiro South Development (ENSDA)	280.76	327.06	46.30	From 100 to 105 borehole services.
1036001300 Coast Development Authority (CDA)	113.86	193.86	80.00	From 100 to 150 farmers capacity built on dairy farming.
1036001400 Ewaso Nyiro North Development (ENNDA)	151.41	251.41	100.00	30% development of a basin wide resource database from 25%.
1036001700 Finance Management Services	52.50	51.50	(1.00)	No change in the targets. 5 budget reports to be prepared.
1036003400 Central Planning & Project Monitoring Unit	48.29	45.29	(3.00)	From 3 to 1 monitoring and evaluation reports.
TOTAL	**4,805.69**	**10,172.70**	**5,367.02**	

Source: Supplementary No. 2 Estimate, National Treasury, 2025

b) Changes in Development Expenditure

27. In the proposed supplementary budget, the development expenditure has been revised downwards by Kshs. 477.26 million. Table 7 and 8 shows the projects under the State Department's development budget which have been adjusted under the proposed supplementary budget.

Table 7: Summary of the Projects Affected in the FY 2024/25 (Kshs. Millions)

No.	Head/Description	Approved Budget	Supp. No. 2 Estimates	Change	KPIs
1	Kenya Social and Economic Inclusion Project	151.00	301.00	150.00	From 133,800 to 267,800 beneficiaries receiving electronic cash transfers.
2	Ending Drought Emergencies, Ecosystem Based Adapt in ASAL-TWENDE	25.03	27.44	2.41	From 62 to 63 drought coordination forums held.
3	Resilience and Sustainable Food Systems Programme	176.63	10.50	(166.13)	No change in the targets. They include: • 410 community-based high impact resilience and drought preparedness

No.	Head/Description	Approved Budget	Supp. No. 2 Estimates	Change	KPIs
					projects implemented in 23 ASAL counties. • 1,200 youth engaged in alternative economic activities.
4	Sustainable Food Systems and Resilience Livelihood Activities	61.52	17.50	(44.02)	Despite the reduction, the targets have been revised upwards. They include: • From 1 to 2 frameworks and mechanisms structured; and • From 18 to 20 community groups implementing nutrition improvement activities.
	TOTAL	**414.18**	**356.44**	**(57.74)**	

Source: Supplementary No. 2 Estimate, National Treasury, 2025

28. The following projects being undertaken by the regional development authorities in the FY 2024/25 have had revised allocations as shown in table 9.

Table 9: Summary of the Projects Affected in the FY 2024/25 (Kshs. Millions)

No.	Description	Approved Estimates	Supp. No. 2 Estimates	Changes
EWASO NG'IRO SOUTH DEVELOPMENT (ENSDA)				
1	Boreholes in Rombo, Emarti, Intashat, Entonet, Olngosna & Kilgoris	-	70.00	70.00
	Sub-Total	**-**	**70.00**	**70.00**
LAKE BASIN DEVELOPMENT AUTHORITY (LBDA)				
1	Construction of Dykes in Nyando & Muhoroni	-	100.00	100.0
	Sub-Total	**-**	**100.00**	**100.00**
COAST DEVELOPMENT AUTHORITY (CDA)				
1	Malindi Integrated Social & Health Dev. Programme-BETA	200.00	300.00	100.00
	Sub-Total	**200.00**	**300.00**	**100.00**
KERIO VALLEY DEVELOPMENT AUTHORITY (KVDA)				
1	Lower Turkwel Irrigation Project	-	30.00	30.00
2	Mango Value Chain Programme-BETA	29.00	129.00	100.00
3	Cherengany Watershed Conservation Programme-BETA	-	25.00	25.00
4	Etio Phase II Water Distribution Supply	-	180.00	180.00
	Sub-Total	**29.00**	**364.00**	**335.00**

No.	Description	Approved Estimates	Supp. No. 2 Estimates	Changes
EWASO NG'IRO NORTH DEVELOPMENT (ENNDA)				
1	Ewaso Ng'iro North Catchment & Riparian Conservation Project-BETA	219.97	149.97	(70.00)
	Sub-Total	**219.97**	**149.97**	**(70.00)**
	TOTAL	**448.97**	**983.97**	**535.00**

Source: Supplementary No. 2 Estimates, National Treasury, 2025

3.1.3 Directorate of Refugee Affairs

29. The approved estimates for the Refugee Affairs for the FY 2024/25 amounts to Kshs. 138.13 million. This comprises Kshs. 110.96 million for Refugee Affairs Department and Kshs. 27.18 million for Refugee Affairs Field Services. Under the Supplementary Estimates, the allocation remains unchanged resulting in a variance of zero.

3.2 Article 223 Expenditures

30. According to Article 223 of the Constitution and Section 44(1) of the Public Finance Management Act CAP 412A, the National Government may spend money that has not been appropriated if the amount appropriated for any purpose is insufficient or a need has arisen for expenditure for which no amount has been appropriated in the case of withdrawal from the Contingencies Fund. As a result, any spending authorized by this Article must be approved by Parliament within two months of the withdrawal's initial approval. If Parliament is not sitting at the time it is supposed to approve or adjourns before the approval is sought, the approval must be completed within two weeks of the next sitting.

31. The State Department for ASALs & Regional Development has incurred expenditures under this clause, emanating from relief operations and maintenance associated with drought related interventions and amounts related to the Kenya Social Economic Inclusion Programme in the current financial year as presented in the table 10.

Table 10: Summary of the Article 223 Expenditures incurred in the State Department for ASALs & Regional Development

Details	Recurrent	Development	Total	National Treasury Approval Dates	Amount Disbursed	Disbursement Date
Transfer (Relief) & operations and maintenance	3,600,000,000	-	3,600,000,000	-	2,558,553,594	28/10/2024
						6/11/2024
						13/11/2024
						2/12/2024
						16/12/2024
						20/12/2024
						24/12/2024
						8/1/2025
						9/1/2025

Kenya Social Economic Inclusion Programme	-	150,000,000	150,000,000	-	-	-
TOTAL	**3,600,000,000**	**150,000,000**	**3,750,000,000**		**2,558,553,594**	

Source: The National Treasury, 2025

CHAPTER FOUR

4.0 Submissions by the State Departments and Agencies

4.1 State Department for Devolution

32. The Principal Secretary for State Department for Devolution, Ms. Teresia Maloke, appeared before the Committee on Thursday 6th March 2025 and submitted as follows;

A. Financial Performance for FY 2024/25

33. The State Department's is total budgetary allocation in FY 2024/2025 is Kshs. 4.095 billion; comprising of Kshs.1.442 billion under Recurrent and Kshs. 2.653 billion for Development.

34. The State Department performance as at 31st December 2024 shows an overall absorption rate of 29% of which Recurrent is 37% while development is 25%. The absorption rate in recurrent is low due to the funds for casual wages under Nairobi Rivers Commission which are proposed for reallocation to operations and maintenance in Supplementary Estimates No. 2 for FY 2024/25 while the development is due to funds meant for County Governments not transferred as a result of lack of approved County Governments Additional Allocations Bill (CGAAB). The detailed financial performance is as shown in the table below.

Table 1: Implementation Status of the FY 2024/25 Budget as at 31st December 2024 - First Half Cumulative Financial Performance

ITEM	PRINTED ESTIMATES	REVISED ESTIMATES NO. 1	EXPENDITURE AS AT 31ST DECEMBER,2024	BALANCE	% ABSORPTION	REMARKS
Recurrent Vote						
Compensation of employees	512,300,000	491,300,000	139,498,785	351,801,215	28%	Casual wages for Nairobi Rivers Commission is proposed for reallocation to O&M in Supplementary Estimates No. II for FY 2024/25. Commission is being transferred to State Department for Housing
O&M	458,028,370	332,519,920	134,966,897	197,553,023	41%	
Current Grants to SAGAs	619,100,000	619,100,000	258,087,500	361,012,500	42%	
Sub Total Recurrent	**1,589,428,370**	**1,442,919,920**	**532,553,182**	**910,366,738**	**37%**	
Development Vote						
GOK	87,000,000	87,000,000	33,126,510	53,873,490	38%	
Revenue	2,566,000,000	2,566,000,000	642,026,198	1,923,973,802	25%	CGAAB 2024/25 has not been pass by parliament to allow disbursement of funds to Counties
Sub Total Development	**2,653,000,000**	**2,653,000,000**	**675,152,708**	**1,977,847,292**	**25%**	
Grand Total	**4,242,428,370**	**4,095,919,920**	**1,207,705,890**	**2,888,214,030**	**29%**	

B. Implementation Status of the FY 2024/25 Budget as at 31st December 2024

35. The PS highlighted actual non-financial outputs that have been achieved relative to the approved targets in the FY 2024/25. They include:
    i) Draft Framework for Implementation of Concurrent Functions
    ii) Implementation of the Second Kenya Devolution Support Program (KDSP II)
        - Development and rollout of the Human Resource Information System (HRIS-KE)
        - Establishment of the program implementation structures including CPSC, CPTC and CPIU
        - Implementation of program activities as per their approved work plans such as HR audit, skills audit, revenue mapping, automation of the revenue management system among others
        - County baseline survey for program to enable performance assessment
        - Development of draft integrated performance management guidelines for county governments
    iii) Policy on the devolved system of government reviewed and 6 sensitization forums held on the same
    iv) Coordination of development partner in the devolution space –
        - Development Partners Database Developed and
        - A Partnership forum Held
    v) Resource mobilization strategy for devolution sector developed- under implementation
    vi) Draft County Assemblies Service Act, 2017
    vii) Forums With MCDAs amendment bill for the on intergovernmental sector forums
    viii) An intergovernmental sports forum held
    ix) Regulations on transfer of functions between the national and county government finalized
    x) Alternative Compendium of best practices developed and Published
    xi) Implementation of Nairobi Recovery plan unclogging of river and removal of waste
    xii) Coordination and implementation of climate works Program
    xiii) Completed the Identification and verification of Assets and Liabilities of the 14 devolved functions in 47 counties and a register/report submitted to County Government and line ministries for implementation
    xiv) Developed Alternative Dispute Resolution (ADR) regulations and 27 Intergovernmental disputes were resolved using ADR
    xv) Transfer of outstanding devolved functions in twelve (12) sectors were further unbundled to ensure improved service delivery by the two levels of government in the implementation of their functions through provision of functional clarity, identification of attendant resource transfer of the function
    xvi) Unbundling of the Regional Development Authorities functions is ongoing
    xvii) Transfer of Museum function to resources to 14 Counties and handing over of movable assets of Library Function to 33 Counties.

C. Proposed FY 2024/25 Supplementary Budget Estimates No. 2

36. In the proposed Supplementary budget, the gross allocation for the State department is moving from **Kshs. 4.095 billion** to **Kshs. 2.978 billion.** The recurrent budget is Ksh.1.413 billion as compared to Ksh.1.443 billion while the development is Ksh.1.566 billion as compared to Ksh. 2.653 billion in the supplementary estimates. The summary is as shown below:

Table 2: Overall Budget vs Supplementary Estimates (Kshs. Millions)

No.	Description	Approved Estimates FY 2024/25	Supplementary Estimates FY 2024/25	Increase/Decrease
1	Recurrent	1,442.90	1,412.90	(30.00)
2	Development	2,653.00	1,565.75	(1,087.25)
	Total	**4,095.90**	**2,978.65**	**(1,117.25)**

37. He further highlighted the variations of the approved budget for FY 2024/25 by programme and justification for variations. The table below shows the programme variations under the recurrent budget estimates. The reductions in the Recurrent Budget Estimates is mainly on personnel emoluments adjustments.

Table 3: Recurrent Budget Estimates and Remarks

Programme	Vote head	Approved Estimates 2024/25	Increase/Decrease	Balance
Devolution Services	Management of Devolution Affairs	57,345,287	(4,500,000)	52,845,287
	Capacity Building and Technical Assistance	66,691,901	(3,000,000)	63,691,901
	Administrative Services	338,637,457	(22,500,000)	316,137,457
	Intergovernmental Relations	670,101,799	0	670,101,799
	Central Planning and Project Monitoring Unit (CPPMU)	9,825,819	0	9,825,819
	Nairobi Rivers Commission	300,317,657	0	300,317,657
Total vote R1032		**1,442,919,920**	**(30,000,000)**	**1,412,919,920**

38. The table 4 below shows variations under the Development Budget Estimates. The reductions in the Development Budget Estimates is a funding adjustment by the donor (World Bank).

Table 4: Development Expenditure Changes in the Supp. No. II 2024/25

Programme	Vote head	Approved estimates 2024/24	Increase/Decrease	Balance
Devolution Services	Kenya Devolution Support Programme II (KDSP II)	2,653,000,000	(1,087,250,000)	1,565,750,000
Total vote D1032		**2,653,000,000**	**(1,087,250,000)**	**1,565,750,000**

D. Expected impact of budget revisions on capital projects

39. The State Department is implementing one capital project called Kenya Devolution Support Programme (KDSP II). The proposed Supplementary Budget Estimates has reduced the allocation from Kshs. 2,566 million to Kshs. 1,565 million translating to a reduction of Kshs. 1,087 million. This will negatively affect the implementation of level 1 of the programme which involves disbursement of funds to counties for institutional performance and capacity building

E. Withdrawal under Article 223 of the Constitution

40. The State Department has a re-allocation under Article 223 of the Constitution amounting to Kshs. 130 million to cater for operationalization of the current core mandate of the Nairobi Rivers Commission as well as expenses related to the enhancement of number of Commissioners from eight (8) to Thirteen (13) members including appointment of the Chief Executive Officer. The National Treasury granted the re-allocation vide letter Ref. RES 1032/24/01'A'(19) dated 20th December, 2024. The funds are yet to be spent and plans are underway to fast track the planned activities.

Table 5: Request For Additional Funding FY 2024/25

NO.	Description	Amount (Kshs. Million)
1	Completion of Phase II of Valuation and Transfer of Assets	110.00
2	Status Report on the Ten Years Implementation of Devolution	20.00
3	Second Kenya Devolution Support Programme (KDSP II) GOK Counterpart	105.00
4	Second Kenya Devolution Support Programme (KDSP II) - World Bank	1,087.00
5	Intergovernmental Relations Technical Committee (IGRTC)	232.00
6	Council Of Governors	100.00
7	Nairobi Rivers Commission	59.00
8	World Scout Parliamentary Union Secretariat	60.00
9	Capacity Building & Civic Education	150.00
10	Kisumu Convention Centre – Pending Bill	302.00
11	Africities Conference - Pending Bills	500.00
12	Compensation of employees	3.00
13	Headquarters Operations and Maintenance	30.00
Total		**2,758.00**

41. Some of the challenges in the State Departments Budget include:
    - Budget cuts for both Recurrent and Development
    - Inadequate Counterpart funding; and
    - Delay in development and passing of CGAAB.

4.2 State Department for the ASALs & Regional Development

42. The Principal Secretary for State Department for the ASALs & Regional Development, Mr. Harsama Kello, appeared before the Committee on Thursday 6th March 2025 and submitted that;

A. The Implementation Status of the FY 2024/25 Budget as at 31st December, 2024

43. The State Department currently has an approved allocation of Kshs. 8.733 billion out of which Kshs. 4.805 billion is under recurrent while Kshs. 3.927 billion is under development vote. Additionally, the Department has received additional allocation under Article 223 of the Constitution amounting to Kshs. 3.75 billion bringing the total budget for expenditure to Kshs. 12.483Billion out of which Kshs. 8.405 billion is under recurrent while Kshs. 4.077 billion is under development vote.

44. The State Department total expenditure as at 31st December 2024, is Kshs. 7.329 billion which comprise Kshs.6.434 billion under recurrent and Kshs.894.76 million under the development vote. The above expenditure represents a total absorption rate of 59% where 77% is under recurrent budget while 22% is under the development budget.

45. The low rate of absorption of 22% under development vote is as a result of undisbursed capital transfers to SAGAs which has since been transferred. Below is a summary showing comparison between the budget allocation and expenditure for the period ending 31st December 2024.

Table 1: Summary of FY2024/25 Budget Allocation Vs Expenditure (Recurrent and Development)

VOTE - 1036	FY2024/25 Approved Estimates	Article 223 Allocation	Total Allocation	Expenditure as at December 2024	Absorption (%)
Recurrent	4,805,686,511	3,600,000,000	8,405,686,511	6,434,860,471	77%
Development	3,927,530,516	150,000,000	4,077,530,516	894,769,163	22%
TOTAL	**8,733,217,027**	**3,750,000,000**	**12,483,217,027**	**7,329,629,636**	**59%**

B. Highlights of the Variations to the MDAs Approved Budget for the FY 2024/25 by Programme and Justification for the Variations

46. Under FY 2024/25 Supplementary Estimates No. 2, the State Department has a net increase under recurrent vote of Kshs. 5.359billion and the details of the changes as per the table 2 below.

Table 2: Summary of FY 2024/25 Approved Budget Allocation Vs Supplementary II Amendments per Programme

PROGRAMME	APPROVED ESTIMATES 2024/2025	AMENDED ESTIMATES 2024/2025	AMENDMENTS IN 2024/2025
0733000 Accelerated ASAL Development	4,623,662,718	9,100,626,930	4,476,964,212
0743000 General Administration, Planning and Support Services	414,070,970	454,285,970	40,215,000
1013000 Integrated Regional Development	3,695,483,339	5,022,583,339	1,327,100,000
TOTAL	**8,733,217,027**	**14,577,496,239**	**5,844,279,212**

a. Recurrent Budget

Table 3: FY 2024/25 Recurrent budget variations and Justifications

PROGRAMME	APPROVED ESTIMATES 2024/2025	REVISED ESTIMATES 2024/2025	AMENDMENTS IN 2024/2025	JUSTIFICATION
0733000 Accelerated ASAL Development	2,809,321,686	7,344,021,686	4,534,700,000	The increase was to cater for emergency relief and rehabilitation interventions
0743000 General Administration, Planning and Support Services	414,070,970	354,285,970	-59,785,000	This decrease was due to salary adjustment from the initial provision due to delayed recruitment.
1013000 Integrated Regional Development	1,582,293,855	2,474,393,855	892,100,000	The increase was to cater for Salaries and contractual obligations for the 6 RDAs and Paddy Rice Mopping
TOTAL	**4,805,686,511**	**10,172,701,511**	**5,367,015,000**	

b. Development Budget

47. Under the development vote, the State Department had an allocation of Kshs. 3,927,530,516. This allocation has been revised to Kshs. 4,404,794,728 representing a net increase of Kshs. 477,264,212. The following are the details of the affected development projects;

Table 4: FY 2024/25 Development budget variations

S/NO	Budget Head and Project Name	Agency	Source of Funds	Approved Estimates KShs.	Revised Estimates KShs.	Increase or (decrease) KShs.
A	**PROGRAMME: 0733000 Accelerated ASAL development**					
1	1036101400 Kenya Social and Economic Inclusion Project-BETA	NDMA	World Bank	151,000,000	301,000,000	150,000,000
2	1036101601 Ending Drought Emergencies: Support to Resilient Livelihood II	NDMA	GoK & EU	25,030,516	27,444,728	2,414,212
3	1036101701 Resilience and Sustainable Food Systems Programme - Resilience Livelihood Activities	Headquarters	Gok & WFP	176,630,000	10,500,000	(166,130,000)
4	1036102500 Sustainable Food Systems and Resilience Livelihood Activities-BETA	Headquarters	Gok & WFP	61,520,000	17,500,000	(44,020,000)
	Sub-total			**414,180,516**	**356,444,728**	**-57,735,788**
B	**PROGRAMME: 0733000 General Administration, Planning and Support Services**					
5	1036117000 Construction of Dykes	LBDA	GoK	-	100,000,000	100,000,000
C	**PROGRAMME: 1013000 Integrated Regional Development**					
5	1036103401 Ewaso Ng'iro North Catchment Conservation Project	ENNDA	GoK	219,969,484	149,969,484	(70,000,000)
6	1036104201 Mango Value Chain Programme	KVDA	GoK	29,000,000	129,000,000	100,000,000

S/NO	Budget Head and Project Name	Agency	Source of Funds	Approved Estimates KShs.	Revised Estimates KShs.	Increase or (decrease) KShs.
7	1036107600 Cherengany Watershed Conservation Programme-BETA	KVDA	GoK	-	25,000,000	25,000,000
8	1036108001 MISHDP - Phase II	CDA	Italian Gov	200,000,000	300,000,000	100,000,000
9	1036116900 Public Participation Projects in ASALs.	ENSDA	GoK	-	70,000,000	70,000,000
11	1036118001 Lower Turkwel Irrigation Project	KVDA	GoK	-	30,000,000	30,000,000
12	1036119000 Etio Phase II Water Distribution Supply	KVDA	GoK	-	180,000,000	180,000,000
	Sub-total			**448,969,484**	**883,969,484**	**435,000,000**
	GRAND TOTAL			**863,150,000**	**1,340,414,212**	**477,264,212**

C. Revised Schedule of Outputs and Performance Targets

48. The highlights of the key outputs achieved as at 31 December, 2024 are as below;

i. 1 million beneficiaries were supported with relief food while 500,000 beneficiaries received non-food items under the Relief assistance provided to needy population under the directorate of Special programmes.

ii. 1 million persons received relief assistance during flood and other disasters under Relief and Humanitarian Emergency Response and this was mainly because of the rains.

iii. Seven Primary schools/ECD were facilitated with cowpeas seedlings to engage in school vegetable lunch programme in Nutrition improvement activities under the Food and Nutrition security improvement programme.

iv. Ten community households were trained on vegetable production and value addition under the Food and Nutrition security improvement programme.

v. 120 water sources were mapped through Continuous Data Updating System(CODUSYS) under the Rangeland and Water resources development and management programme.

vi. Eight new pasture reseeding sites were identified and developed for pasture reseeding for the Rangeland Management and Development.

vii. Five community groups were trained on pasture production and vegetable production

viii. 15 staff from the County Government in Narok and Tharaka Nithi were trained on Continuous Data Updating System(CODUSYS)

ix. 72 Drought Early Warning Bulletins and 24 Food Security Assessment Reports were produced and disseminated towards the relay of Drought and Food Security information.

x. 72,801 households benefited under regular programme to Vulnerable and drought affected households supported through cash transfer.

xi. 1,214,419 fruit tree seedlings were propagated towards the attainment of the 5Billion fruit tree seedlings propagated by 2032 presidential directive

xii. 200 tonnes of seed maize were harvested in WeiWei phase I and II Integrated Project.

xiii. 41,170 Square feet of leather were produced at Ewaso Ng'iro Tannery and Leather Factory.

D. Expected Impact of Budget Revisions

Recurrent Budget Unfunded Priorities

i. Personnel Emoluments - Regional Development Authorities

49. The National Treasury had earlier in this financial year indicated a planned winding-up of the six Regional Development Authorities (RDAs) and which led to their budgets being provided to last them up to end of December, 2024. This has led to a financial distress for the RDAs particularly regarding payment of staff salaries and other contractual obligations up to end of the financial year.

50. The RDAs currently have a total approved budget of Kshs. 1,109,826,773 with Kshs. 699,000,000 additional funding proposed in Supplementary Estimates No. 2, this will bring the total allocation to Kshs. 1,808,826,773 against a total requirement of Kshs. 2,473,011,855 leaving a funding deficit of Kshs. 664,185,082.20 which is required for salary related expenditures, contractual obligations and other critical operational expenditures. The table below shows the details of requirement, allocation and deficit per RDA.

Table 5: Recurrent Analysis for Regional Development Authorities

S/No	RDAs	FY2024/25 REQUIREMENT	FY2024/25 Approved allocation	SUPP II Additional Allocation	TOTAL ALLOCATION	FY2024/25 DEFICIT
1	TARDA	557,860,596.84	231,715,910	200,400,000	432,115,910	125,744,686.84
2	LBDA	475,043,158.42	271,205,655	141,300,000	412,505,655	62,537,503.42
3	ENSDA	458,680,340.60	263,262,289	46,300,000	309,562,289	149,118,051.60
4	ENNDA	343,116,721.02	136,405,022	100,000,000	236,405,022	106,711,699.02
5	CDA	249,469,163.39	95,862,475	80,000,000	175,862,475	73,606,688.39
6	KVDA	388,841,874.93	111,375,422	131,000,000	242,375,422	146,466,452.93
	TOTAL	**2,473,011,855.20**	**1,109,826,773**	**699,000,000**	**1,808,826,773**	**664,185,082.20**

ii. NDMA Operations Budget

51. The National Drought Management Authority has a recurrent budget deficit under its operations and maintenance that spans over 23 ASALs counties. The Authority has a total recurrent budget requirement of Kshs. 859.9 million against a total allocation of Kshs. 792.9 million. We therefore require a total additional budget of Kshs. 67million to meet the shortfall.

iii. Kenya Hunger Safety Net Programme

52. The Hunger Safety Net Programme (HSNP) is a Kenya Vision 2030 flagship social protection program and Bottom-Up Economic Transformation Agenda priority enabler funded by the exchequer and the World Bank. HSNP is a shock responsive social protection initiative of the Government with the primary goal being to provide regular and unconditional cash transfers to 133,800 very poor and vulnerable households in eight ASAL counties of Turkana, Samburu, Marsabit, Isiolo, Wajir, Mandera, Tana River and Garissa. These cash transfers are meant to cushion the recipients from hunger, alleviate poverty and build their resilience against drought and climate related shocks.

53. The cash transfer value is catered for by exchequer releases while the donor funding takes care of delivery system strengthening and capacity building. The monthly payroll for the 133,800 participants per month is Kshs.372million which outstrips the monthly releases. This has necessitated the authority to be preparing partial payrolls for the beneficiaries leading to delays in the disbursements. So far only July and August payrolls have been disbursed to the beneficiaries this financial year.

54. The programme is therefore holding six month's payments in arrears due to insufficient budget. The failure by the Government to meet the obligation of financing HSNP will impact negatively on the commitment by the development partners to support the programme.

55. The Programme currently has an approved allocation of Kshs.1,531,859,000 against a total requirement of Kshs.5,465,600,000 required to cover all the enlisted households for the full year. Therefore, the State Department wishes to request for an additional Kshs.3,933,741,000 to fully fund the programme.

iv. Emergency and Relief Interventions

56. The food and nutrition security assessment that was conducted in 23 ASAL counties by the National Drought Management Authority (with the participation of other stakeholders) in January and February 2025, indicated that there were currently 2.15 million people who are food insecure and in urgent need of humanitarian assistance. This number has increased from 1 million in July 2024 due to poor performance of the short rains that resulted in low crop and livestock production. To provide relief food to this population for the next four months (March, April, May and June), the State Department requires an average of Ksh. 2 billion per month. The total funding requirement for the next four months therefore, is Ksh. 8 billion.

v. Budget Programme Realignment

57. The State Department has pending bills amounting to Kshs. 90 million which we would like to prioritise for payment within this financial year to a tune of Kshs. 67.5 million to General Administration & Support Services Programme to facilitate us settle part of the pending bills. The table below provides the summary.

S/No.	Name of Programme	Amount
1.	0733000 Accelerated ASAL Development	37,500,000
2.	1013000 Integrated Regional Development	30,000,000
	Total	**67,500,000**

vi. Operations at the Headquarters

58. The State Department has been allocated additional mandates through Presidential pronouncements or priority Government policies that need additional budgetary support to ensure their implementation. The operations of the State Department cover the ASALs regions in the entire Country which have expansive landmass with challenging rough terrains that renders traversing of the regions challenging as we endeavor to achieve our mandate and objectives.

59. In order to meet various operational expenditures, the State Department is requesting additional allocation of Kshs. 100 million to cater for;

- Mass registration exercise in Turkana and West Pokot Counties;
- National tree growing restoration campaign;
- Fuel and maintenance of motor vehicles;
- Finalization, launch and dissemination of Partnership Coordination Framework;
- Finalization, launch, dissemination and domestication of the Resilience Programming Framework; and
- Community Integration and peace building initiatives

Development Budget Unfunded Priorities

60. The State Department is appealing for additional budgetary allocation for ongoing development projects that have since stalled due to lack of funds. During the Financial Year, the projects were allocated funds but suffered budget cuts during Supplementary Estimates I. The following are the unfunded priorities that we are requesting for consideration for funds;

i. FY 2023/24 Unfunded projects

61. In the FY2023/24, there are several projects that's were budgeted for but did not receive their exchequer in full. This situation will lead to accumulation of stalled projects, increased pending bills and possible litigation. The State Department is interested in completing these projects.

ii. Counterpart funds for Ending Drought Emergencies, Ecosystem Based Adaptation in ASAL – TWENDE - NDMA

62. The project was allocated Kshs. 47.53 million GoK Counterpart against a requirement of Kshs. 120 million. As a result, the development partner has scaled down most of the critical activities due to the shortfall in GoK counterpart of Kshs.72 million. In order to fully implement the project, the State Department requests for allocation of Kshs.72 million.

iii. National Drought Emergency Fund (NDEF) - NDMA

63. The project aims at linking Drought Early Warning to Early Action through establishment of a dedicated fund that will ensure early action to drought before emergency stage is reached.

64. The project also supports strategic drought preparedness projects and community contingency plans to mitigate any effects of drought. The project has no allocation which has affected its implementation. We therefore request for an allocation of Kshs.150 million.

iv. Drought Mitigation – CDA

65. CDA has planned to construct and rehabilitate water pans and boreholes under drought mitigation/flood control projects. The prolonged drought causes conflict over the depleting water resources in the affected areas. The projects will be beneficial to subsistence farmers and pastoralists in the coastal region who rely heavily on rainfall for their livelihood. We therefore require consideration for funding of Kshs.300million to help us achieve the target.

v. Ewaso Ngiro Leather Factory - ENSDA

66. The ENSDA plans to upgrade its leather processing facility to a maximum of 8 million square feet for finished leather and establish a footwear production line with a capacity of 1.5million pairs of footwear annually. To attain this, the authority requires Kshs. 400million.

vi. Kenya Pastoralists Feedlot System Programme - Headquarters

67. The Pastoralists Feedlot System Programme is an initiative under BETA priority areas that aims to foster sustainable solutions to address food security, economic empowerment and climate change resilience in 30 ASALs counties. The State Department requests an initial allocation of Kshs.2billion as requested in our letter Ref. SDARD/TREASURY GEN/2 VOL.1 (43) dated 19th November, 2024 to commence implementation of the programme.

vii. Emergency Additional Funding for Rehabilitation and Desilting of Water Pans in Ewaso Ngiro North Catchment Area – ENNDA

68. The ENNDA requires funds for desilting and rehabilitation of various water pans and water infrastructure that have been destroyed by severe floods leading to significant siltation of water pans and compromising their capacity to store water for dry seasons thereby posing a serious threat to the livelihoods of the pastoral and agricultural communities, as well as wildlife conservation efforts. The total required additional funding is Kshs. 780million.

viii. Augmentation of Sololo Ramata water supply project - ENNDA

69. As is the case for many parts of the Arid and semi-arid North, Sololo town predominantly depends on boreholes, water pans and or small dams as their main source of water supply. The town currently depends on one borehole (Ramole borehole) whose yield per day is not sufficient to adequately cover the demand leaving a deficiency of 355.1m^3/day. The augmentation of the Sololo water supply hence becomes a necessity. We are therefore requesting this honourable committee for allocation of Kshs. 250 million to augment Sololo Ramata water supply and ensure adequate water for human population in Sololo and their livestock.

ix. Eldas Lakoley South Water Supply Project – ENNDA

70. Eldas constituency is an expansive arid region primarily inhabited by pastoralists whose livelihoods is largely dependent on livestock rearing and agro-pastrolism. The harsh climatic conditions coupled with prolonged drought have continually exacerbated water scarcity making access to clean and reliable water a perennial challenge. Water shortage has not only hampered the community's development but has also contributed to deteriorating health conditions and limited agricultural productivity. This initiative aims to provide a sustainable and reliable source of water, alleviate the burdens associated with recurring water crisis and foster socioeconomic transformation within the region. We are there appealing for allocation of Kshs. 200million to implement this project.

x. LBDA – Development projects

71. LBDA is seeking funds to implement its ongoing development projects which are geared towards realization of the BETA, they include; Kimira-Oluoch Smallholder Farm Improvement project (KOSFIP) - Kshs. 200 million, Lichota Muhoroni Alupe Solar Irrigation project-Kshs.150million, Construction of Nyakoe Market- Kshs. 50 million and Construction of Amariba Market-Kshs.29million.

xi. Furnishing of Wananchi Cottages - CDA

72. Implementation of Wananchi Cottages modernization is ongoing with completed conference facility with two blocks (200 pax capacity) each, completed together with the outdoor restaurant facility and the administration block.

73. The accommodation rooms block construction are also complete but the furnishing, fittings and related infrastructure works has been pending over the years due to lack of budgetary allocation and disbursement to complete the project. This project is AIA generating and it is envisaged to increase AIA collections by kshs.60million annually when the accommodation, the restaurant and the conference facilities are operational. This is therefore to request Kshs. 103,704,361 to complete the project in order for the Authority to fully realize AIA collection as from the FY 2025/26.

xii. KVDA – Development projects

74. KVDA is seeking funds to implement its ongoing Development projects which are geared towards realization of the BETA. They include; Sarima Water project- Kshs.50 million, Sabor and Kitany Dams- Kshs.100million, Yokot Phase II-Kshs.150million Kaptarit dam project, Wei Wei irrigation 3 - Kshs.20million, drought mitigation Kshs.400million and Weiwei dam productivity improvement Kshs.150million.

xiii. Tana Delta Food Security Programme - TARDA

75. The Programme is being implemented at the Tana Delta Irrigation Scheme (TDIP). The pilot phase focusing on 500 acres of rice production is complete with rehabilitation and establishment of critical irrigation infrastructure to cover 1760 Ha. The Authority aims to expand the project to cover 20,000 Ha for cultivation of various crops. This is expected to spur economic growth and enhance food security. We therefore seek an additional Kshs.400million to accelerate the establishment of the necessary irrigation infrastructure.

xiv. Production of 5billion Fruit Tree Seedlings - Headquarters

76. This is a presidential directive to provide 5B fruit tree seedlings (Approx 30%) of 15 billion trees target by 2032). For this initiative to succeed there has to be a sustainable and adequate supply of tree seedlings.

77. There is an urgent need to implement the presidential directive and the 5 billion fruit tree seedlings project which will address various needs in the community and institutions for engagement in fruit tree seedling production and provision. We therefore wish to request Kshs. 200million under Supplementary Estimates No. II to fast-track implementation.

xv. Agro-Processing (Tomato Processing Factory) - ENSDA

78. The Tomato Processing Factory in Oloitokitok, Kajiado South, was initiated in FY 2019/2020 to support small-scale farmers, reduce post-harvest losses and promote agro-processing. Phases I & II, which included the construction of sub-structures, superstructure walls, and a steel roof, are done.

79. In order to enhance value addition, stabilize market prices, create jobs, and drive Kenya's agro-industrialization agenda, Kshs.150 million is required for installing one processing line to operationalize the factory for large-scale operations.

E. Where Money has already been withdrawn as per Article 223 of the Constitution

80. Under Relief and Rehabilitation, the State Department has received the following amounts under article 223 as indicated in the table below.

Table 8: Summary of Withdrawals under Article 223 of the Constitution

No.	Amount (Kshs.)	Date of Approval Letter	Date of 1st Withdrawal	Purpose
Recurrent Budget				
1.	2.0 billion	25/09/2024	6/11/2024	Drought intervention for September and October 2024
2.	1.6 billion	28/11/2024	9/01/2025	Drought intervention for November and December 2024
3	1.0 billion	13/02/2025	Procurement of Supplies ongoing	Drought interventions for January and February 2025
Total	**4.6 billion**			
Development Budget				
1	150 million	13/12/ 2024	December 2024	Cushion the vulnerable households

CHAPTER FIVE

5.0 Committee Observations and Recommendations

5.1 Committee Observations

81. The Committee having considered the submission by the MDAs, made the following observations:

5.1.1 State Department for Devolution

i) That, in the FY 2024/25, the State Department for Devolution had an approved budget allocation of **Kshs. 4.09 billion** comprising of **Kshs. 1.44 billion** for recurrent expenditure and **Kshs. 2.65 billion** for development expenditure.

ii) That, under the Supplementary Estimates No. 2 for the FY 2024/25, the State Department's budget has been revised downwards by **Kshs. 1.12 billion** representing a decrease of **Kshs. 30 million** under recurrent expenditure and **Kshs. 1.1 billion** under development expenditure.

iii) That, the Committee observed that the Department's actual expenditures as at the end of December, 2024 stood at **Kshs. 1.21 billion** representing an absorption rate of 29%. The expenditure comprised of **Kshs. 532.5 million** for recurrent expenditure and **Kshs. 675.2 million** for development expenditure.

iv) That, the low absorption of the budget under KDSP II (29%) is attributed to factors beyond the control of the State Department, as project implementation is managed by County Governments, with budget allocations tied to development milestones in capital projects.

v) That, the proposed reduction on the State Department's budget will affect the following areas on account of personnel emoluments; Headquarters and Administrative Services – Kshs. 22.5 million, Management of Devolution Affairs – Kshs. 4.5 million and Capacity Building and Technical Assistance head - Kshs. 3 million.

vi) That, the report on the unbundling of the functions of RDAs was undertaken by the IGRTC. This report highlighted the need to align the functions of the RDAs to the two levels of government as guided under the Fourth Schedule of the Constitution. The taskforce chaired by IGRTC was formed by the Head of Public Service to review and align the mandates of the RDAs, and that a report with an implementation matrix on the mandates of the two levels of government was presented to the Office of the President in November 2024.

vii) That, the State Departments has critical unfunded priority areas that include: completion of Phase II of valuation and transfer of assets (Kshs. 110 million), second KDSP II GoK

counterpart funding (Kshs. 105 million), World Scout Parliamentary Union Secretariat (Kshs. 60 million) and Africities Conference pending bills (Kshs. 500 million).

State Department for ASALs and Regional Development

i) In FY 2024/25, the State Department for ASALs & Regional Development had an approved estimate of **Kshs. 8.73 billion**. This comprises **Kshs. 4.81 billion** for recurrent expenditure and **Kshs. 3.93 billion** for development expenditure.

ii) Under the Supplementary Estimates No. 2 for the FY 2024/25, the State Department's budget was revised upwards by **Kshs. 5.84 billion** comprising of **Kshs. 5.37 billion** on account of recurrent expenditure and **Kshs. 477.3 million** for development expenditure.

iii) The Committee observed that the Department's actual expenditures as at the end of December 2024, stood at **Kshs 7.33 billion** comprising of **Kshs. 6.43 billion** for recurrent expenditure and **Kshs 849.77 million** for development expenditure.

iv) That, withdrawals under Article 223 of the Constitution, Kshs. 4.75 billion has been withdrawn on drought interventions from September 2024 to February 2025. Kshs. 4.6 billion was under the relief and rehabilitation programme by the State Department and Kshs. 150 million from the Kenya Socio-Economic Improvement Project (KSEIP).

v) The RDAs currently have a total approved budget of Kshs. 1.11 billion with Kshs. 699 million additional funding proposed in Supplementary Estimates No. 2. This will bring the total allocation to Kshs. 1.81 billion against a total requirement of Kshs. 2.47 billion leaving a funding deficit of Kshs. 664.19 million which is required for salary related expenditures, contractual obligations and other critical operational expenditures.

vi) That, under the Supplementary Estimates No. 2 for the FY 2024/25, the increase in recurrent expenditure for Regional Development Authorities (RDAs), does not factor in employer contributions for statutory dues, including NSSF, SHA, and the Housing Levy.

vii) That, the Kimira Oluoch Farm Improvement Project in Homa Bay, previously highlighted as a stalled project during the Committee's appearance before the Liaison Committee on the 2025 BPS, continues to face challenges due to lack of funding. The project has not received financial support for the last three financial years, leading to depreciation of completed works as they remain unutilized. The Committee resolved to carry out an inspection visit to the project to establish its status and current challenges.

viii) That, under the proposed Supplementary Estimates No. 2 for the FY 2024/25, Ewaso Ng'iro North Development Authority (ENNDA) development expenditure had been reduced by Kshs. 70 million. This project under the Integrated Regional Development programme risks exposing the Authority to pending bills and potential litigation from contractors, particularly as the projects under implementation nears completion.

ix) That, Ewaso Ng'iro North Development Authority (ENNDA) had pending bills amounting to Kshs. 429.17 million from the FY 2023/24 under various projects including Droughts and Flood Emergency. The outstanding amount has led to auctioneers targeting the Authority's assets, forcing the Authority to park their vehicles at the County Commissioner's office.

x) That, despite the completion of the Ewaso Ngiro Tannery and Leather Factory and its readiness for commissioning, the lack of funding for the collection of hides has rendered the facility not working at full capacity, undermining its potential to boost the leather industry and local economies.

xi) That, under the Supplementary Estimates No. 2 for the FY 2024/25, an additional allocation of Kshs. 150 million has been made to the Lake Basin Development Authority (LBDA) for rice paddy mopping aimed to enhance support for agricultural productivity and food security initiatives.

xii) That, Coast Development Authority had pending bills amounting to Kshs. 137 million on drought mitigation projects. Additionally, court awards totaling Kshs. 134 million were due for payment in 2023, with auctioneers targeting the Authority's assets.

xiii) The State Department noted that providing relief food to the affected population over the next four months—March, April, May, and June—would require significant financial resources. The State Department estimates an average monthly need of Kshs. 2 billion, bringing the total funding requirement for this period to Kshs. 8 billion.

5.2 Committee Recommendations

5.2.1 Article 223 Expenditures Recommendations

82. The Committee recommends that expenditures relating to relief and rehabilitation amounting to Kshs. 4.6 billion be approved under Article 223 in the Supplementary Estimates No. 2 for FY 2024/25 for the State Department for ASALs & Regional Development. This State Department incurred this expenditure under this clause to cushion the vulnerable households.

5.2.2 Financial Recommendations

83. The Committee recommends THAT:

State Department for Devolution

a) For the **State Department for Devolution,** the proposed changes in the Supplementary Estimates No. 2 for the FY 2024/25 comprising of a decrease in recurrent expenditure amounting to **Kshs. 30 million**, and a reduction in development expenditure amounting to **Kshs. 1.1 billion** be approved with the following amendments;

Reductions

i) Reduce Kshs. 84.75 million (recurrent) from Nairobi Rivers Commission.

Increments

i) Increase the allocation to the World Scout Parliamentary Union (WSPU-K) by Kshs. 42.75 million (recurrent).

State Department for the ASALs & Regional Development

b) For the **State Department for the ASALs & Regional Development,** the proposed changes in the Supplementary Estimates No. 2 for the FY 2024/25 comprising of a increase in recurrent expenditure amounting to **Kshs. 5.4 billion**, and an increase in development expenditure amounting to **Kshs. 477 million** be approved with the following amendments;

Reductions

i) Reduce Kshs. 120 million (development) from LBDA;
ii) Reduce Kshs. 50 million (development) from KVDA;

Increments

i) Increase the drought mitigation interventions by Kshs. 122 million (development) for - KVDA (Kshs. 30 million), CDA (Kshs. 72 million); LBDA (Kshs. 20 million);
ii) Increase Kshs. 30 million to Ewaso Ngiro North Catchment & Riparian Conservation Project; and
iii) Increase Kshs. 60 million (development) to NDMA.

Proposed Reallocations

Vote	Programme	Proposed Reallocation	Justification
State Department for the ASALs & Regional Development	**1036000300 General Administrative Services**	Reallocate **Kshs. 67.5 million (recurrent)** from the following: i) Reallocate **Kshs. 30 million (recurrent)** from the 1036000800 Conversation Department – Regional Development; and ii) **Kshs. 37.5 million** (recurrent) from the 1036000201 Headquarters – Relief and Rehabilitation.	The reallocation will cater to settle part of outstanding pending bills.
	General Administration Services Programme to Integrated basin-based Development programme	Reallocate **Kshs. 70 million (development)** from **0743000 General Administration Services Programme** to **1013000 Integrated basin-based Development programme** for construction of dykes.	This reallocation is critical as the funds were previously misclassified under general administrative programme, whereas the intended purpose aligns more closely with basin-based development activities.

5.2.3 Request for Additional Funding

84. Further, the Committee requests the Liaison Committee to consider the following budgetary needs for funding:

Vote/Programme	Description	Amount (Kshs. Millions)	Reason for Additional Funding
State Department for ASALs & Regional Development (1013000 Integrated basin-based Development programme)	1036001000 TARDA 1036001100 LBDA 1036001200 ENSDA 1036001300 CDA 1036001400 ENNDA 1036000900 KVDA	666	Request for additional allocation of Kshs. 666 million towards personnel emoluments deficit for RDAs. TARDA (Kshs. 126 million), LBDA (Kshs. 63 million), ENSDA (Kshs. 149 million), ENNDA (Kshs. 107 million), CDA (Kshs. 74 million) and KVDA (Kshs. 147 million)
	1036105700 Wananchi Cottages (CDA)	103	Request for additional allocation of Kshs. 103 million towards furnishing of Wananchi Cottages and related infrastructure works.
	Eldas Lakoley South Water Supply Project (ENNDA)	200	Request for additional allocation of kshs. 200 million towards this project to provide sustainable and reliable source of water , alleviate burdens associated with recurring water crisis and foster economic transformation.
	Ewaso Ngiro Lather Factory (ENSDA)	400	Request this additional allocation towards upgrading the leather processsing facility to a maximum of 8 million square feet for finished leather and establish a footwear production line.
	Drought Mitigation – Taita Taveta	100	Request for Kshs. 100 million to construct 10 boreholes in Taita Taveta County to address water shortage in the region.
	Tana Delta Food Security Programme (TARDA)	400	Request for additional funding to accelerate the establishment of the necessary irrigation infrastructure. The project aims to cover 20,000 Ha for cultivation of various crops.
	Wei Wei dam productivity (KVDA)	150	Request for additional funding of Kshs. 150 million as it is geared towards realization of BETA.
State Department for ASALs & Regional Development (0733000 Accelerated ASAL Development)	1036000704 Kenya Hunger Safety Net Programme	3,900	Request for Kshs. 3.9 billion towards the Hunger Safety Net Programme inorder to provide unconditional cash transfers to 133,800 very poor and vulnerable households in eight ASAL counties
	1036100900 National Drought Emergency Fund (NDEF)	150	Request for Kshs. 150 milllion towards the National Drought Emergency Fund (NDEF) to ensure support of strategic drought preparedness projects and community plans to mitigate effects of drought.
State Department for Devolution (Devolution Services)	1032001200 Intergovernmental Relations	30	Request for additional allocation of Kshs. 30 million. to facilitate the transfer of fixed assets and non-fixed assets by IGRTC
State Department for Devolution	1032001200 Intergovernmental Relations	110	Request for additional allocation of Kshs. 110 million for completion of Phase II of valuation and transfer of assets.

Vote/Programme	Description	Amount (Kshs. Millions)	Reason for Additional Funding
(Devolution Services)			
State Department for Devolution (Devolution Services)	Africities Conference	500	Request for additional allocation of Kshs. 500 million to settle pending bills incurred for work completed for under the Africities Conference.
	SUM	**6,709**	

SIGNED..... **DATE**.....10/2/2025.....

HON. LOCHAKAPONG PETER, CBS, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

ANNEXURES

Annexure 1· Proposed Schedule of Decreases and Increases

Annexure 2. Adoption list

Annexure 3: Minutes

Annexure 1: Schedule of Increases and Decreases

Programme	Sub-programme	Head/SAGA	Increase/decrease amount by committee		Justification
			Rec	Dev	
State Departments for Devolution					
0712000 Devolution Services	1032002600 Nairobi Rivers Commission	Nairobi Rivers Commission	(84,750,000)	-	Reduce Kshs. 84.75 million from 1032002600 Nairobi Rivers Commission meant for the purchase of vehicles.
	1032000400 Headquarters and Administrative Services	1032000413 World Scout Parliamentary Union Secretariat	42,750,000	-	Kshs. 42.75 million to 1032000413 World Scout Parliamentary Union Secretariat that will enable WSPU-K in hosting the 11th General Assembly in 2025 and also fund other scouting programmes in environmental conservation, national values, mentorship, leadership and governance.
State Departments for the ASALs & Regional Development					
0733000 Accelerated ASAL Development	0733020 Drought Management	NDMA	-	60,000,000	Kshs. 60 million (development) for National Drought Management Authority (Drought Mitigation Interventions) - Galmagala Sec. School waterpan (Kshs. 10 million), Rehabilitation of Karimani waterpan (Kshs. 10 million), Rehabilitation of Kotulpogh water (Kshs. 10 million), Rehabilitation of Amolem waterpan (Kshs. 10 million) and Desilting of Jilango pan-Ladgera (Kshs. 10 million).
0743000 General Administration, Planning and Support Services	0743010 Administrative Services	1036000300 General Administrative Services	-	(100,000,000)	Kshs. 100 million (development) misclassified under general administrative programme moved to 1013010 Integrated basin based Development.
		1036001700 Finance Management Services	67,500,000	-	Kshs. 67.5 million reallocation.
1013000 Integrated Regional Development	1013010 Integrated basin based Development	Relief and Rehabilitation	(37,500,000)	-	Reduce 37.5 million under 2640499 other current transfers - 1036000201 Headquaters - Relief and Rehabilitation.
		1036000800 Conversation Department - Regional Development	(30,000,000)	-	Reduce Kshs. 30 million from the 1036000800 Conversation Department - Regional Development under 2630100 current grants to government agencies.
		Ewaso Nyiro South Development (ENNDA)	-	30,000,000	Increase 1036103400 Ewaso Ngiro North Catchment Riparian Conservation Project – Kshs. 30 million
		Lake Basin Development Authority (LBDA)	(90,000,000)		Reduce Kshs. 90 million from 1036001104 purchase of rice padding mopping
			20,000,000	-	Increase Kshs. 20 million to LBDA - Rongo Bee Keeping Project
			-	70,000,000	Kshs. 70 million - Construction of Dykes in Nyando and Muhoroni - 1036117000
		Coast Development Authority (CDA)		72,000,000	**Increase** Kshs. 72 million (development) for Drought Mitigation Interventions: Kaltuma water pan (Kshs. 20 million), Gura village waterpan (Kshs. 20 million), Kirutai borehole (Kshs. 10 million), Mwanda Kisangarinyi village waterpan (Kshs. 22 million).
		Kerio Valley Development Authority (KVDA)	-	(20,000,000)	**Reduce:** Kshs. 30 million from Etio Phase II Water Distribution Supply; Kshs. 5 million from Cherengany Watershed Conservation Programme; Kshs. 10 million from the Mango Value Chain Project; Kshs. 5 million from the Lower Turkwel Irrigation Project. **Increase:** Kshs. 30 million for Drought Mitigation Interventions: Construction of NTIIL borehole (Kshs. 10 million) and Lalwasokoria water pan (Kshs. 20 million).
TOTAL			**(112,000,000)**	**112,000,000**	

DEPARTMENTAL COMMITTEE ON LABOUR



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LABOUR

.....

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

VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE

VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

VOTE 2071- PUBLIC SERVICE COMMISSION

VOTE 2081- SALARIES AND REMUNERATION COMMISSION

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

MARCH, 2025

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ABBREVIATION

FY	-	Financial or Fiscal Year
MDAs	-	Ministries, Departments and Agencies
SAGAs	-	Semi-Autonomous Government Agencies
Kshs	-	Kenya Shillings
SRC	-	Salaries and Remuneration Commission
PSC	-	Public Service Commission
PFMA	-	Public Finance Management Act
A-i-A	-	Appropriations in Aid
GoK	-	Government of Kenya
NYOTA	-	National Youth Opportunities Towards Advancement

ANNEXURES

1. Adoption List
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PART I

1 PREFACE

1.1 Establishment and Mandate of the Committee

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

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

2. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
    i. The State Department for Public Service and its Autonomous and Semi-Autonomous Government Agencies which include;
        a. Kenya School of Government;
        b. Huduma Centres; and
        c. Institute of Human Resource Management
    ii. The State Department for Labour and Skills Development and its Autonomous and Semi-Autonomous Government Agencies which include;
        a. National Industrial Training Authority (NITA);
        b. National Productivity and Competitiveness Centre (NPCC);
        c. Kenya National Labour Board and the Wages Council;
        d. National Employment Authority (NEA); and

e. Department of Labour Migration Management;

iii. Public Service Commission;

iv. Salaries and Remuneration Commission

1.2 Committee Membership

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

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

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

Members

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

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

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

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

Hon. George Aladwa Omwera,
Makadara Constituency
ODM Party

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

Hon. Amina Dika Abdullahi, MP
Tana River County
KANU

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

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

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

Hon. Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon. Leah Sopiato Sankaire, MP
Kajiado County
UDA Party

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

1.3 Committee Secretariat

4. The Committee is facilitated by the following secretariat:

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

Mr. Joseph Ndirangu
Fiscal Analyst I

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Colletah Sigilai
Senior Legal Counsel

Ms. Josephine Osiba
Hansard reporter III

Ms. Wambui Nyachae
Research Officer III

Mr. Timothy C. Tsungulah
Research Officer III

Ms. Yasmin Hassan
Assistant Serjeant-At-Arms I

Ms. Mercylyn Kerubo
Audio Officer III

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Shirleen Kyalo
Intern

1.4 Consideration of the Supplementary Estimates II for the FY 2024/25

5. Supplementary Estimates II for FY 2024/25 were submitted to the National Assembly on 18th February 2025 and subsequently referred to the Departmental Committees for consideration.
6. The Committee held meetings with the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration on Thursday 6th March 2025.The meetings were preceded by a briefing by the Parliamentary budget Office.

1.5 Summary of Observations and Recommendation

7. In considering the Supplementary Estimates I for FY 2024/25, the Committee observed that there is persistent and perennial in-year (supplementary budget estimates) revisions of personnel emoluments across the MDAs and Commissions to cater for shortfalls of salaries and that the Supplementary Estimates II for FY 2024/25 have negated the provisions of the circular issued by the National Treasury on austerity/ expenditure rationalization.
8. In addition, there are functions and government priorities that have emerged as part of the Kenya Kwanza administration agenda that have remained grossly underfunded. The programmes include Labour Mobility and participation in International Labour meetings.
9. The Committee further noted that there seems to be a communication breakdown between the National Treasury and Ministries, Departments and Agencies on the timely release of resources for the implementation of already approved donor funded projects which affects their roll out.
10. In regards to development projects, there has persistent allocation of meagre resources and delays in exchequer releases in the MDAs and this affects the completion of these projects. This has resulted into huge pending bills and penalty charges by service providers and contractors.
11. Even though the Supplementary estimates II for FY 2024/25 has revised the financial resource allocations, the expected corresponding revision on key outputs and target have not been effected thus undermining the credibility of the programme based budgeting system.
12. Emanating from the above observations, the Committee made policy and financial recommendations as captured in Part V of the Report.

1.6 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Estimates II FY 2024/25.
14. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Public Service, the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission for the useful information that they provided to the Committee on the

Supplementary Estimates II FY 2024/25.

15. On behalf of the Committee and Pursuant to Standing Order 243 and the Guide by the Honourable Speaker, dated 18th February 2025, to submit the Report on the consideration of the Supplementary Estimates II FY 2024/25 to the Liaison Committee for consideration.

Hon. Eric Muchangi Karemba, CBS, M.P.
Chairperson

PART II

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

16. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
17. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated, or for withdrawals from the Contingencies Fund.
18. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
19. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. As per the regulations, Supplementary estimates should relate to expenditure needs which were either unforeseen or unavoidable and where no budget provision was made or was inadequate during the approval of the annual estimates.
20. The Regulations, further clarify that expenditure which was anticipated during the estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered as part of supplementary budgets.
21. The Supplementary Estimates have been prepared against a backdrop of challenges facing the implementation of the FY 2024/25 Budget.

2.1 Overview of the overall 2024/25 Supplementary Estimates II

22. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% **(Kshs. 85.87 billion)** from the original budget which is within the 10% allowable threshold in accordance to Article 223 of the Constitution.The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.
23. Recurrent expenditures are proposed to increase **by 8.61% (Kshs. 136.96 billion)** whereas development expenditure decreases by **7.97% (Kshs. 51.1 billion).** CFS has increased by **0.44% (Kshs. 5.5 billion).** A summary of the changes is shown in Table 1.

Table 1 : Overall Change in the FY 2024/25 Budget Estimates (Amount in Kshs. Million)

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 2 2024/25	Gross Change	% Change from Original Estimates
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.6**	**3.85**
1.1 Recurrent Budget Estimates	1,591,590.2	1,728,550.2	136,960.0	8.61
1.2 Development Budget Estimates	641,166.2	590,080.0	(51,086.2)	(7.97)
2.0 Consolidated Fund Services	**1,237,233.8**	**1,242,735.5**	**5,501.7**	**0.44**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.3**	**2.63**

Source: National Treasury, 2025

2.2 Overview of Supplementary Estimates II FY 2024/25 for Ministries, Departments and Agencies under the purview of the Committee

State Department for Public Service

24. The FY2024/25 approved Estimates for the State Department for Public Service amounts to **Kshs.19.0 billion** which comprises of **Kshs.18.7 billion** and **Kshs.363.9 million** for Current and Capital expenditure respectively.
25. The approved Estimates have been revised from **Kshs.19.0 billion** to **Kshs.19.8 billion** in the FY 2024/25 Supplementary Estimates No. II. This comprises of **Kshs.19.4 billion** and **Kshs.364.0 million** for Current and Capital expenditure respectively. This reflects an overall increase of **Kshs.747.4 million**.

State Department for Labour and Skills Development

26. The gross approved Estimates for the State Department for Labour and Skills Development in the FY 2024/25 amounts to **Kshs.4.4 billion**. This comprises **Kshs.4.3 billion** and **Kshs.100.0 million** for Current and Capital Expenditures respectively.
27. The approved Estimates have been revised under the FY 2024/25 Supplementary Estimates No. II from **Kshs.4.3 billion** to **Kshs.4.9 billion**, comprising of **Kshs. 4.4 billion** and **Kshs.479.8 million** for Current and Capital expenditures respectively. This reflects an additional expenditure of **Kshs.514.3 million** which is mainly on account of salaries and increase on donor projects.
28. As at 31st December 2024, the total absorption rate for Recurrent Expenditure was **48%** which comprise of **44 %** under compensation to employees, **39%** under use of goods and services, **50%** under Current Grants and other transfers and **50%** under Acquisition of non-financial assets.
29. The Gross Development Eexpenditure absorption rate was **0%** for the Kenya Youth Empowerment and Opportunities and **48.9 %** for the National Youth Opportunities Towards Advancement (NYOTA). The zero absorption for the Kenya Youth Empowerment and Opportunities Project (KYEOP) is on account to the closure of the project in FY 2023/24.

Public Service Commission

30. The gross approved Estimates for Public Service Commission for the FY 2024/25 amounts to **Kshs.3.5 billion** for Current expenditure. The Approved Estimates have been revised from **Kshs.3.5 billion** to **Kshs.3.8 billion** in the FY2024/25 Supplementary Estimates No. II on account of additional funding for operations and maintenance and personnel emoluments. This reflects an overall increase of **Ksh.364.2 million.**

Salaries and Remuneration Commission

31. The gross approved Estimates for the Salaries and Remuneration Commission for the FY 2024/25 is **Kshs.452.7** million for Current expenditure. The approved Estimates have been revised from **KSh.452.7 million** to **Kshs.453.9 million** under the FY 2024/25 Supplementary Estimates No. II.
32. This reflects an increase of **Kshs.1.2 million** on account of additional Appropriations-in-Aid (AIA) to support operations, realignment of the budget to cater for operations and maintenance, reallocation of funds, and reduction in provision for personnel emoluments.

PART III

3.0 SUBMISSIONS BY STATE DEPARTMENTS AND INDEPENDENT COMMISSIONS

3.1 State Department for Public Service

The Implementation Status of the Financial Year 2024/25 Budget as at 31st December 2024.

33. Based on the Revised Budget Estimates of the Financial Year 2024/25, the State Department has a total allocation of **Kshs. 8,732 million** out of which **Kshs. 8,368 million** is Recurrent Expenditure and **Kshs. 364 million** is Development Expenditure.
34. The half year allocation as at 31st December 2024 was **Kshs. 6,812.49 million** comprising of **Kshs. 6,630.52 million** Recurrent and **Kshs. 181.97 million** Development.
35. Half year actual expenditure stood at **Kshs. 5,605.18 mmillion** out of which **Kshs. 5,554.23 million** was recurrent expenditure and **Kshs. 50.94 million** was Development expenditure. The absorption rate stood at **84%** Recurrent and **30%** Development based on the allocation and expenditure as at 31st December 2024.
36. The low absorption of the development expenditure is as a result of scheduled payment of scholarships that is usually expended in the 3rd quarter of the Financial Year. A summary of cumulative Budget Performance as at 31st December 2024 is provided as Tabled 1 of the of the written Submissions by the state Department.

Highlights of the Variations to the MDAS Approved Budget for FY 2024/25 by Programme and Justification for the Variations.

37. The Financial Year 2024/25 Approved Budget Estimates for the State Department is **Kshs. 8,732 million** out of which **Kshs. 8,368 million** is Recurrent Expenditure and **Kshs. 364 million** is Development Expenditure. The proposed budget under Supplementary Estimate II will increase the budget by **Kshs. 526.5 million** in Recurrent and no changes in the Development vote.
38. The proposed allocation under this financial year's Supplementary Estimate II will therefore be **Kshs. 9,258.47 million** composed of **Kshs. 8,894 million** under recurrent and **Kshs. 364 million** under development vote. Below is a summary of the programmes that are affected by Supplementary Estimate II.

Table 2 : Summary of Programmes affected by Supplementary Estimates II

Programme	FY 2024/25 Approved Estimates	FY 2024/25 Supplementary Estimates II	Change in Estimates
	KSh. Million		
Public Service Transformation			
Recurrent	8,001.78	8,384.71	382.93
Development	363.95	363.95	0.00
Sub Total	**8,365.73**	**8,748.66**	**382.93**
General Administration Planning and Support Services			

Recurrent	366.21	509.81	143.60
Development	0	0	0
Sub Total	**366.21**	**509.81**	**143.60**
Total	**8,731.94**	**9,258.47**	**526.53**

39. Some areas of increments in the budget include: -
    i. Personnel emolument that increased by **Kshs. 36.6 million**:
    ii. Increase of **Kshs. 157 million** for medical scheme for senior civil servant that did not have enough allocation;
    iii. **Kshs. 80 million** for selection panels appointed by the His Excellency the President to facilitate appointment of chairpersons and members of commissions of various Independent Commissions;
    iv. Additional **Kshs. 200 million** for salaries for Kenya School of Government staff emolument. The school has a shortage due to low collection of Appropriation in Aid (AIA) caused by austerity measures on training budget across the Government. Training budget for Ministries forms the major source of A.I.A for the school; and
    v. Additional **Kshs. 38.7 million** for gratuity for Huduma and government staff whose contract is ending during the financial year.

Revised Schedule of Key Performance Indicators and Performance Targets.

40. The proposed increment in the Supplementary Budget II is meant to cover shortages in ppersonnel emolument, mmedical insurance cover and gratuity. The allocation will help the State Department achieve the initial set targets since the payments for these services are mandatory in nature.
41. A detailed schedule of the key performance indicators and targets is illustrated in Annex 1 of the report by the State Department.

Expected Impact of Budget Revisions on Capital Projects

42. The State Department has projects under Huduma Kenya Secretariat, Kenya School of Government and the foreign funded Japanese Scholarship programme. During Supplementary Budget I of this financial year, the allocations for all projects under the Kenya School of Government, Human Resource Information System and some under Huduma Kenya Secretariat were removed causing the projects to stall.
43. In the preparation of thE supplementary budget, the State Department requested for financing of projects as provided below.
    i. Completion of hostels at KSG - Embu – **521 million**
    ii. Completion of Tuition complex at KSG - Matuga – **318 million**
    iii. Completion of tuition complex at KSG - Baringo – **150 million**
    iv. Resource Information System (HRIS-Ke) – **210 million**
    v. Operationalization of Huduma Centres – **121 million**
44. The proposed budget under this Supplementary does not have an allocation for these projects.
45. The development budget includes critical upgrades to ICT infrastructure and systems at the Huduma Secretariat Data Centres in Nairobi and Nakuru to reduce downtime and improve service delivery. The aging ICT infrastructure at these Data Centres has

been undergoing phased maintenance and upgrades, facilitated by various contractors. However, budget cuts threaten these upgrades and maintenance efforts, risking increased downtime, legal disputes with contractors, and a decline in service quality.

46. In addition, Huduma Kenya Secretariat is constructing Runyenjes Huduma Centre in Embu County at a cost of **Kshs. 131 million**. The first payment of **Kshs. 4 million** has been paid. The project did not get allocation this financial year and requires **Kshs. 127 million** to complete.
47. The construction of the Proposed Convention Centre at KSG Embu Campus has a pending bill of **Kshs. 321 million** that has been outstanding since the FY 2022/23. In Matuga and Baringo Campuses, the pending bills for the ongoing construction projects amount to **Kshs. 170 million.** Eventually this may lead to litigations.
48. The contractor for Embu Campus has already imposed a **Kshs. 60 million** interest on delayed payment. In addition, the contractor is claiming **Kshs. 405 million** as compensation for idle equipment.
49. The State Department appealed for allocation of **Kshs. 1,050 million** to pay the pending bills and operationalize the projects to avoid idle equipment, interest charges and litigation.

Other Relevant Information Regarding FY 2024/25 Budget

50. The State Department facilitates the provision of Medical Insurance Cover to all Civil Servants in the Country. The budget allocated for this cover has a deficit of **Kshs. 4.1 billion** this financial year.
51. The Human Resource Management Professional Examination Board (HRMPEB), has consistently relied on Government Exchequer of **Kshs. 50.0 million** for the last two years to cover staff salaries. The State Corporation is still in the development phase and is heavily dependent on this financial support. This is due to insufficient revenue collected from the limited number of student enrollment.
52. However, this crucial funding was withdrawn for the 2024/25 Financial Year and will result to pending bills. This financial strain will jeopardize the integrity and operation of the entire certification process, posing a significant risk to professional standards in the Human Resource field.
53. The State Department is in the process of developing two (2) bills and various policies that require public participation. The budget that supports this exercise has been affected by periodic austerity measures. The State Department requested for **Kshs. 210 million** to assist in preparation of these important documents that will guide in the implementation of BETA initiative activities.

3.2 State Department for Labour and Skills Development

The Implementation status of the Financial Year 2024/25 budget as at 31st December 2024

54. During the F/Y 2024/2025 Printed Budget, the State Department was allocated a gross amount of **Kshs 4.32 billion** in the Recurrent Expenditure and **Kshs 1.51 billion** in the Development Expenditure. However, during Supplementary Estimates **No. 1 of 2024**, the State Department was subjected to a budget cut in both Recurrent and

Development expenditure leaving an amount of **Kshs 4.26 billion** in the Recurrent Budget and **Kshs 100 million** in the Development Budget. The State Department lost **Kshs 50.99 million** in the Recurrent budget and **Kshs 1.41 billion** in the Development Budget. This has affected its capacity to implement Programmes, activities and projects.

55. As at 31st December 2024, the State Department utilized **Kshs. 2.02 billion** against a total allocation of **Kshs. 4.26 billion** in Recurrent Expenditure This translates to an overall absorption level of **48%.** which comprise of **44 %** under compensation to employees, **39%** under use of goods and services, **50%** under Current Grants and other transfers and **50%** under Acquisition of non-financial assets.
56. Large portion of the recurrent budget is current grants transfers which are mainly AIA (Internal Revenue for the SAGAS (NITA and NEA). Compensation for employees and rent also takes big portion leaving very little for operations.
57. Implementation of the core mandate demands travel (both local and foreign), meetings and conferences. Funding for these areas have continually decreased over the years affecting service delivery.
58. As at 31st December 2024, the State Department utilized **Kshs. 39.04 million** against a total allocation of **Kshs. 100 million** in Development Expenditure, this translates to an overall absorption level of **39%.** which comprise of **0%** for the Kenya Youth Empowerment and Opportunities and **48.9 %** for the National Youth Opportunities Towards Advancement (NYOTA) under the Operationalization of Labour Market Information System.
59. The zero **(0%)** absorption for the Kenya Youth Empowerment and Opportunities Project (KYEOP) is due to the closure of the project in FY 2023/24. These funds have been surrendered to the National Treasury in Supplementary Estimates No 2.

Output and targets achieved for the period ending 31st December, 2024

60. The State department highlighted its key achievements including:
    i. Establishment and operationalization of the General Wages Council and the Agricultural Wage Council;
    ii. Signing of an Agreement on Comprehensive Migration and Mobility Partnership with the Federal Republic of Germany;
    iii. Signing of a Memorandum of Understanding on Mobility and Migration with the Republic of Austria;
    iv. Inspection of 6,636 workplace to confirm conformity on wages and terms and conditions of work;
    v. Development of the National Strategy on Skills Development for Labour Mobility; and
    vi. Development of the National Strategy on Green Skills and jobs for Kenya.

Highlights of the variation to the MDAs approved budgets for FY 2024/25

61. During Supplementary Estimates No 2 the State Department was allocated a total Budget of **Kshs 4.88 Billion** against an approved Budget of **Kshs 4.36 Billion** in the FY 2024/2025.This translate to a total increase of **Kshs 514.31 Million comprising of** Kshs **134.54Million** for the Recurrent Expenditure and **Kshs 379.77 Million** for Development Expenditure.

62. The increase under Recurrent comprises Kshs **83.53 Million** to cater for Personnel Emoluments (Promotions for Officers through succession management, promotion through Human Resource Management Advisory Committee, Shortfall fall in Foreign Service Allowances and Annual Increment), **Kshs 50.05 Million** to cater for use of good and services and **Kshs 0.95 Million** for payment of gratuity for local staffs in Foreign Mission whose contract are ending.
63. The increase under Development Budget is a loan Component under World Bank for Implementation of the National Youth Opportunities Towards Advancement (NYOTA) projects whose activities include: Operationalization of the Kenya Labour Market Information System and Observatory; Improving youth employability; and Supporting Youth Savings.
64. The State Department is requesting for additional **Kshs 100 Million** Counterpart Funding (GOK).

Revised outputs and performance targets are as at 31st December 2024

65. The main affected output and performance targets is for the programmes under NYOTA such as: Number of persons assessed and certified under Recognition of Prior Learning from 2,000 to 5,000; Number of trainees placed on industrial attachment from 10,500 to 30,000; and number of Kenyan Migrant workers provided with pre-departure training from 50,000 to 60,000. ***A detailed schedule is provided as Annex I of the State Departments Written submissions.***

Expected Impact of Budget Revisions on Capital Projects (Provided as Annex II of the State Department's report)

66. In the Supplementary Estimates No. II of FY 2024/25, the State Department has received an increase in of **Kshs 397.77 million** in Development Budget under Loan Component for Implementing National Youth Opportunities toward advancement (NYOTA) project. This is the only project the State Department has been allocated funds in the **FY 2024/2025**.
67. The State Department appealed for additional allocation of **Kshs 330.23 Million** (Donor) and **Kshs 100 Million** G.O.K counterpart funds.

Key Issues Requiring Committee Intervention in the Supplementary Estimate No 2 for FY 2024/25

68. The State Department highlighted other key areas that need additional funding, to enable the State Department to deliver on its core mandate adequately including:

    i. International Labour meetings including the ILO Conference scheduled for 2nd to 13th June,2025 in Geneva-**Kshs. 60 million**;
    ii. Operationalization of The Sectoral Wages Councils, established under the Labour Institution Act 2007- **Kshs. 9 million;**
    iii. Bilateral Labour Agreements including ongoing negotiation with the State of Qatar, Kuwait, and Ireland- **Kshs. 50 million;**
    iv. Opening a Labour Attaché Office in Germany to facilitate the implementation of the comprehensive Migration and Mobility partnership agreement signed between Kenya and Germany- **Kshs. 50 million;**

v. Conducting job fairs in counties to facilitate youths to secure jobs- **Kshs. 50 million.**
vi. Internet Connectivity for NEA which is hosting all their systems in KONZA and ICTA. Annual fee for Hosting, connectivity, and Cybersecurity Licenses is at 5m each- **Kshs. 10 million;**
vii. National Youth Opportunities toward advancement (NYOTA) project- **Kshs. 430.23** *(comprises of Kshs. 330.23 million (Donor) and Kshs. 100 million (GOK)).*
viii. Construction of National Employment Promotion Centre Kabete, an initiative towards promotion of Labour migration and re-engineering of the public employment services in the country- **Kshs. 245.95 million;**
ix. Construction of the Occupational Safety and Health Institute- **Kshs. 94.76 million**
x. Construction of Meru County Labour offices - **Kshs 6.44 million;**
xi. Upgrading of Kisumu Industrial Training Centre (KITC), one of the five Industrial Training Centres managed by the National Industrial Training Authority (NITA)- **Kshs. 17.71 million; and**
xii. Settling of pending bills amounting to **Kshs. 58.10 million** and **Kshs. 90 million** for recurrent and Development votes respectively.

3.3 Public Service Commission

Implementation status of the FY 2024/25 budget as at 31st December 2024

69. During the first half of the financial year 2024/25, the Commission suffered budget cuts from Kshs. 3.62 billion to Kshs. 3.48 billion. The recurrent budget was reduced by Kshs. 145.7m while the entire development budget of Kshs. 45.3m was cut, reflecting a total reduction of Kshs. 191m.
70. The recurrent budget reduction largely targeted the travel budget, hospitality, communication services and office maintenance. The budget absorption rate as at 31st December 2024 was 49.98%.

FY 2024/25 Annual Estimates & Supplementary Estimates II

71. The Commission's gross budget is projected to increase from **Kshs. 3,476.51m** to **Kshs. 3,840.75**, an increase of **Kshs. 364.24m** (**Kshs. 100.64m** for PE for the new organisational structure and **Kshs. 263.60m under Article 223** for operations and maintenance) upon approval of Supplementary Estimates II for FY 2024/25 by the National Assembly.

Table 3: Supplementary Estimates by Economic Classification

Item	Approved Estimates	Additional Under Article 223 (Supp II)	Total Approved Under Supp II
	2024/25	2024/25	2024/25
RECURRENT	**Kshs.**	**Kshs.**	**Kshs.**
Compensation of Employees	2,990.70	100.64	3,091.34
Use of Goods and Services	446.47	86.20	532.67

Social Benefits	18.92	2.80	21.72
Other Recurrent	20.42	174.60	195.022
Total Recurrent	**3,476.51**	**364.24**	**3,840.75**
DEVELOPMENT			
Acquisition of Non-Financial Assets= [=	-	-	-
Total Development	**-**	**-**	**-**
GROSS TOTAL (A)	**3,476.51**	**364.24**	**3,840.75**
Appropriations-In-Aid (A-I-A) (B)	15.00	-	15.00
NET ESTIMATES C= A-B	**3,461.51**	**364.24**	**3,825.75**

72. The proposed additional resources for the Financial year FY 2024/25 Supplementary Estimates II Under Article 223 of **Kshs. 263.6m** include,
    i. Induction and training programme for the new Vice Chairperson and Members- **Kshs. 10m**;
    ii. Medical cover for the new Commissioners and 43 newly-recruited officers- **Kshs. 25m**;
    iii. Shortfall for PSC staff Group Life/WIBA -**Kshs. 17m;**
    iv. The Commission Secretariat services for Selection Panels for the recruitment of members of the Independent Policing Oversight Authority (IPOA and recruitment of Chairperson and Members of the National Police Service Commission (NPSC)-**Kshs. 14m;**
    v. Six motor vehicles for the new Commissioners- **Kshs. 129.6m;**
    vi. CCTV and Security Access System within the office premises- **Kshs. 10.5m; and**
    vii. Shortfall in staff service gratuity- **Kshs. 2.8m**
73. The Commission has also proposed a budget rationalization of **Kshs. 99.3m.** The rationalization involves reallocation of savings realized in the PSIP budget to cater for the following urgent expenditures to enable the Commission to purchase four motor vehicles for the new Commissioners, ICT equipment and development of a Strategic Plan.

3.4 Salaries and Remuneration Commission

Implementation status of the Financial Year 2024/2025 budget as at 31st December 2024

74. The Commission's approved budget for the financial year 2024/2025 is **Kshs. 452.74 million.** The Commission incurred a total of **Kshs.185.3 million** in actual expenditure and commitments translating into an absorption rate of **40.9%** of the approved annual budget. Of the **Kshs185.3 million**, **Kshs.137.55 million** was spent on personnel emoluments, **Kshs.45.42 million** on the use of goods and services, and **Kshs.2.29 million** on other payments.
75. The gross approved Estimates for the Salaries and Remuneration Commission for the FY 2024/25 is KSh.452.7 million for Current expenditure. The approved Estimates

have been revised from KSh.452.7 million to KSh.453.9 million under the FY 2024/25 Supplementary Estimates No. II.

76. This reflects an increase of **KSh.1.2 million** on account of additional Appropriations-in-Aid (AIA) to support operations, realignment of the budget to cater for operations and maintenance, reallocation of funds, and reduction in provision for personnel emoluments.

Revised Schedule of Outputs and Performance Targets

77. The Commission highlighted its revised outputs and performance targets for the financial year 2024/25 are as shown in table 2 on its written submission.

PART IV

4.0 COMMITTEE OBSERVATIONS

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

i. There is persistent and perennial in-year (supplementary budget estimates) revisions of personnel emoluments across the Ministries, Departments, Agencies and Commissions to cater for shortfalls of salaries highlighting weak public finance planning architecture and lack of credibility in the national budget.

ii. The National Treasury issued an austerity/ expenditure rationalization circular for certain expenditure items at the commencement of the current financial year (FY) which was ratified and approved at the Supplementary (I) Estimates for FY 2024/25. However, the Supplementary Estimates II for FY 2024/25 have negated the contents of the said circular.

iii. There are functions and government priorities that have emerged as part of the Kenya Kwanza administration agenda as well as commitments to international organisations that the country has an obligation to, however these functions have remained grossly underfunded. The programmes include Labour Mobility and participation in International Labour meetings.

iv. There seems to be communication breakdown between the National Treasury and Ministries, Departments and Agencies on the timely release of resources for implementation of already approved donor funded projects which affects their roll out. These resources may be lying idle in the National Treasury and accumulating interest, thus creating an unnecessary future debt burden to the Country.

v. There is perennial and persistent allocation of meagre resources and delays in exchequer releases for development projects in the MDA's and this affects the completion of these projects. This has resulted into huge pending bills and penalty charges by service providers and contractors.

vi. Even though the Supplementary estimates II for FY 2024/25 has revised the financial resource allocations, the expected corresponding revision on key outputs and target have not been effected thus undermining the credibility of the programme based budgeting system.

PART V

5.0 COMMITTEE RECOMMENDATIONS

79. The Committee having received, scrutinized, and deliberated on both the contents of the Supplementary Estimates II for the FY 2024/25 and the submissions from various MDAs under its purview, recommends the following policy and financial Recommendations:

Policy Recommendations

i. On or before 30th April,2025, the National Assembly through the Parliamentary Budget Office (PBO) should carry out an extensive baseline costing on compensation to employees across all MDAs with a view to ascertain the actual personnel emoluments that are budgeted for in the next Financial Year.

ii. In regard to budget preparation and execution of externally funded programmes and projects, the National Treasury should establish respective programme / project inter-ministerial Project Implementation Units (IPIU's) for ease of coordination and implementation of the said projects. The respective IPIU's members list should be submitted and tabled in the National Assembly for noting before the commencement of each project or programme.

iii. Before the submission of the FY 2025/26 budget estimates, the National Assembly to review the resource allocation for existing and emerging functions of State Department for Labour and Skills Development and Public Service Commission in line with the Kenya Kwanza government priorities and presidential directives with a view of providing adequate resources to enable the agencies achieve their mandates.

iv. All MDAs **MUST** prioritise to settle any pending bill within Ninety (90) days after the beginning of any Financial Year.

v. In future, any National Treasury Circulars **MUST** be submitted to the National Assembly.

Financial Recommendation

80. The National Assembly should **AMEND** the FY 2024/25 Supplementary Estimates II and approve the following reallocation and additional requests as follows:

Increases				
Vote 1184- State Department for Labour and Skills Development				
				Amount in (Kshs. Millions)
Programme	**Details**	**Current**	**Capital**	**Total**

0907000- Manpower Development, Industrial Skills and Productivity Management	Kshs. 330.23 million (of which; Kshs. 220 million for 1184103003 capital transfer to 20630200 supporting youth savings, Kshs.50 million for 1184103001 for operationalization of Labour Market Information and observatory, Kshs. 60.23 million for 1184103002 for improving youth employability as a capital transfer to 2630200) as additional available resources from development partner (World Bank) to facilitate the roll out of National Youth Opportunities Towards Advancement (NYOTA) Programme whose labour department component is lagging behind schedule and Kshs. 100 million as the corresponding counterpart funding from GoK for NYOTA, Kshs. 7 million for completion of upgrading of Kisumu Industrial Training Centre (KITC).	0	437.23	437.23
0906000- Labour, Employment and Safety Services	Kshs. 6.44 million for 1184100100-completion of Meru Labour Office, Kshs. 20 million for 1184001700-National Employment Authority (NEA) for hosting Internet Connectivity systems for NEA in Konza and ICTA and to facilitate job fairs for overseas recruitment in Counties), Kshs. 15 million to cater and facilitate posting of Labour Attachee in Berlin-Germany, Kshs. 45 million to facilitate settlement of pending bills certificates for 1184100300 construction of Occupational	156.46	51.44	207.9

	Safety and Health Institute, Kshs. 50 million to facilitate upcoming activities and participation at the International Labour Organisation conferences, Kshs. 20 million to facilitate the finalization of critical labour mobility bilateral agreements and Kshs. 51.46 million for settling of pending bills to suppliers of good and services.			
				645.13
Vote 1213 - State Department for Public Service				
0710000 - Public Service Transformation	1213001800- Kshs. 50 million to cover salary shortfalls for the Human Resource Management Professional Examination Board (HRMPEB), 1213101300- Kshs. 75 million to cater for completion, equipping and operationalization of Huduma Centre in Runyenjes, 1213001100- Kshs. 100 million Kenya School of Government payment of pending construction certificates for 1213100200- Tuition Complex at KSG-Matuga .	50	175	225
				225
Total Increases (excluding development partner resources)				**539.9**

Reductions				
Vote 1213- State Department for Public Service				
		Kshs. (Millions)		
Name of the Programme	**Code and Item Details**	**Current**	**Capital**	**Total Amount**

0710000 - Public Service Transformation	1213001201 Huduma Kenya Secretariat - HQ for (Kshs. 55 million from 3110500 Construction and Civil Works, Kshs. 85 million from 3111100 Purchase of Specialized Plant, Equipment and Machinery, Kshs. 40 million from 2211300 Other Operating Expenses and Kshs. 20 million from 3110700 Purchase of Vehicles and Other Transport Equipment and Kshs. 2.5 million 2210300 Domestic Travel and Subsistence, and Other Transportation Costs)	203	0	203
0709000- General Administration, Planning and Support Services	1213000700 Headquarters Administrative Services - DPM- (Kshs. 35M from 2210500 Printing, Advertising and Information Supplies and Services and Kshs. 30 million from 2211300 Other Operating Expenses)	65	0	65
Sub-total SDPS				268
Vote 2071- Public Service Commission				
0725000-General Administration, Planning and Support Services	2071000100 Administration (Kshs. 3 million from 2210400 Foreign Travel and Subsistence, and other transportation costs, Kshs. 129.6 million from 3110700 Purchase of Vehicles and Other Transport Equipment, Kshs. 25 million from 3111100 Purchase of specialized Plant, Equipment and Machinery), 2071000108 Financial Management and Procurement (Kshs. 20 million from 3111100 Purchase of specialized Plant, Equipment and Machinery)	177.6	0	177.6

0726000- Human Resource Management and Development	2071000400 Human Resource Management (Kshs. 2.5 million from 2210500 Printing, Advertising and Information Supplies and Services), 2071000504 Public Service Internship Programme- (Kshs. 86 million from 3110700 Purchase of Vehicles and Other Transport Equipment, Kshs. 5.8 million from 3111000 Purchase of Office Furniture and General Equipment)	94.3	0	94.3
Sub-Total PSC				271.9
Total Reductions				**539.9**

SIGNED..... DATE 10/03/2025

HON. ERIC MUCHANGI KAREMBA, CBS, M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

REPORT ON THE CONSIDERATION OF THE FY 2024/25 SUPPLEMENTARY ESTIMATES NO. II FOR:

VOTE 1132: The State Department for Sports

VOTE 1134: The State Department for Culture, the Arts and Heritage

VOTE 1135: The State Department for Youth Affairs and Creative Economy

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March, 2025

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FOREWORD

The Report of the Departmental Committee on Sports and Culture, is a culmination of its consideration of the Supplementary Estimates No. II for 2024/2025 in line with the provisions of Section 25(2) of the Public Finance Management Act, CAP 412A and Standing Order 232(5) of the National Assembly Standing Orders. The Committee held a total of three (3) Sittings to engage with the Statement Departments with a view to scrutinizing the estimates and its implication for various policies and programmes prioritized for implementation in the current Financial Year.

The National Assembly is tasked with scrutinizing the Supplementary Estimates No. II for 2024/2025 to ensure the proposed allocations align with the national priorities and are effectively utilized. Key issues under scrutiny include capital-intensive projects, the implementation gaps in Talanta Hela, the protection of intellectual property rights, and concerns about the overspending of the Sports, Arts, and Social Development Fund (SASDF). The SASDF has faced consistent misallocations, exceeding legal budgetary limits, especially in the promotion and development of sports and arts.

These discrepancies raise concerns about transparency and accountability in the management of public funds, which could undermine the intended goals of the Fund.

The Committee will continue to engage with relevant stakeholders and State Departments to ensure that the 2025 Supplementary Estimates No. II for 2024/2025 meets the objectives set out for the growth of Kenya's sports, culture, arts, and youth sectors.

Efforts will be focused on enhancing governance structures, ensuring proper funding allocation, and driving sustainable growth in these sectors, with particular attention to the effective implementation of national policies and strategic reforms.

Acknowledgement

1. The Committee is thankful to the office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded during its Sittings. Further, the Committee is also thankful to the MDAs and the secretariat for availing the necessary information needed in the processing of the Second Supplementary Budget FY 2024/25.

2. Therefore, on behalf of the Committee, and pursuant to Standing Order 199(6) it is my pleasant duty and privilege, to submit this Report on the FY 2024/25 Supplementary Estimates II for the State Departments for Sports, Youth Affairs & Creative Economy, and that of Culture and Heritage.

SIGNED: ..... **DATE**..10th March 2025.....

HON. DANIEL SITATI WANYAMA, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

PART I

1. PREFACE

1.1. Mandate of the Committee

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

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

4. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Sports and Culture the mandate to consider matters in relation to *Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.*

5. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Policy Statement for the following government agencies under its purview:

i. Vote 1132: The State Department for Sports
ii. Vote 1134: The State Department for Culture, the Arts and Heritage
iii. Vote 1135: The State Department for Youth Affairs and Creative Economy

1.2. Committee Membership

6. The Departmental Committee on Sports and Culture was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson
Hon. James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon. Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon. Mary Emaase Otucho, MP
Teso South Constituency
UDA Party

Hon. Stephen Mutinda Mule, MP
Matungulu Constituency
WDM-K Party

Hon. Chege Njuguna, MP
Kandara Constituency
UDA Party

Hon. Catherine Nakhabi Omanyo MP
Busia County
ODM Party

Hon. Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon. BSP. (EM) Dr. Jackson Kipkemoi Kosgei, MP
Nominated
UDA Party

Hon. Samuel Gonzi Rai, MP
Kinango Constituency
PAA Party

Hon. Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM –K Party

Hon. Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon. Richard Kipkemoi Yegon, MP
Bomet East Constituency
UDA Party

Hon. Caroli Omondi
Suba South Constituency
ODM Party

Hon. Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

1.3. Committee Secretariat

7. The Committee is facilitated by the following secretariat:

Mr. Adan Gindicha
Principal Clerk Assistant II/Head of Secretariat

Ms Mary Kinyunye
Clerk Assistant III

Ms. Christine Odhiambo
Senior Legal Counsel

Mr. Moses Omoit
Audio Officer III

Mr. Peter Atsiaya
Media Relations Officer III

Mr. Vitus Owino
Research Officer II

Mr. Wilson Mwangi
Fiscal Analyst III

Mr. Said Wako
Serjeant-At-Arms

PART II

2. Overview on the Examination of the Supplementary Estimates No. II For FY 2024/25

Introduction

8. The Supplementary Estimates No. II for 2024/2025 Financial Year was tabled in the National Assembly on Tuesday 18th February, 2025 and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B).

9. Parliament is required to scrutinize the Supplementary Estimates and the programmes that the Ministries, Departments and Agencies are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

10. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministry and its agencies to consider their Supplementary Estimates No. II for FY 2024/25. The Committee held a total of four sittings to consider the Supplementary Estimates No. II for FY 2024/25

11. The Second Supplementary Estimates for FY 2024/25 is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) CAP 412A, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

3. SUBMISSION BY THE PARLIAMENTARY BUDGET OFFICE

3.1. PROPOSED CHANGES IN THE SUPPLEMENTARY ESTIMATES

12. The 2024/25 Supplementary II Estimates has approved estimates and the changes proposed under the Supplementary II estimates is highlighted in table 2:

a) The State Department for Sports has a total increment of Kshs. 359.6 million of which is recurrent expenditure with no changes in the development expenditure.

b) The State Department for Culture and Heritage has a total increment of Kshs. 423.1 million of which is recurrent expenditure with no changes in the development expenditure.

c) Allocation in the State Department for Youth Affairs and Creative Economy of which the Committee oversights the Film Development Services, has a total increment of Kshs. 128.6 million of which is recurrent expenditure with no changes in the development expenditure.

Table 2: Summary of changes in the supplementary II estimate (Kshs. Millions)

Vote		Approved Estimates	Revised Estimates	Difference
State Department for Sports	Recurrent	1,091.5	1,451.1	359.6
	Development	16,464.0	16,464.0	-
	Total	**17,555.5**	**17,915.1**	**359.6**
State Department for Culture and Heritage	Recurrent	2,757.3	3,180.3	423.1
	Development	70.0	70.0	-
	Total	**2,827.3**	**3,250.3**	**423.1**
State Department for Youth Affairs and Creative Economy	Recurrent	557.9	686.5	128.6
	Development	10.0	10.0	-
	Total	**567.9**	**696.5**	**128.6**

Source: Supplementary Estimates No. II FY 2024/25

3.2. State Department for Sports

Recurrent Expenditure

13. The overall recurrent estimates for the Department will increase by Kshs. 359.6 million in the Supplementary II Estimates affecting the Headquarters, Kenya Academy of Sports and the Anti-Doping Agency of Kenya.

14. The allocation at the Kenya Academy of Sports (KAS) will increase by Kshs. 156 million in the supplementary II estimate from a zero budget. The SAGA was not allocated any funding in the Supplementary I estimate. The funding will enable KAS to undertake its core activities, including payment of personnel emoluments and other operations and maintenance.

15. The allocation at the Anti-Doping Agency of Kenya (ADAK) will increase by Kshs. 200 million in the supplementary II estimate from an allocation of Kshs. 30 million of which AIA is Kshs. 10 million. The funding will enable ADAK to undertake its core activities, including payment of personnel emoluments and other operations and maintenance.

Table 3: Changes in the recurrent expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	339.0	0.4	338.6	342.6	1.9	340.7	3.6	1.5	2.1
ADAK	30.0	10.0	20.0	230.0	10.0	220.0	200.0	-	200.0
SASDF	336.0	336.0	-	336.0	336.0	-	-	-	-
SK	386.5	131.4	255.1	386.5	131.4	255.1	-	-	-
KAS	-	-	-	156.0	-	156.0	156.0	-	156.0
Total	**1,091.5**	**477.8**	**613.7**	**1,451.1**	**479.3**	**971.8**	**359.6**	**1.5**	**358.1**

Source: Supplementary Estimates No. II FY 2024/25

16. The increment in allocation at the Headquarters is highlighted as follows and summarized in table 4;
    a) General Administration and Planning Services has an increment of Kshs. 2.1 million of which Basic Salaries - Permanent Employees will increase by Kshs. 1.3 million and Personal Allowance - Paid as Part of Salary will increase by Kshs. 800,000.
    b) The AIA at the Sports Registrar has an increment of Kshs. 1.5 million from Kshs. 400,000. This is on account of increased number of registered sports organizations and sports persons.

Table 4: Changes in the recurrent expenditure at the Headquarters (Kshs. Millions)

HEAD	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
General Administration and Planning Services	196.8	-	196.8	198.9	-	198.9	2.1	-	2.1
Department of Sports	78.0	-	78.0	78.0	-	78.0	-	-	-
Finance Unit	32.2	-	32.2	32.2	-	32.2	-	-	-
Central Planning and Project Monitoring Unit (CPPMU)	12.8	-	12.8	12.8	-	12.8	-	-	-
Sports Registrar	19.3	0.4	18.9	20.8	1.9	18.9	1.5	1.5	-
Total	**339.0**	**0.4**	**338.6**	**342.6**	**1.9**	**340.7**	**3.6**	**1.5**	**2.1**

Source: Supplementary Estimates No. II FY 2024/25

Development Expenditure

17. The overall development estimates have not been affected by the supplementary II estimates including the estimated AIA collection of Sports, Arts and Social Development Fund.

Table 5: Changes in the development expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
SASDF	16,464.0	16,464.0	-	16,464.0	16,464.0	-	-	-	-
Total	**16,464.0**	**16,464.0**	**-**	**16,464.0**	**16,464.0**	**-**	**-**	**-**	**-**

Source: Supplementary Estimates No. II FY 2024/25

3.3. State Department for Culture and Heritage

Recurrent Expenditure

18. The overall recurrent estimates for the Department have increased by Kshs. 423 million in the Supplementary II Estimates, affecting the expenditure allocation at the Headquarters, National Museums of Kenya, Bomas of Kenya and the Kenya Copyright Board. The net expenditure will increase by Kshs. 203.1 million while the AIA has been revised upwards by Kshs. 219.9 million as shown in table 6.

19. The allocation at the National Museums of Kenya will increase by Kshs. 310.2 million in the supplementary II estimate of which the net has increased by Kshs. 127 million and an upward revision of AIA by Kshs. 183.2 million from Kshs. 300 million. The growth of AIA is attributed to automation, and revision of the gate entry fees and increased number of curators to enhance visitor experience. The additional net expenditure will cater for salary shortfalls, employer contributions to NSSF and settle accrued penalties and interests on NSSF.

20. Bomas of Kenya has a gross increment of Kshs. 98.8 million of which net has increased by Kshs. 73.8 million and an upward revision of AIA by Kshs. 25 million from Kshs. 103 million. The additional net expenditure will cater for salary shortfalls and operations and maintenance.

21. The Kenya Copyright Board has revision of AIA targets by Kshs. 12 million. The revision of the AIA from Kshs. 3 million to Kshs. 15 million is on account of the implementation and roll out of the blank tape levy which is a nominal fee imposed on blank media and devices that can be used to make personal copies of copyright content.

Table 6: Changes in the recurrent expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	527.6	2.5	525.1	529.6	2.2	527.4	2.0	(0.3)	2.3
NMK	1,154.8	300.0	854.8	1,465.1	483.2	981.8	310.2	183.2	127.0
BoK	333.8	103.0	230.8	432.6	128.0	304.6	98.8	25.0	73.8
NHC	101.4	-	101.4	101.4	-	101.4	-	-	-
KCC	91.5	42.0	49.5	91.5	42.0	49.5	-	-	-
KNLS	430.0	90.0	340.0	430.0	90.0	340.0	-	-	-
KECOBO	118.1	3.0	115.1	130.1	15.0	115.1	12.0	12.0	-
Total	**2,757.3**	**540.5**	**2,216.8**	**3,180.3**	**760.4**	**2,419.9**	**423.0**	**219.9**	**203.1**

Source: Supplementary Estimates No. II FY 2024/25

22. The overall gross allocation at the headquarters will increase by Kshs. 2 million of which the net expenditure will increase by Kshs. 2.3 million and the AIA will be revised downward by Kshs. 300,000 as highlighted in table 7. The following are the key changes affected in the recurrent budget at the headquarters:
    a) Headquarters Cultural Services – a reduction of Kshs. 1.7 million affecting Hospitality Supplies and Services.
    b) Library Services – an increment of 9.4 million on Rentals of Produced Assets which had no allocation.

c) Headquarters Administrative Services (Arts & Culture) – a reduction of 1.4 million on account of an increment of Kshs. 300,000 for personnel emoluments and a reduction of Kshs. 1.7 million on Government Pension and Retirement Benefits.
d) Ushanga Initiative – a reduction of 4 million affecting other operating expenses.
e) Permanent Presidential Commission on Music – the AIA has been revised downward by Kshs. 300,000;

Table 7: Changes in the recurrent expenditure at the Headquarters (Kshs. Millions)

No	HEAD	Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1.	National Archives	67.3	2.0	65.3	67.3	2.0	65.3	-	-	-
2.	National Archives Field	44.4	-	44.4	44.4	-	44.4	-	-	-
3.	Headquarters Cultural Services	70.6	-	70.6	68.9	-	68.9	(1.7)	-	(1.7)
4.	Library Services	16.1	-	16.1	25.5	-	25.5	9.4	-	9.4
5.	Department of Arts	11.8	-	11.8	11.8	-	11.8	-	-	-
6.	Department of Records	14.0	-	14.0	14.0	-	14.0	-	-	-
7.	Headquarters Administrative Services (Arts & Culture)	108.7	-	108.7	107.3	-	107.3	(1.4)	-	(1.4)
8.	Financial Management Services	22.8	-	22.8	22.8	-	22.8	-	-	-
9.	Central Planning & Project Management Unit	14.8	-	14.8	14.8	-	14.8	-	-	-
10.	Ushanga Initiative	79.9	-	79.9	75.9	-	75.9	(4.0)	-	(4.0)
11.	Permanent Presidential Music Commission	77.3	0.5	76.8	77.0	0.2	76.8	(0.3)	(0.3)	-
	Total	**527.6**	**2.5**	**525.1**	**529.6**	**2.2**	**527.4**	**2.0**	**(0.3)**	**2.3**

Source: Supplementary Estimates No. II FY 2024/25

Development Expenditure

23. The overall development estimates have not been affected by the supplementary II estimates as shown in table 8.

Table 8: Changes in the development expenditure (Kshs. Millions)

No		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1.	Wundanyi Youth Resource (Culture & Talent) Center	50.0	-	50.0	50.0	-	50.0	-	-	-
2.	Professional & Scientific Training for Devlpmnt of Culture Tourism	10.0	-	10.0	10.0	-	10.0	-	-	-

No		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
3.	Public Participation Projects - Construction of Karachuonyo Library	10.0	-	10.0	10.0	-	10.0	-	-	-
	Total	**70.0**	**-**	**70.0**	**70.0**	**-**	**70.0**	**-**	**-**	**-**

Source: Supplementary Estimates No. II FY 2024/25

3.4. State Department for Youth Affairs and Creative Economy

Recurrent Expenditure

24. The overall recurrent estimates for the Film Development Services have increased by Kshs. 128.6 million in the Supplementary II Estimates, affecting the expenditure allocation at the Kenya Film Commission and the Kenya Film Classification Board. The net expenditure will increase by Kshs. 120 million while the AIA has been revised upwards by Kshs. 8.6 million as shown in table 9.

25. The allocation at the Kenya Film Classification Board will increase by Kshs. 68.6 million in the supplementary II estimate of which the net has increased by Kshs. 60 million and an upward revision of AIA by Kshs. 8.6 million from Kshs. 46 million. The growth of AIA is attributed to the roll out of the Self Classification Regulations that will enable licensing of digital exhibition and distribution platforms (video on demand and over the top service providers) and broadcasters to classify their content within the standards set by KFCB. The additional net expenditure will cater for salary shortfalls and operations and maintenance.

26. The Kenya Film Commission has a gross increment of Kshs. 60 million on account of additional allocation to cater for salary shortfalls and operations and maintenance at the SAGA.

Table 9: Changes in the Film Development Services (Kshs. Millions)

Film Development Services	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	183.7	4.0	179.7	183.7	4.0	179.7	-	-	-
KFCB	270.2	46.0	224.2	338.7	54.6	284.2	68.6	8.6	60.0
KFC	104.1	-	104.1	164.1	-	164.1	60.0	-	60.0
Total	**557.9**	**50.0**	**507.9**	**686.5**	**58.6**	**627.9**	**128.6**	**8.6**	**120.0**

Source: Supplementary Estimates No. II FY 2024/25

27. There are no changes in allocations at the Headquarters as highlighted in table 10;

Table 10: Changes in the recurrent expenditure at the Headquarters (Kshs. Millions)

HEAD	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Kenya Film School	113.0	4.0	109.0	113.0	4.0	109.0	-	-	-
Film Production Department - HQ	49.1	-	49.1	49.1	-	49.1	-	-	-
Film Production Department -Field Services	21.6	-	21.6	21.6	-	21.6	-	-	-
Total	**183.7**	**4.0**	**179.7**	**183.7**	**4.0**	**179.7**	**-**	**-**	**-**

Source: Supplementary Estimates No. II FY 2024/25

Development Expenditure

28. The overall development estimates have not been affected by the supplementary II estimates as shown in table 11.

Table 11: Changes in the development expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Strengthening the Film Industry in Kenya - BETA	10.0	-	10.0	10.0	-	10.0	-	-	-
Total	**10.0**	**-**	**10.0**	**10.0**	**-**	**10.0**	-	-	-

Source: Supplementary Estimates No. II FY 2024/25

PART IV

4. SUBMISSIONS BY THE STATE DEPARTMENTS

4.1. The State Department for Sports

29. The Cabinet Secretary, Hon. Salim Mvurya, EGH and the Principal Secretary Eng. Peter Tum, CBS appeared before the Committee on 6th March, 2025 and submitted as follows:

Implementation Status of the FY 2024/25 Budget as at 31st December 2024:

30. The total approved budget for the State Department for Sports for FY 2024/25 is KSh. 17,555,510,286, allocated for the implementation of various programs and activities. As of 28th February 2025, the department had spent KSh. 10,284,391,292, representing a 59% absorption rate. The recurrent expenditure amounted to KSh. 576,460,460 (53% absorption), while the development expenditure totaled KSh. 9,707,930,832 (59% absorption).

Highlight of Variations to the Approved Budget by Programme and Justification:

31. The approved budget for the State Department's sports program saw an adjustment of KSh. 359,600,000, increasing the overall budget to KSh. 17,915,110,286. Notable changes include:

    1. **Sports Training and Competitions**: A significant increase of KSh. 357,500,000, allocated to Kenya Academy of Sports (KAS) and Anti-Doping Agency of Kenya (ADAK) to support staff salaries and operational activities.
    2. **General Administration, Planning, and Support Services**: A minor increase of KSh. 2,100,000 to cover personnel emoluments. There was no change to the Development Budget, which remains at KSh. 16,464,000,000. The additional funds mainly support personnel emoluments, transfers to agencies, and operational costs.

Revised Schedule of Outputs and Performance Targets

32. The additional KSh. 359.6 million will support the core mandates of KAS and ADAK, ensuring the continuation of anti-doping education, sample collection, and talent development. ADAK's operations will be strengthened, and KAS will enhance sports talent nurturing. The revised schedule of outputs and performance targets, including detailed financial allocations, is summarized in Annex 1.

Expected Impact of Budget Revisions on Capital Projects:

33. The Department has three ongoing projects that have no budgetary allocations for FY 2024/25. This lack of funding may lead to delays in completing these projects, which are crucial for advancing the Department's objectives. The full impact of these delays is detailed in Annex 2.

Withdrawals under Article 223 of the Constitution:

34. No funds were withdrawn under Article 223 of the Constitution for this financial year.
35. In addition to these points, the department highlighted key unfunded and underfunded areas, including the KSh. 1.682 billion required for hosting the African Nations Championship (CHAN) 2025 and additional operational and maintenance funding. These areas are critical

for the successful preparation and hosting of the tournament and the broader sports infrastructure development.

4.2. The State Department for Culture, the Arts and Heritage

36. The Principal Secretary for Culture, the Arts and Heritage, Ms. Ummi Bashir appeared before the Committee on 7th March, 2025 and submitted as follows:

Implementation Status of the Financial Year 2024/25 Budget as at 31st December 2024

37. As of 31st December 2024, the State Department for Culture, the Arts, and Heritage had an approved net allocation of Kshs. 2,216,765,284. The expenditure as of this date stood at Kshs. 1,000,013,984, which reflects an absorption rate of 45%. Regarding Appropriation-In-Aid (AIA), the State Department surpassed its half-year target of Kshs. 270 million by reaching Kshs. 385 million. However, this was still below the approved allocation.

Development Budget Performance

38. The State Department had an approved budget of Kshs. 35 million for three projects, but by 31st December 2024, there was no expenditure recorded. The projects include the Wundanyi Youth Resource (Culture & Talent) Center, Professional & Scientific Training for Development of Culture Tourism, and the Construction of Karachuonyo Library. The lack of expenditure was attributed to issues such as delayed disbursements and the lack of payment certificates from contractors.

Variations to the MDAs Approved Budget for FY 2024/25 by Programme and Justification for Variations

39. For the FY 2024/25, the State Department for Culture, the Arts, and Heritage is implementing five key programs. Four of these programs were affected by the proposed supplementary budget, resulting in an increase of Kshs. 423 million in funding. Notable variations are as follows:
    i. The Culture/Heritage Program saw an increase of Kshs. 403,295,500, mainly due to the National Museum of Kenya adjusting its Appropriation in Aid (AiA) by Kshs. 183,233,260 and receiving an additional Kshs. 127,000,000 to address salary shortfalls. Bomas of Kenya also saw an increase of Kshs. 25,000,000 in AiA and an additional Kshs. 73,800,000 for salary and pending bill payments. A reduction of Kshs. 7,737,760 was made from Culture activities and Ushanga for rent payments at the Library Department, along with an additional Kshs. 2,000,000 for salaries at Headquarters.

    ii. The Arts Program received an increase of Kshs. 11,700,000, as the Kenya Copyright Board increased their AiA by Kshs. 12,000,000, while PPMC's AiA was reduced by Kshs. 300,000 due to underperformance.

    iii. The General Administration, Planning, and Support Services Program saw a decrease of Kshs. 1,380,000, as Kshs. 1,700,000 was reallocated to the Library Department for rent, with an additional Kshs. 300,000 provided for employee salaries.

    iv. The Library Services Program received an increase of Kshs. 9,437,760 to cater for rent in Uchumi House.

v. There was no change to the Public Records Management Program, as its allocation remained the same. Overall, the total allocation for the Department increased by Kshs. 423,053,260, from Kshs. 2,757,265,284 to Kshs. 3,180,318,544.

Revised Schedule of Outputs and Performance Targets

40. The revised schedule of outputs and performance targets is presented in **Annex 1** of the full report. The schedule outlines the planned activities and expected outcomes for the department in line with the adjusted budget.

Expected Impact of Budget Revisions on Capital Projects

41. No capital projects within the State Department are expected to be impacted by the budget revisions. As stated, no project has been affected by these revisions, and no changes or impacts are anticipated.

Withdrawals Under Article 223 of the Constitution

42. The State Department for Culture, the Arts, and Heritage has not withdrawn or requested any funds under Article 223 of the Constitution. Therefore, there are no records regarding withdrawals, purposes, or supporting financial documents.

Other Pertinent Issues Affecting the State Department

43. The department is facing significant underfunding, which is negatively affecting service delivery. The following additional allocations are requested:

i. **Within the State Department:**

a. Kshs. 12 million for foreign travel, which was cut in the supplementary budget and is needed for the BETA project.
b. Kshs. 30 million for the Permanent Presidential Music Commission (PPMC) to support talent development and music research.
c. Kshs. 20 million for Ushanga Kenya Initiative transition and capacity-building.
d. Kshs. 11 million for pending bills, including Kshs. 9.4 million for Ushanga and Culture BETA activities.
e. Kshs. 3 million for staff training and retirement facilitation.

ii. **SAGAs Requests:**

a. **Kenya Copyright Board (KECOBO)**: Request for Kshs. 68 million to cover salary arrears and operational expenses.
b. **National Heroes Council**: Request for Kshs. 54.75 million to cover pension, gratuity, and national celebrations.
c. **Kenya Cultural Centre**: Request for Kshs. 49.5 million for mandatory expenditures, gratuity arrears, and pending bills.
d. **Bomas of Kenya**: Request for Kshs. 148 million to settle a court case and related penalties.
e. **Kenya National Library Service (KNLS)**: Request for Kshs. 66 million for NHIF arrears and maintenance of library buildings.
f. **National Museums of Kenya (NMK)**: Request for Kshs. 23 million to clear salary arrears.

4.3. The State Department for Youth Affairs and Creative Economy

44. The Cabinet Secretary, Hon. Salim Mvurya, EGH and the Principal Secretary Mr. Ismail Maalim Madey, CBS appeared before the Committee on 6th March, 2025 and submitted as follows:

Implementation Status of the Financial Year 2024/25 Budget as of 31st December 2024:

Cumulative Financial Performance – Recurrent Vote

45. As of the first half of FY 2024/25, the Film Development Services program had an allocation of Kshs. 278.95 million, with actual expenditure of Kshs. 270.19 million, achieving a 97% absorption rate. A breakdown of recurrent expenditure is as follows:

i. **Compensation to Employees:** Kshs. 24.65 million (85% absorption) – The under-expenditure is attributed to the inclusion of the 3rd quarter allocation, which allowed for the payment of December 2024 salaries.
ii. **Use of Goods and Services:** Kshs. 1.93 million (33% absorption) – Unspent funds are earmarked for the acquisition of specialized film equipment, with procurement currently ongoing.
iii. **Current Transfers to Government Agencies:** Kshs. 243.61 million (100% absorption) – This transfer was fully expended.
iv. **Other Recurrent Expenses:** Kshs. 0 million (0% absorption) – The unspent amount is for the procurement of small office items, with the procurement process underway.

Cumulative Financial Performance – Development Vote

46. There were no active projects under the Film Services program in the FY 2024/25. The Kshs. 10 million donor allocation for a completed project was erroneously captured, but this has been rectified in Supplementary Estimates No. II.

Variations to the MDAs Approved Budget for FY 2024/25 by Programme and Justification for the Variations:

47. The total approved recurrent budget for Film Services in FY 2024/25 was Kshs. 557.90 million, which was increased by Kshs. 128.56 million in Supplementary Estimates No. II. This increase is primarily to support:

i. **Transfers to Kenya Film Classification Board (KFCB)** and **Kenya Film Commission (KFC)**, each receiving Kshs. 60 million to support the payment of personnel emoluments and contractual obligations.
ii. **AIA Projections for KFCB** increased by Kshs. 8.56 million to meet contractual obligations.

48. The development vote's erroneous inclusion of Kshs. 10 million for a completed project has been rectified.

Revised Schedule of Outputs and Performance Targets:

Revised Outputs and Performance Targets as of 31st December 2024:

49. The revised schedule for outputs and performance targets for FY 2024/25 under the Film Development Services program includes:

i. **Film Training Services:** Target of 60 graduates from Kenya Film School; achieved 60 enrollments.
ii. **Film Production Services:** Target of 80 documentaries; 34 produced as of December, with further production planned for Q3 and Q4.
iii. **Film Development Services:** 120 youth trained; 135 trained, surpassing the target.
iv. **Film Regulation Services:** 2,650 film licenses to be issued; 1,354 issued, with the remaining target to be achieved in Q3 and Q4.

Expected Impact of Budget Revisions on Capital Projects:

50. There are no ongoing capital projects under the Film Services program for FY 2024/25. Therefore, budget revisions will not directly impact capital projects.

Withdrawals under Article 223 of the Constitution:

51. No funds have been withdrawn under Article 223 of the Constitution for the Film Development Services program in FY 2024/25.

52. **Request for Additional Funds under the Proposed Supplementary Estimates No.II FY 2024/25:**

The State Department has requested additional funds totaling Kshs. 282 million for the following key activities:

1. **National Film Bill Enactment (Kshs. 5 million)** – Public participation across counties to finalize the bill.
2. **Transfers to Semi-Autonomous Government Agencies (SAGAs):**

i. **Kenya Film Commission (KFC)** – Kshs. 79 million to meet annual PE requirements.
ii. **African Audio-Visual Cinema Commission (AACC)** – Kshs. 100 million for operationalization, though no allocation is included in the Supplementary Estimates.
iii. **Kenya Film School (KFS)** – Kshs. 30 million for pending rent payments due to relocation costs.
iv. **Kenya Film Classification Board (KFCB)** – Kshs. 68.56 million for additional funding needs, but a budget shortfall of Kshs. 67.92 million remains, affecting the ability to meet key obligations.

PART V

5. COMMITTEE OBSERVATIONS

Based on analysis of submissions by the State Departments and the agencies, the Committee made the following observations:

5.1. Cross-cutting observation

The Committee observed that despite the critical role played by the sector in creating opportunities for the youth and addressing the challenge of unemployment, the sector largely remains underfunded, reflecting a mismatch between resource allocation and the nation's priorities. SAGAs in the sector had shortfall in personnel emoluments, gratuity payments, shortfall of payments of contractual services, rent and underfunding of core mandates.

5.2. State Department for Sports

1. **THAT,** in FY 2024/25 approved estimates, the State Department for Sports was allocated **Kshs. 1.09 billion** and **Kshs. 16.64 billion** under recurrent and development expenditures respectively. The recurrent expenditure has been revised to **Kshs. 1.45 billion** an increment of **Kshs. 359.6 million** with no changes in the development expenditure.

2. **THAT,** the allocation at the Kenya Academy of Sports (KAS) will increase by Kshs. 156 million in the supplementary II estimate from a zero budget. The SAGA was not allocated any funding in the Supplementary I estimate. The funding will enable KAS to undertake its core activities, including payment of personnel emoluments and other operations and maintenance.

3. **THAT,** the allocation at the Anti-Doping Agency of Kenya (ADAK) will increase by Kshs. 200 million in the supplementary II estimate from an allocation of Kshs. 30 million of which AIA is Kshs. 10 million. The funding will enable ADAK to undertake its core activities, including payment of personnel emoluments and other operations and maintenance.

4. **THAT,** the construction of stadia earmarked for CHAN and AFCON 2027, is a joint venture between the State Department for Sports and the Ministry of Defense, where the former is playing only oversight role, while the latter is tasked with procurement, supervision and execution. The Committee however noted a lack of clarity on the projected costs of the Stadia and the actual funds expended on the same so far.

5. **THAT,** as at 28th February 2025, Sports, Arts and Social Development Fund (SASDF) has collected Kshs. 9.71 billion out of an AIA target of Kshs. 16.46 billion. It was further noted that AIA from SASDF does not support day to day operations of SAGAs in the sector but rather supports sports programmes and competitions, stadia infrastructure, social and arts development, and talent development pursuant to its Regulations. The State Department therefore requires an additional Kshs. 260 million for operations and maintenance.

6. **THAT,** due to the constrained fiscal space for SASDF attributed to the prioritization of CHAN and AFCON infrastructure development which include renovations of Kasarani, Nyayo and Kipchoge Keino stadia as well as construction of new Talanta Stadium, the Government also requires to pay USD 13 million, approximately Kshs. 1.682 billion for hosting rights to the

Confederation of African Football (CAF). This funding is not available from SASDF due to various commitments made by the Fund.

5.3. State Department for Culture, the Arts and Heritage

1. **THAT,** in FY 2024/25 approved estimates, the State Department for Culture and Heritage was allocated **Kshs. 2.75 billion** and **Kshs. 70 million** under recurrent and development expenditures respectively. The recurrent expenditure has been revised to **Kshs. 3.18 billion** an increment of **Kshs. 423.1 million** with no changes in the development expenditure.

2. **THAT,** the allocation at the National Museums of Kenya will increase by Kshs. 310.2 million in the supplementary II estimate, from Kshs. 1.15 billion to Kshs. 1.47 billion, of which the net has increased by Kshs. 127 million and an upward revision of AIA by Kshs. 183.2 million from Kshs. 300 million. The growth of AIA is attributed to automation, and revision of the gate entry fees and increased number of curators to enhance visitor experience. The additional net expenditure will cater for salary shortfalls, employer contributions to NSSF and settle accrued penalties and interests on NSSF.

3. **THAT,** the Bomas of Kenya has a gross increment of Kshs. 98.8 million, from Kshs. 333.8 million to Kshs. 432.6 million, of which net has increased by Kshs. 73.8 million and an upward revision of AIA by Kshs. 25 million from Kshs. 103 million. The additional net expenditure will cater for salary shortfalls and operations and maintenance.

4. **THAT,** The Kenya Copyright Board has revision of AIA targets by Kshs. 12 million. The revision of the AIA from Kshs. 3 million to Kshs. 15 million is on account of the implementation and roll out of the blank tape levy which is a nominal fee imposed on blank media and devices that can be used to make personal copies of copyright content.

5. **THAT,** despite a substantial increment of Kshs. 423.1 million, the State Department is still underfunded and has a resource requirement of Kshs. 423 million to cater for shortfalls in gratuity, personnel emoluments, contractual obligations and core mandate activities in various SAGAs and the headquarters.

5.4. State Department for Youth Affairs and Creative Economy

1. **THAT,** in FY 2024/25 approved estimates, the State Department for Youth Affairs and Creative Economy, where the committee oversights the **Film Development Services** programme, was allocated **Kshs. 557.9 million** and **Kshs. 10 million** under recurrent and development expenditures respectively. The recurrent expenditure has been revised to **Kshs. 686.5 million** an increment of **Kshs. 128.6 million** with no changes in the development expenditure.

2. **THAT,** the allocation at the Kenya Film Classification Board will increase by Kshs. 68.6 million in the supplementary II estimate, from Kshs. 270 million to Kshs. 338.7 million, of which the net has increased by Kshs. 60 million and an upward revision of AIA by Kshs. 8.6 million from Kshs. 46 million.

3. **THAT,** the growth of AIA at the Kenya Film Classification Board, is attributed to the roll out of the Self Classification Regulations that will enable licensing of digital exhibition and distribution

platforms, and broadcasters to classify their content within the standards set by KFCB, while the additional net expenditure will cater for salary shortfalls and operations and maintenance.

4. **THAT,** the Kenya Film Commission has a gross increment of Kshs. 60 million, from Kshs. 104.1 million to Kshs. 164.1 million, on account of additional allocation to cater for salary shortfalls and operations and maintenance at the SAGA.

5. **THAT,** despite a substantial increment of Kshs. 128.6 million, the Film Development Services is still underfunded and has a resource requirement of Kshs. 252 million as follows:
   a. Kshs. 5 million to finalize the enactment of the National Film Bill;
   b. Kshs. 79 million to the Kenya Film Commission to meet all its contractual obligation and execute its core mandate;
   c. Kshs. 100 million to the African Audio-Visual Cinema Commission (AACC) after Cabinet approved the hosting of the Temporary Secretariat of the AACC in Kenya;
   d. Kshs. 30 million to the Kenya Film School for rent arrears accumulated over the years and renovations after the school was relocated to pave way for rehabilitation of Moi International Sports Complex; and
   e. Kshs. 68 million to the Kenya Film Classification Board for shortfall in rent, gratuity and execute its core mandate such as checking for compliance, registration of film agents and issuance of filming licenses to enhance AIA collection, examination and classification of film content, and random inspection of Cinema theatres.

PART VI

6. COMMITTEE RECOMMENDATIONS

The Committee, having scrutinized the Supplementary Estimates No. II for FY 2024/25 recommends as follows;

6.1. Non-financial Recommendation

6.1.1. State Department for Sports

1. That, the Cabinet Secretary for Youth Affairs, Creative Economy and Sports and the Cabinet Secretary for Defense table a Report before the National Assembly clearly indicating the working modalities between the two Ministries in respect of the construction of CHAN and AFCON stadia and training grounds. The report should indicate the projected costs, completion timelines and amounts expended to date. The Report should be submitted within thirty (30) days of the tabling of this Report.

6.1.2. State Department for Culture, the Arts and Heritage

1. That the Cabinet Secretary for Gender, Culture, the Arts and Heritage in conjunction with the Cabinet Secretary for National Treasury and Planning should fast track the operationalization of the National Heroes' Fund, as established pursuant to Section 21 of The Kenya Heroes Act CAP 216B; to honour and support national heroes and to ensure they live dignified lives.

6.2. Financial Recommendation

6.2.1. State Department for Sports

1. That, the proposed allocations in the FY 2024/25 supplementary No. II expenditure estimates for the State Department for Sports comprising of recurrent expenditure of **Kshs. 1.45 billion** and development expenditure of **Kshs. 16.464 billion be approved with the following amendments**;

decreases

i. Decrease the recurrent expenditure by **Kshs. 40 million** from Sports Kenya

ii. Decrease the recurrent expenditure by **Kshs. 35 million** from Anti-Doping Agency of Kenya

iii. Decrease the recurrent expenditure by **Kshs. 43 million** from the Headquarters.

Increases

i. Increase the recurrent expenditure by **Kshs. 10 million** to the Kenya Academy of Sports

6.2.2. State Department for Culture, the Arts and Heritage

2. That, the proposed allocations in the FY 2024/25 supplementary No. II expenditure estimates for the State Department for Culture and Heritage, comprising of recurrent expenditure of **Kshs. 3.18 billion** and development expenditure of **Kshs. 70 million be approved with the following amendments;**

decreases

i. Decrease the recurrent expenditure of **Kshs. 30 million** from Bomas of Kenya

Increases

i. Increase the recurrent expenditure by **Kshs. 20 million** to the National Heroes Council
ii. Increase the recurrent expenditure by **Kshs. 22 million** to the Permanent Presidential Music Commission
iii. Increase the recurrent expenditure by **Kshs. 43 million** to the Kenya National Library Services

6.2.3. State Department for Youth Affairs and Creative Economy

3. That, the proposed allocations in the FY 2024/25 supplementary No. II expenditure estimates for the **Film Development Services** Programme, at the State Department for Youth Affairs and Creative Economy, comprising of recurrent expenditure of **Kshs. 686.5 million** and development expenditure of **Kshs. 10 million be approved with the following amendments**.

Increases

i. Increase the recurrent expenditure by **Kshs. 10 million** to the Kenya Film Classification Board
ii. Increase the recurrent expenditure by **Kshs. 20 million** to the Kenya Film Commission
iii. Increase the recurrent expenditure by **Kshs. 23 million** to the Kenya Film School

Request for additional request:

i. Increase the recurrent expenditure by **Kshs. 1.682 billion** to the Headquarters at the State Department for Sports - The funds will cater for payment of hosting rights to the Confederation of African Football (CAF) which will be held in August 2025.

Additional request to cater for shortfall in salaries, payment of contracted services such cleaning services, internet and security, staff medical insurance and gratuity and achieved critical core mandates implemented by the Agencies.

i. Increase the recurrent expenditure by **Kshs. 50 million** to the Kenya Academy of Sports
ii. Increase the recurrent expenditure by **Kshs. 68 million** to the Kenya Copyright Board
iii. Increase the recurrent expenditure by **Kshs. 55 million** to the National Heroes Council
iv. Increase the recurrent expenditure by **Kshs. 23 million** to the National Museums of Kenya
v. Increase the recurrent expenditure by **Kshs. 55 million** to the Kenya Cultural Centre
vi. Increase the recurrent expenditure by **Kshs. 79 million** to the Kenya Film Commission
vii. Increase the recurrent expenditure by **Kshs. 68 million** to the Kenya Film Classification Board

6.3. Requests for Additional Funding

The Committee is requesting the Liaison Committee to consider the following additional funding requests in the sector as highlighted:

6.3.1. State Department for Sports

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0901000 Sports	Headquarters	1132000100 General Administration and Planning Services	1.682 billion	The funds will cater for payment of hosting rights to the Confederation of African Football (CAF).
0901000 Sports	Kenya Academy of Sports	1132000200 Kenya Academy of Sports	50 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance and gratuity.
Total Recurrent			**50 million**	

6.3.2. State Department for Culture, the Arts and Heritage

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0903000 The Arts	Permanent Presidential Music Commission	1134002100 Permanent Presidential Music Commission	30 million	The additional funding will cater for activities in researching and documenting the music and dance practices of all the communities in Kenya on audio and visual formats, publishing of research findings on different aspects of Kenyan music and organizing the National Symposiums on Kenyan Music to review the state of our music industry and strategize on its growth. Kenya is endowed with a dynamic music heritage; diverse musical culture is spread amongst all peoples with each community having its own identifying authentic. The department is mandated to spearhead research and study of Kenyan music with the aim of documentation and identification of ways in which the sector can grow into a sustainable economic industry.
0903000 The Arts	Kenya Copyright Board	1134002200 Kenya Copyright Board	68 million	The funds will cater for shortfalls in rent at Kshs. 17 million; Board expenses at Kshs. 6 million; Internet services and other contractual obligations and court attendance at Kshs. 7 million, and Kshs 13 million for enforcement of Copyright and

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
				Kshs. 25 million for other core mandate activities at the SAGA.
0902000 Culture/ Heritage	Headquarters	1134000800 Headquarters Cultural Services	15 million	The funds will cater for repatriation of artefacts from foreign countries after the ratification of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Export and Transfer of Cultural Property. The additional funds will also cater to facilitate training activities for newly recruited staff, pre-retirement course for more than 15 officers who are due to retire.
0902000 Culture/ Heritage	Ushanga Kenya Initiative	1134001800 Ushanga Initiative	50 million	The funds will enable the Entity to initiative transition expenses and for capacity building of women in 10 pastoral counties across the country.
0902000 Culture/ Heritage	National Heroes Council	1134002000 National Heroes Council	55 million	The funds will cater for shortfalls in staff pension and gratuity, National Day celebrations and recognition of heroes, operations and maintenance at the institution, board expenses and development of the Agency policies.
0902000 Culture/ Heritage	National Museums of Kenya	1134000600 Museums Headquarters and Regional Museums	23 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0904000 Library Services	Kenya National Library Services	1134002300 Kenya National Library Services (KNLS)	127 million	The funds will cater for pending bills relating to NHIF and pending bills during the construction of the Ultra-Modern National Library and KNLS headquarters and repair and maintenance of the three main national government libraries.
0903000 The Arts	Kenya Cultural Centre	1134002500 Kenya National Cultural Center	55 million	The funds will cater for shortfall of contractual obligations, gratuity arrears, recruitment of an internal auditor and payment of pending bills.
Total Recurrent			**423 million**	

6.3.3. State Department for Youth Affairs and Creative Economy

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0221000 Film Development Services	Kenya Film Commission	1135003100 Kenya Film Commission	79 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
0221000 Film Development Services	Kenya Film Classification Board	1135003000 Kenya Film Classification Board	68 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0221000 Film Development Services	African Audio-Visual Cinema Commission (AACC)	1135003100 Kenya Film Commission	100 million	Allocation resources towards the African Audio-Visual Cinema Commission (AACC) of which the Kenyan government made a commitment and signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during the 36th Ordinary Session of the African Union Heads of State and Government. Kenya committed to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs. 100 million.
0221000 Film Development Services	Headquarters	1135003300 Film Production Department - HQ	5 million	Funds to finalize the enactment of the National Film Bill. This is a fundamental Bill since it will provide a platform for showcasing and promoting creative talent with opportunities for wealth creation.
Total Recurrent			**252 million**	

1st Schedule: Proposed Committee Increases and Decreases

The committee proposes the following financial recommendations;

Proposed increases and decreases (Kshs. Millions)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Supplementary II Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0902000 Culture/ Heritage	0902030 Development And Promotion of Culture	1134002000 National Heroes Council	National Heroes Council	101.43	-	101.43	-	20.00	-	121.43	-	The additional allocation will be for the operationalization of the National Heroes' Fund pursuant to Section 21 of The Kenya Heroes Act CAP 216B and establishment and digitization of a heroes database.
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	1134002100 Permanent Presidential Music Commission	Permanent Presidential Music Commission	77.27	-	76.97	-	22.00	-	98.97	-	The additional funding will cater for activities in researching and documenting the music and dance practices of all the communities in Kenya on audio and visual formats, publishing of research findings on different aspects of Kenyan music and organizing the National Symposiums on Kenyan Music to review the state of our music industry and strategize on its growth. Kenya is endowed with a dynamic music heritage; diverse musical culture is spread amongst all peoples with each community having its own identifying authentic. The department is mandated to spearhead research and study of Kenyan music with the aim of documentation and identification of ways in which the sector can grow into a sustainable economic industry.
0904000 Library Services	0904010 Library Services	1134002300 Kenya National Library Services (KNLS)	Kenya National Library Services	430.00	-	430.00	-	43.00	-	473.00	-	The funds are part payment of an outstanding rent arrear owed by the State Department for Sports which has remained outstanding since March 2021. The funds will enable KNLS to settle pending bills on contractual services such internet payments, cleaning services, security and minor repairs at the Maktaba Kuu Building.

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Supplementary II Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0221000 Film Development Services	0221010 Film Development Services	1135003000 Kenya Film Classification Board	Kenya Film Classification Board	270.15	-	338.71	-	10.00	-	348.71	-	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0221000 Film Development Services	0221010 Film Development Services	1135003100 Kenya Film Commission	Kenya Film Commission	104.07	-	164.07	-	20.00	-	184.07	-	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0221000 Film Development Services	0221010 Film Development Services	1135002900 Kenya Film School	Kenya Film School	113.00	-	113.00	-	23.00	-	136.00	-	The additional allocation will enable purchase of equipment and customization of learning spaces due to increased student intake at the school. The funds will also enable the school to hire more staff and training personnel and conduct practical learning which is an essential component of film education as they allow students to gain practical skills and networks with industry professionals.
0901000 Sports	0901010 Sports Training and competitions	1132000200 Kenya Academy of Sports	Kenya Academy of Sports	-	-	156.00	-	10.00	-	166.00	-	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance and shortfall gratuity.
0901000 Sports	0901020 Development and Management of Sports Facilities	1132000500 Sports Kenya	Sports Kenya	386.52	-	386.52	-	(40.00)	-	346.52	-	Reduce Kshs. 40 million from recurrent expenditure for Sports Kenya. The Institution has sufficient appropriation in aid for its operations.
0901000 Sports	0901010 Sports Training and competitions	1132000700 Anti-Doping Agency of Kenya	Anti-Doping Agency of Kenya (ADAK)	30.00	-	230.00	-	(35.00)	-	195.00	-	Reduce Kshs. 35 million from recurrent expenditure for Anti-Doping Agency of Kenya.

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Supplementary II Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0901000 Sports	0901030 General Administration, Planning and Support Services	1132000100 General Administration and Planning Services	Headquarters	196.76	-	198.86	-	(43.00)	-	155.86	-	Reduce Kshs. 43 million from recurrent expenditure at the headquarters from Rentals of Produced Assets. The funds were meant to cater for rent arrears owed to the Kenya National Library Services since March 2021.
0902000 Culture/ Heritage	0902050 Cultural Product Diversification	1134001900 Bomas of Kenya	Bomas of Kenya	333.84	-	432.64	-	(30.00)	-	402.64	-	Reduce Kshs. 30 million from recurrent expenditure for Bomas of Kenya. The Institution has sufficient appropriation in aid for its operations. The Institution has sufficient appropriation in aid for its operations and programmes implemented by BoK can be funded by Tourism Promotion Fund
Total				**2,043.04**	-	**2,628.20**	-	-	-	**2,628.20**	-	

Signed: ..... **Date:** 10th March 2025

HON. DANIEL SITATI WANYAMA, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

Annexures

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Annex 2: Minutes of the Committee Sittings
Annex 3: PBO Brief on FY 2024/25 Supplementary No. 2 Estimates
Annex 4: MDA's submissions

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

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REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES II FOR FY 2024/25

1. VOTE 1123: The State Department for Broadcasting and Telecommunications
2. VOTE 1122: The State Department for ICT and Digital Economy

Published by:

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March 2025

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CHAPTER ONE

1 PREFACE

1.1 Introduction

1. The Supplementary Estimates II for the Financial Year 2024/25 was submitted to the National Assembly for approval on Tuesday, 18th February 2025. According to the National Treasury, the proposed budget revision enshrined in the Supplementary Estimates II is largely due to rationalization of expenditures, adjustments in development partner-financed projects, and regularization of approved additional expenditures.
2. The report contains the Committee's consideration of Supplementary Estimates II for FY 2024/2025, which was tabled in the National Assembly on 18thFebruary 2025.The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.
3. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated, or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.
4. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as the format for the revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. The Regulations outlines the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including the following: -
    a) Expenditure that, although known when finalizing the estimates of the original budget (In this case, the annual estimates of 2024/25) could not be accommodated within the allocations.
    b) Tariff adjustments and price increases
5. Approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that Financial Year unless, in special circumstances, Parliament has approved a higher percentage.
6. The report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: the State Department for Broadcasting and Telecommunications and the State Department for ICT and Digital Economy.

1.2 Establishment and Mandate of the Committee

7. The Departmental Committee on Communication, Information and Innovation is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:
    *i. **To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***

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

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

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

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

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

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

viii. *To examine treaties, agreements and conventions;*

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

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

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

8. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee: Communication, information, media and broadcasting (except for broadcast of parliamentary proceedings), information technology, communication technology, including development and advancement of technology, data protection and privacy, cyberspace and cyber-security, artificial intelligence, block-chain technology, and other emerging technologies.
9. In executing its mandate, the Committee oversees the Ministry of Information, Communication and the Digital Economy.

1.3 Committee Membership

10. The Departmental Committee on Communication, Information and Innovation was constituted by the House on Thursday, 27th October 2022 and comprises of the following Members:

Chairperson
Hon. John Kiarie Waweru, MP
Dagoretti South Constituency
UDA Party

Vice Chairperson
Hon. AlfahMiruka Ondieki, MP
BomachogeChache Constituency
UDA Party

Hon. Shakeel Shabbir Ahmed, CBS, MP
Kisumu East Constituency
Independent Member

Hon. Erastus Kivasu Nzioka, MP
Mbooni Constituency
WDM-K Party

Hon. Joseph Kipkosgei Tonui, MP
Kuresoi South Constituency
UDA Party

Hon. Bensuda Joyce Atieno Osogo, MP
Homabay County
ODM Party

Hon. Bernard Kibor Kitur, MP
Nandi Hills Constituency
UDA Party

Hon. Geoffrey Wandeto, MP
Tetu Constituency
UDA Party

Hon. Gideon Kipkoech Kimaiyo MP
Keiyo South Constituency
UDA Party

Hon. Flowrence Jematiah Sergon, MP
Baringo County
UDA Party

Hon. Irene Nyakerario Mayaka, MP
Nominated Member
ODM Party

Hon. Kakuta Maimai Hamisi, MP
Kajiado East Constituency
ODM Party

Hon. Khalif Ali Abdisirat MP
Nominated Member
UDA Party

Hon. Mumina Gollo Bonaya, MP
Isiolo County
Jubilee Party

Hon. Umulkher Harun Mohamed, MP
Nominated Member
ODM Party

1.4 Committee Secretariat

11. The Committee is facilitated by the following staff secretariat

Ms. Nuri KitelNataan
Clerk Assistant I

Mr. Sakana Saoli
Clerk Assistant III

CPA ThomasOgwel
Fiscal Analyst I

Ms. Lillian Mburugu
Media Relations Officer III

Ms Marlene Ayiro
Principal Legal Counsel

Mr Paul Shana
Sergeant At Arms

Mr GithinjiWanjohi
Research Officer III

Mr Kelvin Lengasi
Audio Officer

Mr Boaz Chebiego
Research Officer III

Ms Florence Wanja
Protocol Officer III

1.5 Overview of the Examination of the Supplementary Estimates No. II for FY 2024/25

12. The Supplementary Estimates No. II for the Financial Year 2024/25 were submitted to the National Assembly on 18th February 2025 and subsequently referred to the relevant Departmental Committees for review.
13. Parliament is required to scrutinize the Supplementary Estimates and the programmes with a view to establishing whether the reallocation is necessary and in accordance with the law.
14. Following a briefing from the Parliamentary Budget Office, the Committee convened meetings with the Ministry of Information, Communication, and the Digital Economy, along with its affiliated agencies, to review their Supplementary Estimates II for FY 2024/25. In total, the Committee held three sittings dedicated to this examination.

1.6 Acknowledgement

15. The Committee expresses its sincere gratitude to the Offices of the Speaker and the Clerk of the National Assembly for their exceptional logistical and technical support, which was instrumental in fulfilling our mandate regarding the Supplementary Estimates II for FY 2024/25.
16. I also wish to extend my appreciation to the Honourable Members of the Committee, the Committee Secretariat, and the Ministry of Information, Communication and Digital Economy, along with its agencies for their invaluable contributions in the preparation and production of this report.
17. On behalf of the Committee, and pursuant to Standing Order 232 (5), I now have the privilege of presenting the Committee's report to the Budget and Appropriations Committee.

HON. JOHN KIARIE, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

CHAPTER TWO

2.1 Broad Summary of the 2024/25 Supplementary Estimates II

18. On the 6th March 2025, the Fiscal Analyst from the Parliamentary Budget Office made a presentation before the Committee on the Supplementary Estimates II and covered various thematic areas. The attention of the Committee was drawn to the proposed variations and the justifications as.
19. The overall change in the National Government ministerial budget from the revised estimates II is an increase of Kshs 86 billion. The development expenditure reduces by Kshs.51 billion whereas the recurrent expenditure increases by Kshs 137 billion from the Approved Estimates.
20. The proposed increase in the recurrent expenditure is majorly on account of increased provisions for the Teachers Service Commission of Kshs 18 1 billion, increments for State Department for Higher Education and Research of Kshs. 16.1billion, increments for National Treasury of Kshs. 13 4 billion; and increments for State Department for Medical Services of Kshs 12.3 billion
21 Reductions under development expenditure are largely on account of reductions under the National Treasury of Kshs 16.9 billion, reductions for State Department for Housing and Urban Development of Kshs 13 7 billion, and reduction for the State Department for Water and Sanitation of Kshs 22.9 billion.
22. The Consolidated fund services is proposed to increase by 5 billion in the revised estimates II for FY 2024/25 mainly on account of increase for payments of guaranteed debt of **Kshs. 19.7 billion** down from the projected **Kshs.14.1 billion**

Table 1: Overall Change in the FY 2024/25 Budget Estimates II (Amounts KSh. Billions)

	2024/25 Approved Estimates	2024/25 Revised Estimates II	Change	% change
Ministerial Expenditure	**2,232**	**2,318**	**86**	+%
Recurrent	1,591	1,728	**137**	9%
Devt	641	590	(51)	-8%
CFS	**1,237**	**1,242**	**5**	0 4%
Total	**3,470**	**3,561**	**91**	3%

Source: The National Treasury

23. The overall Ministerial expenditure is proposed to be increased by 4% of which recurrent is to increase by 9% whereas development is to be decreased by 8% The Consolidated Fund Services (Interest, pension, salaries for State Officers & Net Lending) is proposed to increase by KSh 5 billion

2.2 Review of Supplementary Estimates II (FY 2024/25) for the State Department for ICT & Digital Economy (Vote 1122)

24. The gross Approved Estimates for the State Department for ICT and Digital Economy for FY 2024/25 is KShs.20 0 billion. This comprises of KShs 3 5 billion and KShs.16.5 billion for Recurrent and Capital expenditures respectively
25. In Supplementary II, the Estimates are proposed to be reduced to KSh12.2 billion. The resultant proposed gross reduction of KSh 7.8 billion is made up of a decrease of KSh 758 million in recurrent expenditure and a decrease of KSh 7 1 billion in capital expenditure The proposed gross variation translates to a decrease of 39% of the total

approved allocation. The revised estimates are therefore proposed to be KSh 2.8 billion in recurrent and KSh 9.4 billion in capital expenditures.

26. The distribution of the proposed variation in allocation to the three programmes under implementation in the vote 1122 was summarized asin the table 2.

Table 2 : Vote 1122- State Department for ICT & Digital Economy(amount KSh.M)										
Programmes	**Approved Estimates**			**Proposed Revised Estimates**			**Proposed variations**			**% Change**
	Rec	**Devt**	**Total**	**Rec**	**Dev**	**Total**	**Rec**	**Devt**	**Total**	
General Admin	270	-	270	299	-	299	30	-	30	11%
ICT Infrastructure Devt	702	15,432	16,134	729	8,700	9,429	28	(6,732)	(6,704)	42%
E-Government Services	2,537	1,058	3,595	1,721	707.8	2,429	(816)	(350)	(1,166)	32%
Total	**3,508**	**16,490**	**19,998**	**2,750**	**9,408**	**12,158**	**(758)**	**(7,082)**	**(7,840)**	**39%**

Source: The National Treasury- Supplementary Estimates No. II books

27. The proposed variations are substantial reductions which exceed the 10 % thresh-hold and shall have adverse effects on completion of the projects, escalation of costs and accumulation of pending bills. The distribution of the changes were highlighted as :

a) Headquarters Administrative Services(an increase of KSh 29.7 million)
b) ICT Technical Services under Directorate of ICT (a reduction of KSh 127.7 million)
c) ICTA (net increase of KSh 512 million)
d) Konza Technopolis Development Authority (an increase of KSh 90 million)
e) Business Process Outsourcing (a reduction of KSh 62.15 million)

2.3 Review of Supplementary Estimates II (FY 2024/25) for the State Department for Broadcasting and Telecommunication (Vote 1123)

28. The Committee was informed that, the gross Approved Estimates for the State Department for Broadcasting Telecommunications in the FY 2024/25 is proposed to be increased from KSh 5.7 billion to KSh 6.5 billion which reflects an increase amounting to KSh 811.6 million(a 14% increase). It was pointed out that the proposed increase is entirely on recurrent expenditure since the development vote was wiped out in Supplementary I. The proposed variation is distributed to the three programmes under implementation was summarized in the table 5.

Table 5 :Vote 1123- State Department for Broadcasting & Telecommunication (Amounts in KSh Millions)										
Programmes	**Approved Estimates**			**Proposed Revised Estimates**			**Proposed variations**			**% Change**
	Rec	Devt	Total	Rec	Devt	Total	Rec	Devt	Total	
General Administration	210	-	210	222	-	222	11.9	-	11.9	6%

Table 5 :Vote 1123- State Department for Broadcasting & Telecommunication (Amounts in KSh Millions)										
Programmes	**Approved Estimates**			**Proposed Revised Estimates**			**Proposed variations**			**% Change**
	Rec	Devt	Total	Rec	Devt	Total	Rec	Devt	Total	
Information and Communication Services	5,282	-	5,282	6,009	-	6,009	728	-	728	14%
Mass Media Skills Devt	216	-	216	288	-	288	72	-	72	33%
Total	**5,708**	**-**	**5,708**	**6,519**	**-**	**6,519**	**811**	**-**	**811**	**14%**

Source: The National Treasury

29. Save for the variation in the General Administration programme, in the other two programmes and in totality, it was noted that the variations exceed the prescribed 10% under normal circumstances. The variation among the expenditure heads were summarized as;

a) Headquarters Administrative Services (increase amounting to KSh 11.9 million)

30. The proposed increase is to cater for basic salaries and allowances –KSh 6.8 million and Ksh 5 million for retirement benefits.

b) Government Advertising Agency (an increase of KSh 627.7 million under Article 223 expenditure)

31. The proposed increase is to cater for settlement of pending bills relating to printing, advertising and information services, Ksh 1.2 million on routine maintenance of vehicles and KSh 525,000 on hospitality supplies and service.

c) Media Council of Kenya (an increase of KSh 100 million)

32. The proposed increase as current grants is to facilitate ICT and Media regulatory services. The breakdown to be submitted during the consultative engagements.

d) Kenya Institute of Mass Communication (a gross increase of KSh 72 Million)

33. The increase is made up of an increase in projections from receipts from administrative fees and charges by KSh 50 million and an increase in exchequer of KSh 22 million. The resources are to be used in the general administration of the institute.

2.4 Issues of concern

34. Arising from the analysis and review of the supplementary estimates, the following were noted to be salient issues that the Committee need to pay close attention :

I. **Budget Cuts on Salaries and Allowances:** There are proposals to have reductions on salaries and allowances at the Headquarters amounting to KSh 165 million (Directorate of ICT Technical Services).

II. **Absorption capacity:** The Kenya Digital Economy Acceleration Programme (KDEAP): The proposed budget cut amounting to KSh.2.1 billion could be due to teething problems affecting its rollout. The absorption capacity should be enhanced for full utilization of the allocated funds. The problem could also be affecting other externally funded projects.

III. **Delays in Completion of Capital Projects:** The proposed budgets cuts are on some projects whose planned completion timelines have already been missed. An example of this include: The Konza Data centre and Smart City facilities which faces a budget cut amounting to KSh 1.954 billion whose completion is at 79% with a fast approaching planned completion by 22nd June 2028.

IV. **Accumulation of pending bills:** As at 24th February 2025, there exist huge pending bills among the MDAs in the sub-sector. This is as:

a) **The State Department for ICT & Digital Economy:** Has pending bills amounting to KSh 592.4 million out of which KSh 409.4 million is at the Headquarters and KSh 183 million is on Capital projects at Konza Technopolis.

b) **The State department for Broadcasting and Telecommunication:** Has pending bills amounting toKSh 874.3 million of which pending bills for government advertising amounts to KSh 865 million. This excludes pending bills of KBC and Postal Corporation of Kenya.

V. **Adverse impact on sectorial policies:** The budget cuts in the sector shall impair the attainment of the envisaged benefits and positive impacts that in the recent past have been targeted and pursued through the expansionary policies for universal digital and telecommunication access.

CHAPTER THREE

3.1 SUBMISSIONS BY STATE DEPARTMENTS

35. The Cabinet Secretary, Principal Secretaries for the State Departments for Broadcasting and Telecommunication and the State Department for ICT and Digital Economy, accompanied by the respective top management of the agencies under the Ministry, appeared before the Committee on Thursday 6th March 2025 and made the following submissions:

3.1.1 Submission by the Cabinet Secretary

36. The Cabinet Secretary started by reminding the Committee that the mandate of the Ministry of Information, Communications and the Digital Economy asoutlined in Executive Order No. 2 of 2023.

On Budget Utilization Status

37. The Cabinet Secretary informed the committee that under the State Department for ICT and The Digital Economy, the half-year Gross allocation for the State Department was Ksh. 10,973.6 million comprising of Kshs. 1,231.8 million for recurrent and Kshs. 9,741.9 million and development. The Expenditure levels as at 31st Dec 2024 was Kshs. 995 million for recurrent and Kshs. 5027.5 million for development representing an absorption level of 80.8% and 51.6% respectively.
38. Under the State Department for Broadcasting and Telecommunications, the Committee was informed that the half-year Gross allocation for the State Department was Ksh. 2,853.92 million, against an expenditure of Ksh. 2,516.65Million, representing an expenditure level of 88.18%.

On Key Achievements as at 31st Dec 2024

39. The Cabinet Secretary reported the half-year performance the State Department for ICT and the Digital Economy in the various Programmes

Under Programme 2: ICT Infrastructure Development

a. Maintained 660 out of 770 sites under Last Mile County Connectivity.
b. Established and connected 18 Digital Hubs to the internet out of an annual target of 390. The under-achievement is due to the rationalization of the budget to zero in supplementary I.
c. Installed 1,500 Km against a target of 5,000 Km of the Fiber through Universal Service Fund (USF). The Under-achievement is as a result of delays in procurement
d. Connected 664 sites out of an annual target of 11,475 to the internet at Ward Level, Schools and Government institutions. The under-achievement is due to delays in procurement.
e. Installed 504 public Wi-Fi hotspots against a target of 5,000.
f. 19,650 new jobs created in the BPO sector out of a target of 10,000
g. Trained 49,513 youths on digital skills through the Ajira Digital Programme
h. Completion of Konza Complex: Conference facility at 76% completion against a target of 80 and Hotel block at 10% completion against a target of 10.
i. Streetscape and Water Reclamation Facility: 99% complete against a target of 100% awaiting power supply for testing and commissioning.
j. The targeted 400 interns were recruited and trained under the Presidential Digital Talent Programme (PDTP).
k. 1,035 innovators incubated, trained, and mentored against a target of 200. The overachievement is due to partnerships with the private sector.

l. Kenya Advanced Institute of Science & Technology (Kenya-AIST):
m. Construction of the Institute at 96.37% completion level with planned handover in March 2025 against a target of 100%.
n. Curriculum Development is at 95% against a target of 100% and has been forwarded to the Commission for University Education (CUE) for approval.
o. ICT Infrastructure & Equipment: IT infrastructure is 77.78% complete, and acquisition of IT equipment at 90.95% against a target of 95%. Testing and commissioning of the equipment is ongoing.

Under Programme 3: E-Government Services

a. 20,985 services have been fully on-boarded on the e-citizen platform.
b. 75 government officers against a target of 50 were trained in cybersecurity. The overachievement is due to collaboration with development partners.
c. Two (2) cybersecurity audits were conducted against a target of 10.
d. Data Protection & Compliance:
   - 4,311 Data Controllers & Processors registered against an annual target of 10,000
   - 565 data breach complaints resolved within 90 days, achieving 100% compliance with the Data Protection Act.
   - 97% of data protection advisories issued against an annual target of 100%.

40. The Committee was presented with the following achievements under the State Department for Broadcasting and Telecommunications.

Programme. 1: General Administration, Planning and Support Services:

a. National Addressing System Policy was completed. Cab Memo at The National Treasury for consideration.
b. Completed Access to Information Policy. Draft Cab-Memo is ready to be presented to Attorney General (AG) and The National Treasury for concurrence.
c. The development of National Communication Policy is at validation stage.
d. The National Communication Strategy is at validation stage.
e. Developed Kenya Information and Communication Amendment Act (KICA). Forwarded to The National Assembly.
f. Public Relations and Communication Management (PRCM) Regulations. Forwarded to The National Assembly.
g. Initiated the development of Draft Media Council of Kenya (MCK) Bill and is ready for public participation.
h. Initiated the development of Kenya Institute of Mass Communication (KIMC)/Kenya School of Communication (KSC) Bill. The Bill has undergone public participation and the Ministry is incorporating the comments received from the public.
i. Developed Public Relations and Communication Management (PRCM) bill. The Bill has undergone First Reading in The National Assembly.
j. Kenya Information and Communications Act (KICA) Bill has been forwarded to the AG for comments.

Programme . 2: Information and Communication Services:

a. Produced 2,491 TV news items against a half-year target of 2,000. This achievement is attributed to the presence of PSC Interns and attachés.

b. Produced and disseminated 11,664 news items against a half-year target of 10,000.
c. 11 Regional and 12 Online Publications and editions were produced against a half-year target of 22 Regional Publications and 12 Online Publications respectively. Budget rationalization affected the target for Regional Publications.
d. Produced and disseminated 100 Information Education and Communication (IEC) material against a half-year target of 100 through digital platforms.
e. Produced and disseminated 25 Weekly MyGov pull outs against a half-year target of 25.
f. Published one (1) Kenya Yearbook 2024, one (1) Kenya at the Olympics, thirty (30) Agenda Kenya Newspapers and eighteen (18) Infobyte Bulletins

Programme. 3: Mass Media Skills Development:

a. Offered on job training to 1,200 journalists against a half-year target of 1,550.
b. Accredited 1,443 journalists against a half-year target of 4,475. Peak season is between January and February.
c. Trained 27 media practitioners KIMC against a half-year target of 312. Intake will be in May 2025.

On the Proposed Supplementary II Estimates for FY 2024/25

41. The Cabinet Secretary informed the Committee that the State Department for ICT and the Digital Economy Proposed Supplementary II Budget is **Kshs. 12,157.85 M** consisting of **Kshs. 2,750.15M** as recurrent budget **KShs. 9,407.70M** as development budget against an approved budget (supplementary I) of **Kshs. 19,970.95M** consisting of **Ksh. 3,508.25M** as recurrent budget and **Ksh. 16,462.70M**as the development budget. This results in a budget variation of **Ksh. 758.10M** for recurrent budget and **Ksh. 7,082.00M** for the development budget.
42. The committee was also informed that the printed estimates for FY 2024/25 for the State Department was **Kshs. 6,061.31Million** which was adjusted to **Kshs. 5,707.84 million** in Supplementary Estimates No. 1 of 2024 and to **Kshs. 6,519.44 million** in the proposed Supplementary Estimates No. 2. The Development Budget was adjusted from **Ksh. 651.90Million** to **Zero** in Supplementary Estimates No. 1
43. The Cabinet Secretary submitted the variations under the recurrent budget as follows;

1) **State Department for ICT and The Digital Economy**

a. Increment in current transfers amounting to Kshs. 602Million (Kshs.512 million – ICTA, Kshs.90 million – KoTDA) is to cater for the shortfall in Personnel Emoluments and Operations & Maintenance after their budget was rationalized during Supplementary Estimates No. 1.
b. The reduction in Personnel Emoluments under Headquarters amounting to Kshs.165 million is occasioned by delayed recruitment of ICT officers by PSC.
c. The reduction of Kshs.1,200 million AIA is as a result of transfer of E-citizen function to the State Department for Immigration and Citizen Services

2) **State Department for Broadcasting and Telecommunications**

44. The committee was informed that under the proposed Supplementary Estimates No. 2, the Recurrent Budget for the State Department has been adjusted upwards from **Ksh. 5,707.84 million** to **Ksh. 6,519.44 million**, an increase of **Ksh. 811.60 million.** This increase will cater for:

a. **Kshs. 6,896,676**: Personnel emolument shortfall
b. **Kshs. 627,692,112** (received under Article 223): Part payment of pending bills under Government Advertising Agency (GAA)

c. **Kshs. 5,010,241**: Payment of gratuity for staff who have since exited the service
d. **Ksh. 100,000,000**: Media monitoring and content regulatory services at Media Council of Kenya
e. **Ksh. 22,000,000**: Implementation of new salary structure at KIMC, and **Ksh. 50,000,000** as enhancement of local Appropriation-In-Aid (A-I-A)

45. On the development Budget, the summary of variations and the impact was presented to the Committee as hereunder tabulated

Project Name	Approved Budget (million)	Proposed Supplementary II (million)	Variation (million)	Impact
Last Mile County Connectivity Project	2,500	120	2,380	350 sites will not be connected to internet thus delaying realization of the digital superhighway objectives
Kenya Digital Economy Acceleration Project	2,800	650	**2,150**	Slow the pace of implementation of KDEAP thus delaying the digital economy take-off. On-going procurements of **Ksh. 838** million may be affected through cancellation
The Konza Data Centre and Smart City Facilities	4,954	3,000	1,954	Delay in completion of the Recovery Centre and Smart City Facilities thus delaying investments in Konza and positioning the country as a Silicon Savanna
Horizontal Infrastructure Phase I -EPCF	1,408	740	668	Slow the completion of Konza City delaying investments

On pending bills

46. The Committee was informed that the State Department for ICT and The Digital Economy crossed over with pending bills amounting to **Kshs. 592 M** (HQ Kshs. 409M and KoTDA Kshs. 183) for maintenance of ICT infrastructure occasioned by budget cuts and lack of exchequer.
47. The pending bills are supposed to form the first charge in the current FY, additionally the State Department has running contracts amounting to Kshs. **539.5 M** for maintenance of NOFBI and LMCCP in the FY 2024/25.
48. During supplementary I, the budget related to the above projects was rationalized to zero hence the State Department for ICT and the Digital Economy is unable to clear FY 2023/24 pending bills and honour FY2024/25 contractual obligations.
49. Projects under the State Department for Broadcasting and Telecommunications were scaled down or stalled after the development budget was revised from **Kshs. 651.90M** to **Zero** during supplementary I

On Request to the National Treasury Not captured in the Supplementary No. 2

50. The Committee was informed that the State Department had requested funds to procure 75,000 devices at an estimated cost of **Ksh7.5 billion** required towards the Jitume

Digital enablement Programme in support of the Government of Kenya Digital Economy Agenda. The National Treasury vide letter Ref. DV/ES1122/24/01`A` (37) dated 10th January 2025 considered and provided **Ksh.1 billion** in the context of supplementary II estimates to procure 10,000 devices. However, this amount has not been captured in the Supplementary II Estimates submitted to Parliament.

Request to the Committee

51. The Cabinet Secretary made the following requests to the committee:
    - Reinstatement of the rationalized budget during supplementary I to clear FY 2023/24 pending bills and honour the FY 2024/25 maintenance of ICT infrastructure running contracts.
    - **Kshs. 1,000 M** to be used to procure devices required towards the Jitume Digital Enablement Programme

State Department of Broadcasting and Telecommunication

52. The Committee requested for additional **Ksh. 7,748.10** million to the State Department for Broadcasting and Telecommunications to support critical shortfalls and unfunded areas in the FY 2024/25 budget. The breakdown was as hereunder tabulated

S/NO	ITEM	AMOUNT (Ksh. M)	Remarks
1	Headquarters	150	To facilitate headquarter operational activities including facilitating the CS and PS Offices, domestic travel, purchase of fuel, maintenance of motor vehicles, and clearing pending bills.
2	Operationalization of National Communication Centre (NCC)	500	To operationalize the activities of NCCin communication during crisis management
3	Department of Information	80	AIE allocation for seventy- two (72) KNA field stations and eight (8) regional the offices
4	KBC	254	Ksh. 154M for personnel emoluments shortfall Ksh. 100M to purchase 20 motor vehicles at a cost of approx. Ksh. 5M each.
5	Directorate of Public Communication	70	For purchase of media monitoring software and Customer Relations Management (CRM) software, and modernization of telecommunications infrastructure at the National Government Contact Centre.
6	Media Council of Kenya (MCK)	428.5	-Ksh. 203.5M to sustain media monitoring and content regulatory services -Ksh. 225M for sustainability of ICT media hubs and regulatory functions
7.	Revitalization of Postal Corporation of Kenya (PCK)	3,000.00	As per the draft Cabinet Memo. Although PCK currently is not funded by the Exchequer, there is need to revamp it to profitability for effective service delivery and to fulfill its mandate in compliance with Universal Service Obligation (USO). This amount may also be staggered for three years.

S/NO	ITEM	AMOUNT (Ksh. M)	Remarks
8	KIMC	40	-Ksh. 10M: Finalization of the Kenya School of Communications Bill and Ksh. 30M: Implementation of approved Human Resource instruments
9	Modernization of KNA KBC Roll-out of	537	For refurbishment and equipping of 20No. field offices, and carry out capacity building for field officers at approx. Kshs. 50M
10	Studio Mashinani	450	This is an ongoing Presidential Directive project. So far, the project has been rolled out in Mombasa, Kisumu, Kitui, Murang'a, Machakos, Komarock and Lang'ata. The project was not funded in FY 2023/24 and FY 2024/25. The cost of construction and equipping one station is approx. Ksh. 30M KBC plans to establish fifteen (15) audio visual recording studios (studio mashinani), with the rest to be established over the medium term in all remaining Counties.
11	KBC Migration of MW to FM	425.2	Funds to cater for acquisition, installation and commissioning of FM radio transmitters in the 40No. identified sites. Project not funded in the FY 2024/25.
12	KBC Modern Outside Broadcasting (OB) Van	360	For acquisition of a modern OB van that can produce both TV and Radio signals simultaneously. The current van is obsolete and hence not fit for use by KBC in the discharge of its national mandate. Project not funded in the FY 2024/25.
13	KBC Solar Power	220	The project is projected to save Ksh. 76.8M p.a. This will be in form of savings of power bills where KBC pays approx. Ksh. 192M per annum.
14	KIMC Eldoret Campus	766	To operationalize the three-phased Campus at Eldoret to provide and incubate specialized self-employment skills and talents among youth in communication, media, info-tainment, cinematic and creative Arts. Not funded in the FY 2024/25
15	Operationalization of KIMC TV green studio	72	KIMC has a TV green studio for the purpose of training and talent promotion facility that will also transmit pre-packaged content for state Ministries, Departments, Commissions, and Agencies (MDCAs) for free. An estimated one-off budget of Ksh. 72 Million in the 2024/25 Financial Year, is required to operationalize the studio, and an annual recurrent budget of Ksh.13, 848,532.00. Apart from training students, KIMC TV will generate an AIA of Kshs.3, 120,000.00 annually from the transmissions.

3.1.2 The State Department for Broadcasting and Telecommunication

53. The Principal Secretary request the Committee to consider **Ksh. 5.4 Billion** being the critical shortfall in the FY 2025/26 budget as presented below;

Budget item		Amount (Ksh. M)	Remarks
H/Q - Operation and maintenance Costs		150	The amount is to cater operation and maintenance including M/E activities, development of policies and legal framework
National Communication Center		655	To operationalize the activities of National Communication Center. The National Communication Centre is contained in both the National Communication Strategy and Policy which has been planned to be presented to Cabinet for approval
Kenya News Agency (KNA)		80	The State Department has seventy- two (72) KNA field stations and eight (8) regional offices. An allocation ofKsh. 250,000 per quarter.
Modernization of Fleet (KIMC)		75.4	The Institution has a student population of 1,200 and two campuses, one in Nairobi and Eldoret. The motor vehicles fleet which critically supports outdoor content productions, industry learning sessions, and educational student engagements for the Institute are old and prone to frequent mechanical breakdowns, high cost of maintenance, and danger to the life of students and staff.
Operationalization of KIMC TV green studio		72	KIMC has a TV green studio for the purpose of training and talent promotion facility that will also transmit pre-packaged content for state Ministries, Departments, Commissions, and Agencies (MDCAs) for free. An estimated one-off budget of KSh. 72 Million in the 2023/2024 Financial Year, is required to operationalize the studio, and an annual recurrent budget of Kshs.13,848,532.00. Apart from training students, KIMC TV will generate an AIA of Kshs.3,120,000.00 annually from the transmissions.
Modernization of training Equipment.		200	The intervention is to consolidate competence-based training infrastructure. This will ensure delivery of the skill rich Institute curriculum that is 70% practical and 40% theory. Itemized costs centers are: Television Studio Equipment -Ksh 225 million, Film Studio Equipment -Ksh 241 million, Radio Studio Equipment -Ksh 68 million, Media Technology Museum -Ksh 92 million, Technical Engineering Lab and Work Station -Ksh 63 million, Animation Studio Equipment -Ksh 79 million, Sound Studio Equipment -Ksh 51 million, Audio Visual Studio Equipment -Ksh 81 million and Library modernization -Ksh 15 million
Content Production and Research Center.		100	This is an MTP-IV project that targets to create 500 jobs annually for creative artists.
Modernization of KBC & Infrastructure	Personal emoluments	200	The Corporation receives Kshs.860million from the Exchequer to cater for personnel emoluments. This is below the total requirement of Kshs.1440million annually.

Budget item		Amount (Ksh. M)	Remarks
	Modern Outside Broadcasting Van (OB)	300	The OB Van can produce both TV and Radio signals simultaneously unlike the old one.
	Solar Power	220	Installation of solar power systems in 42 KBC sites
M.C.K	Media Monitoring	203.5	Sustain media monitoring and content regulatory services
	Media Hubs	225	Sustainability of ICT media Hubs and regulatory functions
Postal Corporation of Kenya	Revamp PCK	3,000	Although PCK currently is not funded by the exchequer there is need to revamp PCK to profitability, for effective service delivery and to fulfill its mandate in compliance with Universal Service Obligation (USO). This may also be staggered for three years.

On Pending Bills

54. The committee was informed that the State Department has outstanding pending bills amounting to Ksh. **874,939,256.61** as tabulated below;

F/Y	Service providers	Outstanding amount	Remarks
2022/2023 Prior Years	Advertising services (Media Houses)	864,947,928.00	All the Outstanding Pending bills for the Financial Year, 2023 amounting to kshs. 626m has since been paid.
	General merchants	1,446,295.10	
2023/2024	Advertising services (Media Houses)	0	Outstanding bills at the headquarters that are as result of budgetary reductions
	General Merchants	8,213,033.61	
	Total	**874,937,256.61**	

3.1.3 The State Department for ICT & Digital Economy

55. The Principal Secretary presented to the Committee the Highlight of the variations in the approved budget for FY 2024/25 by programme and justification for the variations as follows

Economic Classification	Printed Estimates (a)	Supplementary I Estimates (b)	Proposed Supplementary II Estimates (c)	Change In Expenditure (d=c-b)
Recurrent	3,525.22	3,508.25	2,750.15	(758.10)
Development	18,829.66	16,462.70	9,407.70	(7,082.00)
Total	**22,354.88**	**19,970.95**	**12,157.85**	**(7,840.10)**

56. The committee was presented with an analysis of SAGAs FY2024/25 Proposed Supplementary II Estimates Allocation as follows;

S/No.	SAGA	Approved Estimates (Supp. I Estimates FY 2024/25 Ksh. Million	Supplementary Allocation FY 2024/25 Ksh. Million		
		BUDGET	GROSS	AIA	NET
1	ICTA-HQ	1,210.00	522.00	10.00	512.00
2	ICTA-PDTP	116.00	116.00	0	116.00
3	KoTDA	412.65	502.65	200.0	302.65
4	KAIST	134.40	134.40	0	134.40
5	ODPC	818.30	818.30	50.0	768.3
GRAND TOTAL		**2,691.35**	**2,093.35**	**260.0**	**1,833.35**

57. The committee was informed that the justifications for the variations in the recurrent Budget were;An increase in current transfers amounting to Kshs.602Million (Kshs.512Million—ICTA, Kshs.90 Million—KoTDA) is to compensate for the shortfall in Personnel Emoluments and Operations and maintenance after their budget was rationalized during Supplementary I Estimates.The reduction in Personnel Emoluments under Headquarters amounting to Kshs.165Million is occasioned by delayed recruitment of ICT officers by PSC
58. For the variation under the development Budget, the committee was given the following justification;
    i. Reduction in Last Mile County Connectivity Project (LMCCP) amounting to Kshs 2,380M as a result of an ongoing withholding tax dispute,
    ii. Reduction in Kenya Digital Economic Acceleration Programme (KDEAP)amounting to Kshs 2,150M due to preliminary implementation challenges,
    iii. Reduction in Konza Data Center & Smart City Facilities amounting to Kshs 1,954 as a result of challenges in the absorption of allocated funds in the current FY.
    iv. Reduction in Horizontal Infrastructure Phase I -EPCF amounting to Kshs 668M due to under absorption.
    v. The upward revision of AIA under Maintenance & Rehabilitation of NOFBI II Cable-BETA amounting to Kshs 90M is to cater for the shortfall in Escrow Account requirement.
59. The committee was informed that the revised Budget would affect the schedule of key performance indicators and Performance Targets as follows;
    i. The Kshs. 2,380M variation in the Last Mile Country Connectivity (LMCCP) project will affect internet connectivity to 350 sites out of the targeted 400
    ii. The Kshs. 2,150M variation under Kenya Digital Acceleration Project (KDEAP) will affect internet connectivity to 8,475 out of the targeted 11,475 sites in Wards, schools and Government Institutions and 4,000 out of the targeted 5,000 Public Wi-Fi sites in Counties, Sub-Counties and Ward Level.

On the Expected Impact of Budget Revisions on Capital Projects

60. **The** state department informed the committee of the impact of the Budget revisions on capital projects as;

i. Collapse of ICT and telecommunication infrastructure due to inadequate budget for maintenance and rehabilitation which may disrupt service delivery and hinder digital transformation efforts.

ii. Withdrawal of services by providers may compromise the quality of works and delay project completion, exposing the Government of Kenya and donor-funded projects to penalties and accrued interest.

iii. Accumulation of pending bills to vendors could delay project implementation, strain vendor relations, and undermine the Digital Transformation Agenda.

iv. Reduced internet connectivity uptime due to lack of redundancy on existing ICT infrastructure could negatively impact service delivery and business continuity.

v. Legal lawsuits may arise if the State Department fails to honour contractual obligations, potentially leading to financial penalties and reputational damage.

61. The state department requested the committee to:

i. Reinstate the rationalized budget during supplementary I to clear FY 2023/24 pending bills and honour the FY 2024/25 maintenance of ICT infrastructure running contracts.

ii. Avail Kshs. 1,000 M to be used to procure devices required towards the Jitume Digital enablement Programme.

iii. Commercialization of ICT infrastructure and services to reduce reliance on exchequer for maintenance, facilitate new connectivity and enhance sustainability of the ICT infrastructure.

iv. Provision for transfer of knowledge and skills to form part of the financing and commercial agreements signed between the Government and the Development Partners.

CHAPTER FOUR

4.1 COMMITTEE OBSERVATIONS

62. After considering the Supplementary Estimates No. II for FY 2024/25, the Committee made the following observations:

4.1.1 Cross-cutting issues

63. **Need to enhance effectiveness in the consultation between the National Treasury and the State Departments on variations of estimates:** There is a weak collaborative framework between the National Treasury and the respective Ministries, Departments and Agencies during the revision of the budget estimates. Despite the MDAs input being sought in the formulation of the Supplementary estimates II, largely the submissions from the MDAs are not incorporated by the National Treasury hence effecting budget cuts in critical areas.
64. **The Budget cuts results in accumulation of pending bills:** There are running contracts for the maintenance and rehabilitation of the existing fibre optic networks such the Last Mile County Connectivity and the various National Optic Fibre Backbone Infrastructures. NOFBI networks and on various works at the Konza Technopolis. The budget cuts not only lead to accumulation of pending bills but also escalates costs related to fines, penalties and costs associated to delay in completion of the projects on account of fluctuations in inflation and exchange rates.
65. **Credibility of the set targets:** Despite substantial variation in resource allocation in various programmes and projects within the sector, the set targets remain largely unchanged and if changed, the variation is not proportionate to the changes in resource allocation. Such is manifested in areas such as
    a) Despite the proposed budget cut by 43% on government shared services, the numbers of government records targeted to be digitized remain unchanged at 200,000.
    b) Despite the proposed budget cut by 40% on the Business Process Outsourcing, the numbers of business process outsourcing jobs targeted to be created remain unchanged at 10,000.
66. **Poor planning during the formulation of the estimates:** Some of the expenditure items introduced in the supplementary estimates with good planning could have been foreseen and incorporated in the initial main budget or are not urgent to justify why they cannot wait for consideration in the next financial year's estimates.
    a) Introduction of KSh 12 million for purchase of Office furniture in the Directorate of ICT Expenditure Head (State department for ICT and Digital Economy)
    b) Additional allocation for retirement benefits of KSh 10 million and KSh 5 million in the headquarters of State department for ICT & Digital Economy and the State department for Broadcasting and Telecommunication respectively.

4.1.2 State Department for ICT and Digital Economy

67. The allocation to the State department for ICT and digital Economy is proposed to be reduced by 39% % of which development expenditure faces a cut of Ksh 7.1 billion and a reduction of KSh 758 million in recurrent. The reduction in the development expenditure is entirely on external funds.
68. **Over-reliance on external financing of the critical ICT Infrastructures may expose them to the risk degradation and compromised up-time:** The maintenance and rehabilitation of Last Mile County Connectivity is facing a budget cut of KSh 2.38 billion (94% reduction in allocation) being external funding that was expected from the

Government of Belgium. Due to a with-holding tax dispute, the donor cannot avail the funds hence derailing the planned maintenance works.

69. **Reduction in allocation to expenditure heads with running contractual obligations:** The proposed reductions are on some heads that have running contractual obligations. This leads to accumulation of pending bills, escalation of costs on account of fines, penalties, fluctuation in inflation and exchange rates and could also lead to litigation costs. Such budget cuts are in the following areas:
    a) Horizontal Infrastructure Phase I at Konza Technopolis which faces a budget cut of KSh 668 million
    b) Konza Data Centre and Smart City Facilities which faces a budget cut of KSh 1.954 billion
    c) Last Mile County Connectivity is facing a budget cut of KSh 2.38 billion
70. **Need to expand programmes and activities on Data Protection:** As the Office of Data Protection Commissioner gets strengthened in terms of the establishment of its regional structures and human resource, the interventions on data protection needs to be enhanced in areas of capacity building for the data controllers and processors so as to ensure that collected data are securely stored, processed and applied for intended purposes. The sensitization of the citizenry on legal and regulatory framework on data protection should be up-scaled so as to prevent incidences such as was occasioned by the World Cryptocurrency trade.

4.1.3 State Department for Broadcasting and Telecommunication

71. The allocation to the recurrent expenditure in the State department for Broadcasting and Telecommunication is proposed to be increased by 14% (KSh 811.6 million). There is nil reinstatement of the capital expenditure that was zeroed in the Supplementary I of this financial year 2024/25.
72. **Sustainability of Media monitoring and content regulatory services is essential with the upsurge of practitioners and players in the media space:** The media council has overtime pursued expansionary policies that have seen it establish regional offices and ICT media hubs across the country to strengthen its regulatory function. However, the substantial reduction by 47% of resource allocation from Ksh 1.55 billion in FY 2023/24 to only KSh 732 million in the 2024/25 initial estimates have subjected the council to budgetary constraints derailing the execution of its mandate. The huge scale-down in resource allocation has led to inability of the Council to meet its financial obligations in critical areas such as staff medical insurance, remittance of statutory deductions to KRA and inability to pay rent.
73. **Delay by the MDAs in remission of payments for government advertisement services to the Government Advertising Agency:** The MDAs are hesitant to remit payments for services offered to them on advertisements. Overtime, this has led to accumulation of pending bills of which through Article 223 of the Constitution, this Supplementary II has allocated KSh 627.7 million to partially pay amounts owed to the various media houses. Without an institutionalized strategy to ensure prompt settlement of advertisement charges, the centralization of government advertisement shall continue contributing to pending bills.

CHAPTER FIVE

5.1 RECOMMENDATIONS

5.1.1 Non-Financial Recommandations

Cross cutting recommendations

74. In the formulation of the next Supplementary Estimates, the National Treasury should enhance the quality and effectiveness in the consultative engagements it has with the Ministries, Departments and Agencies to prevent incidences of proposing budget cuts in critical areas.
75. Before 30th September 2025, The National Treasury should fast track to conclusion the verification of the existing pending bills. This should inform allocation of adequate resources in the next budget cycle to clear all the pending bills.

State Department for ICT and Digital Economy

76. The GoK component (Exchequer financing) of the allocation to the projects and programmes to the State department should be progressively enhanced to mitigate the risk of over-reliance on external funding for the critical ICT infrastructures such as in the maintenance and rehabilitation of the fibre optic networks.

State Department for Broadcasting and Telecommunication

77. Within three months upon approval of these Supplementary II estimates, the National Treasury should develop and institutionalize a strategy for ring-fencing allocations to MDAs for advertisement services. This should be done to ensure that remittance of advertisement payments to Government Advertising Agency is done promptly.

5.1.2 Financial Recommendations

78. Following the consideration of the submissions and deliberations thereof, the Committee made the following financial recommendations:

Proposed Decreases (Amounting to KSh 317Million)								
Vote	**Programme**	**Project Head**	**Draft Revised Gross Estimates**	**Proposed Committee's Decreases**			**Proposed Committees Estimates**	**Justification**
				Rec.	**Devt**	**Total**		
1122	0217000 :E-Government Services	1122100600-Government Shared Services	470.78	-	-150	-150	320	Expenditure rationalization on account of low absorption of the allocated resources and challenges in implementation.
		1122000400 :ICT Technical Services	271.01	-12	-	-12	259.01	Expenditure rationalization since no urgency necessitates introduction of a new expenditure on (3111000) for Purchase of Office Furniture and General Equipment. This can wait for estimates in the main budget
	0210000:ICT Infrastructure Development	1122000600: Business Process Outsourcing	85	-85		-85	0	The funds were initially purposed for capacity building which is adequately catered for in the Kenya Digital Economy Acceleration Programme
		1122100100: Maintenance & Rehabilitation of Last Mile County Connectivity	48.7	-	-20	-20	28.7	There is a with-holding tax dispute between KRA and the contractors that has derailed the issuance of the external funding from the Government of Belgium. This has slowed down the maintenance works hence the need to reduce costs of operations in the project.
1123	0208000 :Information and Communication Services	1123000400: Government Advertising Agency	853.5	(50)		-50	803.5	Expenditures rationalization on account of reduction on advertising costs arising from using one media house (The Star) as opposed to many media houses.
Total Committee's Decreases				**-147**	**-170**	**-317**		

Proposed Increases (Amounting to KSh 317Million)								
Vote	**Programme**	**Project Head**	**Draft Revised Gross Estimates (Ksh M)**	**Proposed Committee's Increases(Ksh M)**			**Proposed Committees Estimates(KSh M)**	**Justification**
				Rec.	**Devt**	**total**		
1122	0210000: ICT Infrastructure Development	1122100801:Supervision of Streetscape & Wastewater reclamation Facilities	822	125	-	125	947	To cater for the operations and maintenance of the already existing infrastructure. In the Supplementary Estimates I, the allocation was reduced to nil and without resources for the operations this is leading to both degradation of the installations and stifling the opportunity to onboard clients for revenue generation.
	0217000 :E-Government Services	1122002100:The Office of Data Protection Commissioner	818.3	42	-	42	860.3	To cater for the ongoing capacity building for the data controllers and processors as well as to facilitate the ongoing sensitization programmes on data protection
1123	11233000400: Information and Communication Services	1123000600: Directorate of Information (HQ)	177.3	50		50	127.3	To cater for equipping and to facilitate the ongoing capacity building for field officers of the Kenya News Agency.

Proposed Increases (Amounting to KSh 317Million)								
Vote	**Programme**	**Project Head**	**Draft Revised Gross Estimates (Ksh M)**	**Proposed Committee's Increases(Ksh M)**			**Proposed Committees Estimates(KSh M)**	**Justification**
				Rec.	**Devt**	**total**		
1123	0208000: Information and Communication Services	1123001500:Media Council of Kenya	921.9	100	-	100	1,021.90	To partially cater for underfunding for the Media Regulatory activities that arose from the substantial reduction in estimates allocations. The huge scale-down in resource allocation has led to inability of the Council to meet its financial obligations in critical areas such as staff medical insurance , remittance of statutory deductions to KRA and inability to pay rent
Total Committee's increases				**317**	-	**317**		

5.1.3 Unfunded priorities (Wish-list)-KSh566 million

State Department for ICT & Digital Economy

79 Ksh 321 million to the development expenditure to the Programme of ICT Infrastructure Development to cater for internet services, provision of alternative sustainable power solutions and for maintenance of existing installations of public Wi-Fi. (1122100600)

State Department for Broadcasting and Telecommunication

80. **Ksh 245 million** to be allocated to be allocated to the recurrent expenditure under the programme of Information and Communication to equip 7 media and ICT Hubs in Kisumu,Busia, Kisii, Eldoret, Nakuru, Meru and Tharaka (1123001500)

DEPARTMENTAL COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

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

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

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PART I

1.0 PREFACE

1.1 Introduction

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

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

1.2 Mandate of the Committee

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

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

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

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

   d. study and review all legislation referred to it;

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

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

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

   h. examine treaties, agreements, and conventions;

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

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

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

1.3 Subjects of the Committee

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

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

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

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

1.4 Committee Membership

7. The Committee comprises of the following Members: -

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

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

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

Hon. Aduma Owuor, MP
Nyakach Constituency

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

Hon. Liza Chepkorir Chelule, MP
Nakuru County

Hon. Sarah Paulata Korere, MP
Laikipia North Constituency

Hon. Oku Kaunya, MP
Teso North Constituency

Hon. Mburu Kahangara, MP
Lari Constituency

Hon Protus Ewesit Akujah, MP
Loima Constituency

Hon. Rozaah Akinyi Buyu, MP
Kisumu West Constituency

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

Hon.(Dr.) Peter Masara, MP
Suna West Constituency

Hon. Francis Sigei, EBS, MP
Sotik Constituency

Hon. Hussein Weytan, MP
Mandera East Constituency

1.5 **Committee Secretariat**

8 The Committee Secretariat consists of the following

Mr. John Mugoma
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant II

Mr. Gideon Kipkogei
Clerk Assistant II

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Delvin Onyancha
Research Officer II

Ms. Judy Kanyoko
Legal Counsel II

Mr. Benson Kimanzi
Sergeant at Arms

Mr. Rodgers Kilungya
Audio Officer

Ms. Ivy Maritim
Media Relations

Ms. Hannah Kiige
Parliamentary
Budget Office intern

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

9. The preparation and approval of the supplementary budget is provided for in Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Regulations 40 of the PFM (National Government) Regulations 2015.

10. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated, or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances Parliament has approved a higher percentage.

11. In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of the supplementary estimates as well as format for revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. As per the regulations, Supplementary estimates should relate to expenditure needs which were either unforeseen or unavoidable and where no budget provision was made or was inadequate during the approval of the annual estimates. The Regulations, further clarify that expenditure which was anticipated during the estimate's approval, or where the expenditure relates to tariff and price increases, should not be considered as part of supplementary budgets.

12. The 2024/2025 Supplementary Estimates No. II was submitted to the National Assembly on Tuesday, 18th February, 2025 and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B) The Committees were required to consider the 2024/2025 Supplementary II with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.

13. Following the committal of the 2024/2025 Supplementary Estimates No. II, the Committee was briefed by the Parliamentary Budget Office on Wednesday, 5th March, 2025 on the contents of the Supplementary II and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate from 6th - 7th March , 2025.

14. The Committee deliberated on the issues contained in the Supplementary Estimates No. II and subsequently adopted the report. Details on this presentation on the Parliamentary Budget Office brief and submissions from the Agencies are **annexed in this report**.

1.7 Acknowledgement

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

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

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

PART II

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES - OVERALL EXPENDITURES

17. The overall Ministerial cumulative expenditure in FY 2024/25 has been proposed to increase by 3.85% (Kshs. 85.87 billion) from the original budget which is within the 10% allowable threshold in accordance to Article 223 of the Constitution. The increase is mainly on account of approving additional expenditures for both GoK and Development Partners funded projects, approve reallocation; adjust receipts of AIA and review compensation to employees and gratuity.

18. Recurrent expenditures are proposed to increase by 8.61% (Kshs. 136.96 billion) whereas development expenditure decreases by 7.97% (Kshs. 51.1 billion). Finally, CFS has increased by 0.44% (Kshs. 5.5 billion). A summary of the changes is shown in Table 1.

Table 1: Overall Change in the FY 2024/25 Budget Estimates (Amount in Kshs. Million)

Expenditure Estimates	Approved Estimates 2024/25	Supplementary Estimates No. 2 2024/25	Gross Change	% Change from Original Estimates
1.0 Ministerial National Government Estimates	**2,232,756.5**	**2,318,630.1**	**85,873.6**	**3.85**
1.1 Recurrent Budget Estimates	1,591,590.2	1,728,550.2	136,960.0	8.61
1.2 Development Budget Estimates	641,166.2	590,080.0	(51,086.2)	(7.97)
2.0 Consolidated Fund Services	**1,237,233.8**	**1,242,735.5**	**5,501.7**	**0.44**
TOTAL	**3,469,990.3**	**3,561,365.6**	**91,375.3**	**2.63**

Source: National Treasury, 2025

A. SUMMARY OF REVISED BUDGET FY 2024/25

19. The total budget for all the MDAs under the purview of the departmental Committee on Administration and Internal security at the printed estimates amounted to **KSh. 185,923.5 million**. This was reduced to **KSh. 165,541.4 million** as of Supplementary I. Supplementary II proposes to increase the allocation to **KSh. 192,043.4 million** as spread across the votes summarized in Table 2 below.

Table 2: Summary of Revised Budget in KSh. Millions										
S/ No.	MDA	Printed			Supplementary I			Proposed Supplementary II		
		Rec	Dev	Tot	Rec	Dev	Tot	Rec	Dev	Tot
1	Executive Office of the President	4,231.3	1,200.9	5,432.2	3,584.5	-	3,584.5	4,186.2	50.0	4,236.2
2	Office of the Deputy President	4,575.6	320.4	4,896.0	2,598.1	-	2,598.1	3,018.6		3,018.6
3	Office of the Prime Cabinet Secretary	1,140.8	-	1,140.8	721.0	-	721.0	790.1	65.0	855.1
4	State Department for Parliamentary Affairs	458.3	-	458.3	363.9	-	363.9	338.9	-	338.9
5	State Department for Performance and Delivery Management	597.1	-	597.1	507.9	-	507.9	632.8	-	632.8
6	State Department for Cabinet Affairs	275.1	-	275.1	228.7	-	228.7	218.7	-	218.7
7	State House	7,937.3	1,558.7	9,496.0	4,307.5		4,307.5	8,117.0	-	8,117.0
8	State Department for	10,149.6	4,810.2	14,959.8	9,874.3	4,396.2	14,270.5	13,061.6	7,099.4	20,161.0

Table 2: Summary of Revised Budget in KSh. Millions										
S/ No.	MDA	Printed			Supplementary I			Proposed Supplementary II		
		Rec	Dev	Tot	Rec	Dev	Tot	Rec	Dev	Tot
	Immigration and Citizen Services									
9	National Police Service	108,771.4	1,780.7	110,552.1	108,642.4	35.0	108,677.4	114,439.3	535.0	114,974.3
1	State Department for Internal Security & National Administration	28,311.6	7,565.5	35,877.1	27,825.1	360.2	28,185.3	34,534.2	2,860.0	37,394.2
1	National Police Service Commission	1,131.3	-	1,131.3	1,008.0		1,008.0	1,008.0	-	1,008.0
1	Independent Policing Oversight Authority	1,107.7	-	1,107.7	1,088.6		1,088.6	1,088.6	-	1,088.6
	Total	**168,687.1**	**17,236.4**	**185,923.5**	**160,750.0**	**4,791.4**	**165,541.4**	**181,434.0**	**10,609.4**	**192,043.4**

Source: National Treasury

20. Like the previous supplementary budgets, the proposed supplementary comprises of reallocations, absolute increases, and reduction of expenditure. For example, Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State House, State Department for Immigration and Citizen Services, National Police Service and State Department for Internal Security has seen their budget proposed for increase while that of State Department for Parliamentary Affairs & State Department for Cabinet Affairs has seen their budget proposed for reduction. On the other hand, the National Police Service

Commission and that of Independent Policing Oversight Authority budgets have been proposed to remain as per Supplementary I budget but with re-allocations across various items.

21. The implication of such changes may vary across the MDAs: either, that the estimates for the agencies proposed for more resources were unforeseen, or that the agencies facing budgetary cuts can accommodate the reduction by using the remaining funds efficiently and deliver on the set outputs with less resources, or by reducing the budget, the MDAs will correspondingly reduce its performance targets, and that agencies getting increases will deliver more services to Kenyans.

B. DETAILED ANALYSIS PER SECTOR

a) Public Administration sub-sectors

22. The Approved Estimates for the Executive Office of the President have been revised from KSh.3.6 billion to KSh.4.2 billion under the FY 2024/25 Supplementary Estimates No. II, reflecting a net increase of KSh.651.7 million on account of actual requirement for personnel emolument, operations & maintenance expenses and donor funded project. Other changes are on account of reallocation of funds.

23. The Approved Estimates for the Deputy President have been proposed for upward revision to KSh.3 billion from KSh.2.6 billion under the FY 2024/25 Supplementary Estimates No. II, reflecting a net increase of KSh.420.4 million on account of personnel emolument and operations & maintenance expenses. Other changes are on account of reallocation of funds.

24. The Approved Estimates for the Office of the Prime Cabinet Secretary have been proposed for upward revision from KSh.721.7 million to KSh.855.1 million This reflects an increase of KSh.133.4 million. The overall change in the Current expenditure is on account of reduction in the provision for personnel emoluments to reflect the actual requirement and additional funding to cater for expenses of the Office of the Prime Cabinet Secretary, while the change in Capital expenditure is on account of additional donor funding towards support for the National Government Coordination Secretariat.

Table 3: Summary of Overall Changes Per Vote in KSh. Millions- Public Administration

Vote	Supplementary I Estimates			Proposed Increases/Decreases			
	Recurrent	Capital	Total	Recurrent	Capital	Total	% Change
1011	3,584.5	-	3,584.5	601.7	50	651.7	18.2
1012	2,598.2	-	2,598.2	420.4	-	420.4	16.2

Table 3: Summary of Overall Changes Per Vote in KSh. Millions- Public Administration							
Vote	Supplementary I Estimates			Proposed Increases/Decreases			
	Recurrent	Capital	Total	Recurrent	Capital	Total	% Change
1013	721	-	721.0	69.1	65	-	18.6
1014	363.9	-	363.9	(25)	-	(25.0)	(16.9)
1015	507.9	-	507.9	124.9	-	124.9	24.6
1016	228.7	-	228.7	(10)	-	(10.0)	(4.4)
1017	4,307.5	-	4,307.5	3,809.5	-	3,809.5	88.4

25. Under the State Department for Parliamentary Affairs, the estimates have been proposed for reduction from **KSh.363.9 million** to **KSh.339.0 million**. This reflects a decrease of **KSh.24.9 million**. The overall change is on account of rationalization of personnel emoluments to reflect the actual requirement though there are additional funding to cater for operations and maintenance which is rising by KSh. 40 million.

26. Under the State Department for performance and Delivery Management, the supplementary will increase their budgetary allocation from **KSh.507.9 million** to **KSh.632.8 million**. This reflects an increase of **KSh.124.9 million** on account of additional funds to cater for personnel emoluments and additional funding for operations and maintenance.

27. The State Department for Cabinet Affairs budget is set to reduce by **KSh. 10 million** from **KSh.228.7 million** to **KSh.218.7 million** on account of rationalization of personnel emoluments to reflect the actual requirement.

28. The Approved Estimates for State House is set to increase from **KSh.4.3 billion** to **KSh.8.1 billion** reflecting an increase of **KSh.3.8 billion** on account of actual requirement for personnel emolument to end June, 2025 and to cater for shortfall on operations & maintenance expenses including medical insurance. Other changes are on account of reallocation of funds. Table 4 shows the details of major increases across the votes under the Public Administration sub-sectors.

Table 4: Details of Major Recurrent Increases in KSh. Millions				
Vote	Head	Revised I	Proposed Increase	Details
1011	Government Printer	356	70.6	Towards bridging PE shortfall-70.6M
	HQs – Administrative Services	499.8	236	PE -105.3M, Rentals of Produced Assets -60M, Domestic Travel-20M, Pension- 21.6M, Refurbishment -10M

Table 4: Details of Major Recurrent Increases in KSh. Millions				
Vote	**Head**	**Revised I**	**Proposed Increase**	**Details**
	International Boundary Office	48.6	50	Mainly for domestic travel-17M, Hospitality-20M, Foreign Travel-5M and other O&M items
	Office of the Government Spokesperson	22	30	Mainly for domestic travel and other O&M items
	Commission of Inquiry	168	60	Other Operating Expenses
	Multi-agency strategic intervention	-	172	Other Operating Expenses
	Leadership & Coordination-HQs	34.3	35	O&M
	National Lottery Board		20	O&M
1012	Household Catering & Other Services	-	75	Towards Purchase of Household Furniture and Institutional Equipment
	DP Support Services-HQs	917.7	381	Mainly for PE- 170M, Rentals-115M, Other Operating Expenses- 60M, Vehicles Maintenance -50M
1013	Office of the Prime Cabinet Secretary-HQ	143.8	86	Mainly towards Domestic Travel(47.8 million), purchase of Vehicles(20 million), Vehicle maintenance- 910 million and other O&M
1017	Administration of Statutory benefits		88	Towards the office of the Retired Vice president(25 million), former Prime Minister(20 million), 2nd Retired Vice President 4th Retired President(23 million)
	State House Nairobi		3,678.3	Towards other Operating Expenses – 1,500M, Domestic Travel-732M, Personnel Emoluments-700M, Hospitality-313.6M and Vehicle maintenance-152M

b) **Governance, Justice Law & Order sub-sectors**

29. The Approved Estimates for the State Department for Immigration & Citizen Services is set to increase from **KSh.14.3 billion** to **KSh.20.1 billion** reflecting an increase of **KSh.5.9 billion** on account of shortfall on personnel emolument, e-Citizen services, Electronic Travel Authorization system, 3rd Generation Identity cards and e-Passports. Other changes are on account reallocation of funds.

30. Under the National Police Service, The Approved Estimates have been proposed for upward revision from **KSh.108.7 billion** to **KSh.115.0 billion** reflecting a net increase of **KSh.6.3 billion** on account of the Multi-National Security Support Mission to Haiti, enhanced security operations and maintenance & upgrade of Systems under the Directorate of Criminal Investigations. Other changes are on account of reallocation of funds.(See Table 6)

Table 5: Summary of Overall Changes Per Vote (KSh. Millions)- GJLOS Sub-sectors

Vote	Supplementary I Estimates			Proposed Increases/Decreases			
	Recurrent	Capital	Total	Recurrent	Capital	Total	% Change
1024	9,874.3	4,396.2	14,270.5	3,187.4	2,703.2	5,890.6	41.3
1025	108,642.4	35	108,677.4	5,796.8	500	6,296.8	5.8
1026	27,825.1	360	28,185.1	6,709.1	2,500	9,209.1	32.7
2151	1,088.6	-	1,088.6	-	-		-

31. The estimates for the State Department for Internal Security & National administration is set to increase from **KSh.28.2 billion** to **KSh.37.4 billion** reflecting an increase of KSh.9.2 billion on account of shortfall on personnel emolument, enhanced security operations and Police Modernization Programme. Other changes are on account of reallocation of funds.

32. The changes under the independent Policing Oversight Authority are on account of re-allocation of funds as the estimates overall remained unchanged. The Personnel Emoluments have seen its budget proposed for reduction by KSh. 27.7 million while the O& M is set to increase by 29.2 million. Table summarizes the major increases across the votes under the GJLOS sub-sectors.

Table 6: Details of Major Recurrent increases in KSh. Millions

	Head	Revised I	AMOUNT	DETAILS
1024	HQ-Administrative Services	611	125	Towards Personnel Emoluments
	Civil Registration-Field services	718.5	100	Towards Personnel Emoluments

Table 6: Details of Major Recurrent increases in KSh. Millions				
	Head	Revised I	AMOUNT	DETAILS
	Immigration Department	-	2,434.5	Towards ETA services, Financed by AIA
	Immigration Department - HQ	1,362	147	PE-114M, Training-70M – Partly financed by AIA(reductions: Domestic Travel-10M, Specialsed Materials-15M, Fuel-12M)
	National Registration of Persons	565.2	114.7	Towards PE
	e-citizen	302	309	Hospitality Supplies-100M, Domestic travel-100M, furniture—64M, foreign travel-20M (Financed by AIA)
1025	General Administration Headquarters	3,540.7	5,000	Towards Insurance cost
	Office of the Inspector General	-	2,461	Towards the Haiti Peace keeping mission.
	Multi-Agency Security Operations	5	300	Towards other Operating expenses
	DCI Field Services	4,274.8	232.5	Towards O&M
	Presidential escort	824.1	150	Towards other Operating expenses
	GSU Headquarters-Recce & G company	60	50	Towards other Operating expenses
	Office of the DIG-HQs	285.9	70	Towards other Operating expenses
1026	Headquarters- 1026000101	3,608.7	6,086.9	Security Operations-KSh. 5,000 M, Domestic Travel-KSh. 820M, Hospitality Services-KSh. 180M, PE-KSh. 86.9 million
	Kenya Coast Guard	800	200	Towards Other Operating Expenses
	County Administration	13,767	390	Towards PE

Table 6: Details of Major Recurrent increases in KSh. Millions				
	Head	Revised I	AMOUNT	DETAILS
	Non-Governmental Organizations	192.9	25.1	Current Transfers, financed by AIA
	Government Chemist	12.6	7	Current Transfers, financed by AIA

C. ANALYSIS OF DEVELOPMENT EXPENDITURE

33. A review of development expenditures shows the Executive Office of the President, the Office of the President, and State Department for Immigration & Citizen Services, the National Police Service as well as State Department for Internal Security have been proposed to receive additional resources towards capital expenditures as analyzed in table 7 below.

Table 7: Details of Major Increases in Capital Expenditures in KSh. Millions			
Vote	Project/Head	Amount	Details
1011	Kenya-EU partnership on National strategy to counter Terrorism	50	Being increase in donor commitment-Grant Revenue
1013	Support to National Government Coordination Secretariat Project	65	Being support to the National Coordination National Secretariat through donor funding-Grant Revenue
1024	Purchase of e-passport books	1,003.2	Funded through AIA-Article 223 Expenditure
	e-citizen services	1,700	Funded through AIA-Article 223 Expenditure
1025	Modernisation of National Forensic facilities	500	KSh. 295 million for upgrade and expansion of APFIS, KSh. 205 million for Maintenance of systems(both are finance through AIA)
1026	National Police Service Modernisation	2,500	Already incurred through Article 223
	Refurbishment of Harambee House	25	

D. ANALYSIS OF ARTICLE 223 WITHDRAWALS

34. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated, or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament (National Assembly) through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. Table 8 summarizes requests for approval by the National Treasury to various MDAs under the purview of the Committee.

Table 8: Summary of Article 223 request for approval by the National Treasury.

MDA	Total Approval	Date of Approval	Exchequer Disbursed	Date of disbursement
1013 Office of the Prime Cabinet Secretary	65	-	-	-
Middle Income Country Technical Assistance Fund(MICTAF)	65	16/10/2024		-
1017 State House	1,500	-	-	-
Operations and Maintenance	1,500	20/1/2025		-
1024 State Department for Immigration and Citizen Services	5,476			
Contracted Professional	5,476	19/09/2024, 8/10/2024, 12/11/2024 & 29/11/2024		Financed by AIA
1025 National Police Service	2,161	-	770.8	
Security Operations	2,161	11/09/2024& 7/10/2024	770.8	23/9/2024 &28/10/2024& 27/11/2024, 7/1/2025, 24/1/2025, 25/1/2025
1026 State Department for Internal Security & National Administration	6,900	-	4,500	

Table 8: Summary of Article 223 request for approval by the National Treasury.				
MDA	Total Approval	Date of Approval	Exchequer Disbursed	Date of disbursement
Operations and Maintenance	4,400		2,000	27/11/2024 ,10/12/2024 & 20/12/2024
Police Modernization	2,500		2,500	5/12/2024
Total	16,102		5,270.8	

35. Standing Order 243(2) (c) requires that such expenditures should be accompanied with necessary documents as evidence of money spent. Moreover, expenditures under Article 223 which are not disbursed or committed may probably imply they are not emergency in nature and therefore should not be included as Article 223 expenditures. To this end, the following expenditures though approved by the national Treasury but have not been disbursed may be treated as ordinary supplementary and they include:-

    a. KSh. 65 million under the Office of the Prime Cabinet Secretary
    b. KSh. 1,500 million under State House
    c. KSh. 1,390 million under the national Police service for the Multi agency security operations in Haiti.
    d. KSh. 2,400 million under State Department for Internal Security & National Administration.

36. Whereas Article 223 of the Constitution imposes strict timelines within which the approval of the House should be sought within two months after the first withdrawal or within two weeks if Parliament is not sitting. A review of these submissions indicate that the national government has not adhered to these timelines. The State Department for Immigration for instance started spending through AIA as early as 19th of September 2024 as shown in the table 7 above.

37. Further, SO 243(3B) requires Departmental Committees examining the supplementary Estimates to make recommendations to Budget & Appropriation Committee only in accordance with Article 223 and Article 221 as well as any other written law. This must be demonstrated by the MDAs before any approval is granted by the House.

E. ADDENDUM ON SUPPLEMENATRY II ESTIMATES

38. The National Treasury, submitted an addendum to the supplementary Estimates with the following additional Allocation.
    a. **KSh. 400 million** towards State House for Refurbishment

b. **KSh. 100 million** towards the Office of the prime Cabinet Secretary for enhanced Operations & Maintenance.

c. **KSh. 159.3 million** towards the State Department for Internal Security & National Administration mainly for Taskforce on Campaign against Gender Based Violence and femicide(KSh. 109.3 million) and Public Benefit organization Regulatory Authority(KSh- 50 million)

PART III

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES

39. The Ministry, Departments and Agencies appeared before the Committee from 7th - 8th March, 2025 to deliberate the contents of the 2024/2025 Supplementary No. II. The detailed presentations made to the Committee are annexed to this report.

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

3.1 EXECUTIVE OFFICE OF THE PRESIDENT

41. The Committee held a consultative meeting with the delegation from the Executive Office of the President led by Principal Administrative Secretary Mr. Athur A. Osiya, EBS and informed the Committee that –

a. The gross approved estimates for The Executive Office of the President in the FY 2024/2025 amounted to Kshs 3,584.5 million. The Supplementary II proposes an increase in the budgetary allocation to Kshs 4,236.16 million. Comprising of recurrent Kshs 601.68 million and development Kshs 50 million.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 1,677.43 million against gross approved estimates of Kshs. 3,584.5 million. This translated to an absorption rate of 46.80%.

c. The EOP proposed an increase in the recurrent allocation of Kshs 651.69 million for government printing services Kshs 70.65 million, general administration planning and support services Kshs 498.04 million, leadership and coordination of government services Kshs 105 million.

d. The EOP proposed reallocating Kshs 22 million from the recurrent programme, government Advisory services, reducing it from its previous allocation of Kshs 1,129.85 million to Kshs 1,107.85 million.

e. On development, the EOP proposed grant allocation of Kshs 50 million for the National Terrorism Center (NCTC) by the European Development Fund (EDF).

f. The EOP had pending bills totaling Kshs 382.13 million, of which Kshs 37.29 million had been processed and Kshs 344.84 million had not been paid.

g. The EOP requested an additional allocation of Kshs 3,048.58 million with recurrent amounting to Kshs 2,448.58 Million and development amounting to Kshs. 600 million.

3.2 OFFICE OF THE DEPUTY PRESIDENT

42. The Committee held a consultative meeting with the delegation from the Office of the Deputy President led by Principal Administrative Secretary Mr. Moses Mbaruku and informed the Committee that –

a. The Office of the Deputy President's gross approved estimates in FY 2024/2025 amounted to Kshs 2,598.2 million. The Supplementary II proposes an increase in the budgetary allocation to Kshs 3,018.6 million, for recurrent.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 1,305 million against gross approved estimates of Kshs. 2,598.2 million. This translated to an absorption rate of 50.3%.

c. The office of the Deputy President proposed an increase in the recurrent allocation, of Kshs 420.4 million for general administration and support services Kshs 170.4 million and coordination and supervision Kshs 250 million.

d. The office of the Deputy President requested additional funding of Kshs 493 million. The allocation is mainly aimed at the core mandate of cabinet decision implementation Kshs 185 million, value for money public sector reforms programmes Kshs 119 million and purchase of office furniture, Kshs 63.3 million.

3.3 OFFICE OF THE PRIME CABINET SECRETARY

43. The Committee held a consultative meeting with a delegation from the Office of the Prime Cabinet Secretary led by the Chief of Staff Mr. Joseph Busiega, MGH, MBS 'ndc'(K). The Committee was informed that:

a. The gross approved estimates for the Office of the Prime Cabinet Secretary in the FY 2024/2025 amounted to Kshs 1,140.79 million, however, the budget was revised down to Kshs 721.71 Million during finalization of FY 2024/25 Supplementary I Estimates. The Supplementary II proposes an increase in the budgetary allocation to Kshs 855.10 million under recurrent.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 332.37 million against gross approved estimates of Kshs. 721.71 million. This translated to an absorption rate of 46.05%.

c. The Office of the Prime Cabinet Secretary suggested increasing the recurrent expenditure by Kshs. 65 Million for the programme, Use of Goods and Services Kshs 100 Million.

d. The change on account of reduction in the recurrent expenditure is in the provision for personnel emoluments by KSh.31.60 Million to reflect the actual requirement.

e. The Office of the Prime Cabinet Secretary requested that development expenditure receive an allocation of Kshs 133.40 Million for the Acquisition of non-financial assets Kshs 7.75 Million and Other Development Kshs 55.25 million.

f. The vote requested the Committee to consider additional allocation to the Office of the Prime Cabinet Secretary of Kshs 951.77 million, Kshs. 941.77 Million in the recurrent vote and Kshs. 10.00 Million in the development vote in the FY 2024/25 Supplementary Estimates No. 2 to facilitate delivery of effective Coordination and Supervision Services as per the mandate of the Office of the Prime Cabinet Secretary.

3.4 STATE DEPARTMENT FOR PARLIAMENTARY AFFAIRS

44. The Committee held a consultative meeting with a delegation from the State Department for Parliamentary Affairs, led by the Senior Deputy Director, Mr. Nick Biketi, on the Supplementary Estimate No. II and informed the Committee that: -

a. The Printed estimates for the State Department in FY 2024/25 were Kshs. 458.3 Million under the recurrent budget which was revised to Kshs. 363.9 Million in Supplementary I. Supplementary II proposes a reduction in recurrent to Kshs 338.9 Million.

b. This reflects a decrease of KSh.24.9 million in recurrent. The overall change is on account of rationalization of personnel emoluments to reflect the actual requirement, though there is additional funding to cater for operations and maintenance, which is rising by Kshs. 40 million.

c. As at 31st December 2024, the State Department had realized an expenditure of Kshs. 143.1 Million. This translates to an absorption rate of 39.3 % of the total budget for the FY 2024/25.

3.5 STATE DEPARTMENT FOR PERFORMANCE AND DELIVERY MANAGEMENT

45. The Committee held a consultative meeting with a delegation from the Executive Office of the President led by the Secretary Administration, Mr. Chimwaga Mongo, EBS, to consider the Supplementary Estimates No. II. They informed the Committee as follows –

a. The gross approved estimates for The State Department for Performance and Delivery management in the FY 2024/2025 amounted to Kshs 507.85 million. The Supplementary II estimates propose an increase in the budgetary allocation to Kshs 632.75 million. This was on account of additional roles that were given to the State Department under the notification of the President's action (5) of 23rd August 2024.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 263.38 million against gross approved estimates of Kshs. 507.85 million. This translated to an absorption rate of 51.8%.

c. The State Department proposed an increase in the recurrent allocation, of Kshs 124.9 million for: compensation Kshs 39.34 million, use of goods and services Kshs 59.55 million and other recurrent Kshs 25.5 million.

d. The State Department requested additional funding of Kshs 78.8 million. The allocation is mainly aimed at the department of: Administration, coordination, GDU and PSPMU.

3.6 STATE DEPARTMENT FOR CABINET AFFAIRS

46. The Committee held a consultative meeting with a delegation from the State Department of Cabinet Affairs led by the Principal Cabinet Secretary, Dr. Idris Salim Dokota, PHD, CBS, on the Supplementary Estimate No. II and submitted that –

a. The overall budget allocated to the State Department for FY2024/25 is Kshs. 228.7 million. The allocation constitutes: Personnel Emolument Kshs 82 Million, contracted services Kshs 18.6 Million and Kshs 128.1 Million for operations and maintenance. Supplementary II estimates propose a decrease in recurrent allocation from Kshs 228.7 million to Kshs 218 million.

b. The State Department for Cabinet Affairs budget is set to reduce by Kshs. 10 million from KSh.228.7 million to KSh.218.7 million on account of rationalization of personnel emoluments to reflect the actual requirement.

c. The State Department's absorption as at 31st December 2024 was Kshs 89.37 Million out of Ksh132.2 million translating to 68% absorption.

d. The budget allocation for the state department is insufficient to undertake the core mandate; hence the department seeks additional funding amounting to Ksh493 million for various functions such as: cabinet decisions implementation Kshs 185 Million, value for money public sector reforms programmes Kshs 119 million, office furniture Kshs 63.3 million, among others.

3.7 STATE HOUSE

47. The Committee held a consultative meeting with a delegation from State House led by the State House Comptroller, Hon. Dr. Katoo Ole Metito, EGH on the Supplementary Estimate No. II and informed the Committee that –

a. The gross approved estimates for State House in the FY 2024/2025 amounted to Kshs 4,307.5 million. The Supplementary II estimates propose an increase in the budgetary allocation to Kshs 8,117.0 million. Comprising of recurrent: personnel emoluments amounting to Kshs 700 million and operations and maintenance amounting to Kshs 3,109.5 million.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 3,663.3 million against gross approved estimates of Kshs. 4,307.5 million. This translated to an absorption rate of 85%.

c. The State House proposed an increase in recurrent to Kshs 3,809.5 Million for coordination of the State House function of Kshs 3,721.5 million and administration of statutory benefits for the retired presidents of Kshs 88 million.

d. The state house requested additional funding of Kshs 979.0 million under recurrent expenditure to optimally deliver on its overall mandate.

3.8 STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES

48. The Committee held a consultative meeting with a delegation from the State Department for Immigration & Citizen Services led by the Principal Secretary, Amb. (Prof.) Julius Bitok to consider the Supplementary Estimate No. II and informed the Committee that –

a. The State Department was allocated a total budget of Kshs. 14,270.5 million out of which recurrent is Kshs. 9,874.3 million and development is Kshs. 4,396.2 million. In the First Half of Financial Year 2024/2025. The State Department was allocated a budget of Kshs. 14,643.2 Million out of which recurrent is Kshs. 7,936.6 Million and development is Kshs. 6,706.6 Million i.e. Kshs 2,000 Million and Procurement of e Passport booklet Kshs. 1,003 million.

b. The actual expenditure as at 31st December 2024, stands at Kshs. 12,656.9 Million. This is broken down as Kshs. 6,385 Million recurrent expenditures and Kshs 6,271.8 Million Development expenditure. The absorption rate state stands at 80%.

c. In the Financial Year 2024/25 the State Department was allocated a total Supplementary I budget of Kshs. 9,874 Million and development expenditure of Kshs. 4,396 Million. The proposed supplementary II estimates FY 2024/25 increased the allocation to Kshs. 20,161 Million which implies a variation of Kshs. 5,890 Million from Supplementary I Estimate.

d. The recurrent expenditure has a total of Kshs 3,517 with pending bills having the highest of Kshs. 1,500 Million. This is an additional funding total of Kshs. 6,936 Million.

e. The State Department requested and got approval from the National Treasury of Kshs. 5,403.0 Million under Article 223 to defray expenditure on critical projects including e-citizen services, (Kshs. 2,000 Million), Electronic Travel Authorization (ETA) system (Kshs. 2,400 Million) Procurement of passport (Kshs. 1,003 Million) The State Department has received utilization Appropriation in Aid (AIA) of Kshs. 843 Million.

f. The State Department received additional funding of Kshs. 497.5 Million which was used as follows: Kshs. 415 Million for generation of IDs, Kshs. 50 million Live Capture Units for purchase, Kshs 37.5 Million for 50 Mobile Registration Units.

g. The State Department needs additional funding in development for Maintenance of e-passport System, Digital ID, National ID Card Production, Unique Personal Identifier and ICT Networking Equipment for IPRS which totals to Kshs. 3,419 Million.

3.9 NATIONAL POLICE SERVICE

49. The Committee had a consultative meeting with a delegation from the National Police Service led by the Inspector General, Mr. Douglas Kanja Kirocho, MGH, CBS, on the Supplementary Estimate No. II and submitted as follows –

a. The National Police Service was allocated Kshs. 108.68 Billion in the Financial Year 2024/2025. NPS expenditure in the first half of the financial year totaled Kshs. 55.97 Billion. The cumulative performance was 51.50% as at 31st December, 2024. The performance consists of recurrent absorbed funds Kshs. 55,97 Billion, and development Kshs, 35 Million. The current expenditure levels as at 28th February have gone up to 68% due to the increased expenditure on items of Security Operations, Presidential Escort Unit and Specialized Materials and Utilities.

b. The National Police Service has one programme named policing services which proposed an allocation of Kshs. 114.97 billion up from Kshs. 108.68 billion. This reflects an increment of Kshs 6.30 billion that comprises an increase in current expenditure of Kshs. 5,796.8 Million and an increase in Capital expenditure of Kshs. 500 Million.

c. The National Police Service has 4 projects funded under Public Participation Projects and two projects funded – International Peace Keeping Mission, Kshs 2,1616 Million was approved and Kshs. 770.8 Million withdrawn, Upgrade and Expansion of APFIS Kshs. 295 Million was approved and Maintenance of Systems Kshs. 205 Million was approved, and Kshs. 39.2 Million was withdrawn.

d. Total additional funding requirement is Kshs. 19.58 billion and Kshs. 1.91 billion for recurrent and Development Votes. The underfunded areas in the recurrent expenditure are Insurance Costs, Security Operations, Food and Ration, Air Wing, among others. In development, the underfunded areas are: Pending Bills, Police Modernization Programme, National Police Service Level Hospital, among others

3.10 STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION

50. The Committee held a consultative meeting with a delegation from the State Department for Internal Security and National Administration led by the Principal Administrative Secretary

Dr. Raymond Omollo, PhD. CBS. The delegation informed the Committee that: -

a. In the first half of the FY 2024/25, the State Department's total expenditure stands at Kshs. 20,621.6 million comprising of recurrent budget of Kshs. 17,786.4 million and development expenditure of Kshs. 2,835.20 million.

b. The cumulative expenditure is against a budget provision of Kshs. 33,285.33 million in the period under review, representing an overall budget performance of 62% as analyzed in table 1 below:

Table 1: Budget Performance Status

Expenditure Classification	Approved Estimates	Expenditure as at 31st December 2024	Absorption Rate
	Kshs. Millions	**Kshs. Millions**	%
Recurrent	30,425.13	17,786.4	58.5%
Development	2,860.20	2,835.20	99.12%
Total	**33,285.33**	**20,621.6**	**62**

c. The State Department's Supplementary Estimates No. II has a Gross variation of Kshs. 9,209.1 million from the approved budget, i.e. from Kshs. 28,185.3 million to Kshs. 37,394.4 million. The variations are on account of an increase in the security-related expenditure Kshs 5,000 Million, National functions Kshs 200 Million, as well as to facilitate the shortfall in the Personnel Emolument Kshs 477 Million among others.

d. In the Supplementary Estimates No. II, the Development budget has an increase of Kshs. 2,500 million provided for to cater for the National Police Modernization Project.

e. During the year under review, the reallocations realized were for refurbishment of harambee house to replace two lifts amounting to Kshs.25million. The existing lifts have had recurring breakdowns affecting mobility in the building.

f. Under the Supplementary Estimates No. II, the State Department has been considered for additional funding of Kshs. 1.8 billion to meet security related expenditures.

3.11 NATIONAL POLICE SERVICE COMMISSION

51. The Committee held a consultative meeting with a delegation from the National Police Service Commission led by the Chief Executive Officer of the Commission, Mr. Peter Leley, to consider the Supplementary Estimate No. II and submitted that –

a. The gross approved estimates for the National Police Service Commission in the FY 2024/2025 amounted to Kshs 528.5 million. The Supplementary II proposes no changes in allocation for the vote.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 475.2 million against gross approved estimates of Kshs. 528.5 million. This translated to an absorption rate of 90%.

c. The National Police Service Commission requested additional funding of Kshs 207.9 million. The allocation is mainly aimed at the core mandate of payment of maintenance of buildings Kshs 98.8 Million, rentals of produced items Kshs 30.9 Million, contracted guards, cleaning services, legal dues arbitration and compensation payments Kshs 19.7 million and insurance cost Kshs 14.1 Million. The vote requested Kshs 100 million be included in the supplementary II estimates.

3.12 INDEPENDENT POLICING OVERSIGHT AUTHORITY

52. The Committee held a consultative meeting with a delegation from the Independent Policing Oversight Authority led by the Chief Executive Officer to consider the Supplementary Estimate No. II. They submitted that:

a. The gross approved estimates for IPOA in the FY 2024/2025 amounted to Kshs 1,088.64 million. The Supplementary II estimates had no allocation for the vote but recommended reallocation of Kshs 27.7 million from the recurrent programme compensation to employees, to the operation and maintenance O&M.

b. On budget implementation, the cumulative expenditure for the FY 2024/25 as at 31st December 2024 amounted to Kshs 516.08 million against gross approved estimates of Kshs. 572.56 million. This translated to an absorption rate of 47%.

c. The IPOA requested additional funding of Kshs 190.12 million. The allocation is mainly aimed at the purchase of motor vehicles Kshs 69.16 million, Domestic travel and subsistence, and other transportation cost Kshs 30 million, Compensation to employees Kshs 22.38 million and foreign travel and subsistence allowance Kshs 13 million.

PART IV

4.0 COMMITTEE OBSERVATIONS

53. The Committee having reviewed the 2024/2025 Supplementary Budget No. II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

A. Vote 1011: Executive Office of the President

a. The gross Approved Estimates for the Executive Office of the President in the FY 2024/25 amounts to KSh.3, 584 million for current expenditure. The Approved Estimates have been proposed for upward revision to KSh. 4,236.1 million reflecting a proposed net increase of KSh.651.7 million on account of actual requirement for personnel emolument, operations & maintenance expenses and donor funded project. Other changes are on account of reallocation of funds.

b. The proposed additional allocation will go towards Government Printing Services - KSh. 70.7 million to settle pending bills of overtime allowances for staff at the Government Printer, General Administration, Planning and Support Services- KSh. 498 million to support multi agency strategic intervention and bridge shortfall in Personnel Emoluments across the Office as well as support to the Government Spokesperson office, Leadership and Coordination of Government Services – KSh. 105 million to enhance the Operations of Kenya International Boundary Office and the National Lottery Board.

c. On budget implementation as of 31st December 2024, the Office had absorbed 46.8 percent of its total budgetary allocation of KSh. 3,584.5 million.

d. The Office requested additional funding amounting to KSh. 3,048.6 million mainly to cover pending bills and carry overs amounting to KSh. 344.8 million, Multi-Agency strategic Intervention-KSh. 200 million, Commission of Inquiry, tribunals and selection panel of PSC Commissioners-KSh. 213 million, the National Lottery Board-KSh. 233.9 million among others.

B. Vote 1012: Office of the Deputy President

a. The gross Approved Estimates for Office of the Deputy President in the FY 2024/25 was KSh.2, 598 million for Current expenditure. The Approved Estimates has been proposed for revision to KSh.3 billion from KSh.3, 018.6 million under the FY 2024/25 Supplementary Estimates No. II, reflecting a net increase of KSh.420.4 million on account of personnel emolument and operations & maintenance expenses. Other proposed changes are on account of reallocation of funds.

b. The proposed increased would go towards Gratuity paid to staff whose contracts were terminated-KSh. 170.4 million, Other Operating expenses- KSh. 100 million, procurement of Medals and Honors-KSh. 50 million, Hiring of Transport Services-

KSh. 50 million, Hospitality expenses-KSh. 20 million and local travel- KSh. 20 million.

c. On budget implementation for the first half of the year, the Office had absorbed 50 percent of its budgetary allocation as per the approved Supplementary I of 2024/2025 with the General Administration and Support Services sub-programme recording an absorption of 57 percent on account of increased Personnel Emoluments while the sub-programme on Government strategic intervention recording an absorption of 34 percent on account of delayed re-organization of the office.

C. Vote 1013: Office of the Prime Cabinet Secretary

a. The gross Approved Estimates for the FY 2024/25 amounts to KSh.721.7 million comprising of Current expenditures. The Approved Estimates have been revised from KSh.721.7 million to KSh.955.1 million under FY 2024/25 Supplementary Estimates No. II. This reflects an increase of KSh.233.4 million. The overall change in the Current expenditure is on account of reduction in the provision for personnel emoluments to reflect the actual requirement and additional funding to cater for expenses of the Office of the Prime Cabinet Secretary, while the change in Capital expenditure is on account of additional donor funding towards support for the National Government Coordination Secretariat. AFDB

b. The rationalization of the OPCS FY 2024/2025 in supplementary I by KSh. 419.1 million had stalled full operationalization of the PCS coordination and Supervision services which is the core mandate of the office in assisting the President and the Deputy President in coordination and supervision of Government Ministries and State Departments.

c. On budget implementation, the OPCS had absorbed 46.1 percent of its budgetary allocation by December 2024. The expenditure included payment of KSh. 79.2 million towards pending bills.

d. The payment of 2023/24 pending bills led to budget shortfall in the approved provisions for payment of rent by KSh. 27 million, contracted guards and cleaning services by KSh 24.89 million and other critical expenditure areas amounting to KSh. 27.3 million.

e. The Office had shortfalls mainly occasioned by the rationalization of estimates in Supplementary I amounting to KSh. 1,054.9 million. The critically underfunded areas included payment of Office Rent-KSh. 27 million, contracted guards and cleaning services – KSh. 25 million, monitoring the implementation of National Government priority projects-KSh. 25 million, facilitation of BETA priority projects field verification- Kshs. 83.6 million, among others.

D. Vote 1014: State Department for Parliamentary Affairs

a. The gross Approved Estimates for the FY 2024/25 is KSh.363.9 million for Current expenditures. The Approved Estimates have been proposed for a reduction from KSh.363.9 million to KSh.339.0 million under the FY 2024/25 Supplementary Estimates No. II. This reflects a decrease of KSh.24.9 million. The overall change is on account of the rationalization of personnel emoluments to reflect the actual requirement and additional funding to cater for operations and maintenance.

b. The State department requested additional KSh. 138 million to enhance their operations.

c. On budget implementation as of 31st December 2024, the State Department had realized an expenditure of KSh. 143.1 Million. This translates to an absorption rate of 39.3 % of the total budget for FY 2024/25.

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

a. The gross Approved Estimates for the FY 2024/25 is KSh.507.9 million for current expenditures. The Approved Estimates have been proposed for upward revision to KSh.632.8 million under the FY 2024/25 Supplementary Estimates No. 2. This reflects an increase of KSh.124.9 million. The overall change is on account of additional funds to cater for personnel emoluments and additional funding for operations and maintenance.

b. The State Department requested for additional KSh. 78 million with the following areas observed to be critically underfunded - KSh. 7.8 million to Undertake Annual Performance Evaluation for MDAs placed on Performance Contracts, KSh. 15 million to automate the Performance Contracting Processes, KSh. 15 million to support Government Delivery Unit operations, KSh. 15 million to facilitate the Office of the Deputy Chief of Staff.

c. On budget implementation, the State Department has a total budget of Kshs. 507.85 million for the FY 2024/25. As of 31st December 2024, the total expenditure for the State Department was Kshs. 263.38 million translating to an absorption rate of 51.8%.

F. Vote 1016: State Department for Cabinet Affairs

a. The gross Approved Estimates for the FY 2024/25 are KSh.228.7 million for Current expenditures. The Approved Estimates have been proposed for reduction to KSh.218.7 million under the FY 2024/25 Supplementary Estimates No. II. This reflects a decrease of KSh.10 million on account of the rationalization of personnel emoluments to reflect the actual requirement.

b. The State Department requested for additional KSh. 493 million to address critically underfunded areas, mainly KSh. 185 million towards monitoring implementation of Cabinet Decisions, KSh. 119 million towards Value for money public sector reforms programmes, KSh. 35 million towards Development of

Electronic Documents and Records Management System, KSh. 31 million towards Special Government Initiative – Development of Guidelines, KSh 60 million towards communication system and KSh. 63 million towards Office furniture.

c. The State Department's absorption as of 31st December 2024 was Kshs 89.37 Million out of Ksh132.2 million translating to 68% absorption.

G. Vote 1017: State House

a. The gross Approved Estimates for State House in the FY2024/25 amounts to KSh.4, 307.5 million. The Approved Estimates have been proposed for upward revision to KSh.8,517 million reflecting an increase of KSh.4,209.5 million on account of actual requirement for personnel emolument to end June 2025 and to cater for shortfall on operations & maintenance expenses and maintenance of State House and State Lodges physical infrastructure. Other changes are on account of reallocation of funds.

b. The printed Estimates for FY 2024/15 were KSh. 9,496 million which was revised to KSh. 4,307.5 million during supplementary I translating to 54% budget cut. This affected budgetary allocation for Personnel emoluments, contractual obligations and other critical operations and maintenance expenditure hence the proposed additional funding in supplementary II.

c. On budget implementation, the cumulative expenditure for FY 2024/25 as at 31st December 2024 amounted to KSh. 3,663.3 million against gross approved estimates of KSh. 4,307.5 million translating to an absorption rate of 85 percent.

d. The proposed increases will mainly go towards State House Nairobi to address Other Operating Expenses-KSh. 1,500 million Domestic Travel-KSh. 732 million, Personnel Emoluments-KSh. 700 million, Hospitality Services-KSh. 313.6 million and Vehicle Mainatenance-KSh152 million. Other significant changes include additional allocation of KSh. 88 million to go towards Administration of Statutory Benefits to retired President and other designated State Officers which included – KSh. 23 million to the 4th Retired President, KSh. 25 million to the Office of the retired Vice President, KSh. 25 million to the 2nd Retired Vice President and KSh. 20 million to the Former Prime Minister.

e. State House was granted approval for additional funding of KSh. 1,500 million under Article 223 to address urgent operations and maintenance expenditures which were not sufficiently funded but had only accessed/withdrawn KSh. 160. 6 million on the 17th February 2025. They were now seeking approval of this expenditure in line with Article 223 and SO 243.

H. 1024: State Department for Immigration and Citizen Services

a. The gross Approved Estimates for the State Department for Immigration and Citizen Services in the FY 2024/25 is KSh. 14.3 billion comprising of KSh.9.9 billion

and KSh.4.4 billion for Current and Capital expenditures respectively. The Approved Estimates have been revised from KSh.14.3 billion to KSh.20.1 billion under the FY 2024/25 Supplementary Estimates No. II, reflecting an increase of KSh.5.9 billion on account of shortfall on personnel emolument, e-Citizen services, Electronic Travel Authorization system, 3rd Generation Identity cards and e-Passports. Other changes are on account reallocation of funds.

b. The specific major expenditure items under the proposed increases included KSh. 2,434.5 million towards Electronic Travel Authorization, Kshs. 2,000 million towards e-citizen comprising of KSh. 1,700 million for capital expenditure and KSh. 309 million for current expenditures, KSh. 1,003.2 million capital expenditure towards purchase of e-passport books. Other significant increases included KSh. 125 million towards HQ-Administrative Service, KSh. 100 million towards Civil Registration Field Services, KSh. 114.7 million towards National Registration for Personnel Emoluments and KSh. 147 million for Immigration Department to enhance Operations and Maintenance.

c. The proposed increases under the State Department will mainly be financed through enhanced Appropriations in Aid for the State Department. To this end, Appropriations in Aid for the State Department will rise from KSh. KSh. 3,945 million KSh. 9,370.7 million.

d. The major specific items to be financed through AIA included payments to Electronic Travel Authorization (ETA) - KSh. 2,434 million, e-citizen operations-KSh. 300 million, Purchase of-passport books –KSh. 1,003.2 million, e-citizen (Capital) -KSh. 1,700 million among others.

e. The National Treasury submitted that the expenditures amounting to KSh. 5.4 billion, mainly financed by AIA, were additional expenditures through Article 223 of the Constitution. However, the committee observed that the expenditure incurred was only KSh. 807 million relating to Electronic Travel Authorization.

I. 1025: The National Police Service

a. The gross Approved Estimates for the National Police Service for the FY 2024/25 is KSh. 108.7 billion comprising KSh.108.6 billion and KSh.35 million for Current and Capital expenditures respectively. The Approved Estimates have been proposed for additional allocation by Ksh. 6.3 billion to stand at KSh.115.0 billion under the FY 2024/25 Supplementary Estimates No. II on account of the Multi-National Security Support Mission to Haiti, enhanced security operations and maintenance & upgrade of Systems under the Directorate of Criminal Investigations. Other changes are on account of reallocation of funds.

b. The specific major proposed increases included KSh.5,000 million towards Insurance cost, KSh. 2,461 million towards Haiti Peace keeping mission KSh. 300 million towards multi-agency security operations, KSh. 200 million towards

Presidential Escort Unit & Recce G company and KSh. 500 million towards the Directorate of Criminal Investigations for APFIS upgrade and maintenance of systems.

c. The proposed KSh. 5,000 million was still not adequate given that the supplementary Estimates had only given KSh 3.5 billion and there was still a deficit of KSh. 6.57 billion.

d. The National Police Service had not paid claims relating to group Life cover due to lack of budgetary provision and there were pending claims amounting to KSh. 2 billion. There was need to approve the proposed KSh. 5,000 million towards medical insurance to partly be specifically for Group Life medical cover. To this end, there was need to retain KSh. 3 billion to go towards medical insurance and KSh. 2 billion to go towards Group Life Cover.

e. The police operations were severely underfunded. The total requirement for security operations amounted to KSh. 11,383.8 million but the revised budget had only left KSh. 5,334 million for the entire financial year. Other critically underfunded areas included food and ration underfunded by KSh. 1,464 million, purchase of police security communication equipment underfunded by KSh. 2,000 million, training expenses underfunded by KSh. 432 million among others.

f. The service had not expended money on the Development expenditure which had a budgetary allocation of KSh. 35 million for public Participation projects. The projects of construction of Police post at Ochoria in Muhoroni, construction of Obunga Police Camp and the construction of Police Station office Block in Kikambuni had not taken off due to lack of land. There was therefore a need for the resources to be re-allocated.

g. The National Treasury had approved additional expenditures under Article 223 amounting to KSh. 2,661 million as emergencies but only KSh.770.8 million had been withdrawn from the Consolidated Fund and a further KSh. 39.2 million had been spent through AIA financing.

J. 1026: State Department for Internal Security and National Administration.

a. The gross Approved Estimates for the State Department for Internal Security and National Administration in the FY 2024/25 is KSh.28.2 billion comprising KSh.27.8 billion and KSh.360.2 million for Current and Capital expenditures respectively. The Approved Estimates have been proposed for upward revision to KSh.37.6 billion under the FY 2024/25 Supplementary Estimates No. II, reflecting an increase of KSh.9.4 billion on account of shortfall on personnel emolument, enhanced security operations and Police Modernization Programme. Other proposed changes were on account of reallocation of funds.

b. The specific additional Recurrent expenditures under this supplementary included

KSh. 5,000 million for security operations, KSh. 820 million towards Domestic Travel, Ksh. 180 million towards Hospitality Services, KSh. 200 million towards Kenya Coast Guard and KSh. 390 million towards County Administration for Personnel Emoluments. The additional Capital expenditures included KSh. 2,500 million towards National Police modernization.

c. The State Department was a beneficiary of additional expenditures through Article 223 of the Constitution. To this end, the National Treasury had approved KSh. 6,900 million to be expended as emergencies and be approved by the National Assembly later. These expenditures included KSh. 4,400 million for operations including security operations and KSh. 2,500 for the National Police modernization.

d. The State Department had shortfalls amounting to KSh. 10,498 million comprising of KSh. 3,831 million for recurrent expenditures and Kshs. 6,667 million for development expenditures. The most critical shortfalls included KSh. 40 million by the Private Security Regulatory Authority to cater for public participation in the Private Security Regulations 2024 and operationalization of 6 regional offices, KSh. 55 million by the Public Benefits Authority to cater for implementation of the PBO Act and other operational expenses and KSh. 258 million to cater for the operationalization of newly gazetted NGA offices.

K. Vote 2101: The National Police Service Commission

a. The Commission was not affected by the Proposed Supplementary though it was observed they had shortfalls amounting to KSh. 207.9 million. Critical shortfalls areas included KSh. 19.7 million towards legal claims and court awards, KSh. 14.1 million towards Insurance cost and KSh. 7.5 million towards domestic travel.

L. Vote 2151: The Independent Policing Oversight Authority

a. The gross Approved Estimates for the Independent Policing Oversight Authority for FY2024/25 is KSh.1.09 billion for Current expenditure. The changes in the FY 2024/25 Supplementary Estimates No. II are on account of reallocation of funds, with no changes on the planned targets.

b. The Authority was underfunded to the tune of KSh. 190.1 million. The most critically underfunded areas included KSh. 20 million towards the induction of newly appointed Board members and KSh. 30 million towards complaints, investigations and monitoring services

PART V

5.0 COMMITTEE RECOMMENDATIONS

54. The Committee having reviewed 2024/2025 Supplementary/Revised Estimates No. II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations as annexed in Schedule I, II & III: -

SIGNED _____ DATE 10/03/2025

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

ANNEXURE

Annex 1 Minutes of the Committee sittings

Annex 2 Adoption List

Annex 3 PBO brief on the Supplementary Estimates

Annex 4 MDA's submissions

DEPARTMENTAL COMMITTEE HOUSING URBAN PLANNING AND PUBLIC WORK



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

.....

REPORT ON THE SUPPLEMENTARY ESTIMATES NO. 2 FOR FY 2024/25 FOR;

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

2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS
NAIROBI
MARCH, 2025

CHAIRPERSON'S FOREWORD

This report details the consideration by the Departmental Committee on Housing, Urban Planning & Public Works of Supplementary Estimates No. II for the FY 2024/2025 which were submitted to the National Assembly on the 19th February, 2025 to rationalize the budget estimates to align with the expected revenue shortfalls and realign the budget through two key strategies: the rationalization of budget estimates to align with the revised fiscal framework, and the realignment of the budget to accommodate carryovers from FY 2024/25

The Committee held a total of four (4) sittings scrutinizing the Supplementary Estimates and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Thursday 6th March, 2025 and made their submissions concerning the proposed Supplementary II for FY 24/25

Acknowledgement

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed Supplementary Estimates II for the fiscal year 2024/2025 successfully. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

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

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

CHAPTER ONE

Mandate and establishment of the Committee

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

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

Subjects under the Committee

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

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

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

Committee Membership

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

Chairperson

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

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

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

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

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

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

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

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

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

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

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

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

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

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

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

Secretariats

5) The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Ms Elzy Moroto
Senior Legal Counsel

Mr James Muguna
Research Officer II

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Mr Nelson Odida
Research Officer III

Ms. Ashley Cherono
Public Relations Officer III

Ms Mercy Mayende
Media Relation Officer III

Ms.Mercy Ondego
Research Officer III

Mr. Mohamed Said
Sergeant-at-Arms

Mr Meldrick Kevin Sakani
Audio Officer

CHAPTER TWO

Highlights of overall changes in the Supplementary Estimates II for FY 24/25

6) The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the approved budget estimates by Kshs. 91.4 billion as shown in Table 1. It proposes to increase recurrent expenditure by Kshs. 137 billion, and reduce the development expenditure by Kshs. 51.1 billion and reduce the Consolidated Funds Services (CFS) by Kshs. 5.5 billion.

Table 1: Overall Changes in the Supplementary Estimates II in Ksh millions

	2024/25 Approved Estimates	2024/25 Revised Estimates	Difference
Recurrent	1,591.6	1,728.6	137.0
Development	641.2	590.1	(51.1)
CFS	1,237.2	1,242.7	5.5
Total	3,470.0	3,561.4	91.4

Source: National Treasury

7) The major changes in recurrent expenditure include increments for Teachers Service Commission of Kshs. 18.1 billion;increments for State Department for Higher Education and Research of Kshs. 16.1 billion; increments for National Treasury of Kshs. 13.4 billion; and increments for the State Department for Medical Services of Kshs. 12.3 billion.
8) The major changes in development expenditure include reduction for the National Treasury of Kshs. 16.9 billion; reduction for State Department for Housing and Urban Development of Kshs. 13.7 billion; and reduction for State Department for Water and Sanitation of Kshs. 22.9 billion.
9) The major changes in CFS expenditure include reductions for public debt interest payments of Kshs. 14.1 billion; and increase for payments of guaranteed debt of Kshs. 19.7 billion.

Highlights of supplementary changes for the Agencies under Committee's purview

State Department for Housing and Urban Development

10) The Supplementary Estimates No. 2 for FY 2024/25 proposes a reduction in the total expenditure for the State Department by Ksh. 11,575 million (-13%), as shown in Table 2. This includes an increase of Ksh. 1,993 million (153%) for recurrent expenditure and a decrease of Ksh. 13,569 million (-16%) for development expenditure.

11) The increase in recurrent expenditure is attributed to an increase of Ksh. 67 million in GoK Exchequer funding and an increase of Ksh. 1,926 million in Appropriation in Aid (AiA). On the other hand, the decrease in development expenditure results from a reduction of Ksh. 200 million in GoK Exchequer funding, a decrease of Ksh. 13,737 million in donor funding, and a slight increase of **Ksh. 468 million** in Appropriation in Aid.

12) Following these adjustments, the total changes to the allocation for the State Department for Housing and Urban Development exceed the 10 percent threshold as stipulated by

Regulation 40 (9) of the Public Finance Management (National Government) Regulations of 2015, as summarized in table 2. Annexure 1 shows the changes per programme.

Table 2: Summary of Changes for State Department for Housing and Urban Development in Ksh. millions

		Approved Estimates	Revised Estimates	Difference	Percentage change
Recurrent Expenditure	GoK Exchequer	1,216.9	1,284	67	6%
	AiA	86	2,012.6	1926.6	2240%
	Sub - total	**1,302.9**	**3,296.6**	**1993.7**	**153%**
Development Expenditure	GoK Exchequer	636	436	(200)	-31%
	AiA	65,058	65,527.3	468.5	1%
	Grants	100	-	-	-100%
	Donor Funds	19,401	5,663.5	(13,737.5)	-70%
	Sub - Total	**85,195.8**	**71,626.8**	**(13,569)**	**-16%**
Total		**86,498.7**	**74,923.4**	**(11,575.3)**	**-13%**

Source: National Treasury

13) For Recurrent Expenditure, the following are the key effects of the changes

a) The increase in GoK exchequer funding will cater to additional personnel emoluments of **Ksh. 64.5 million**, and the balance of **Ksh. 2.5 million** is for additional O&M costs.

b) The Appropriation in Aid has increased from **Ksh. 86 million** to **Ksh. 2,012 million** due to an allocation from Housing Levy Proceeds to support the operational costs of the Affordable Housing Board. This increase aligns with the Affordable Housing Act of 2024, specifically section 11(4)(b), which mandates that the Board allocate up to two percent of fund revenues for its administration. Consequently, the Affordable Housing Board should inform the committee about the intended use of these funds.

14) For Development Expenditure, the following are the key effects of the changes

a) The decrease in GoK exchequer funding results from a reduction in allocation totaling **Ksh. 182.5 million** under the National Slum Upgrading Project, a

decrease of **Ksh. 34.5 million** under Public Participation Projects, a decrease of **Ksh. 83 million** in counterpart funding for donor-funded projects (KISIP & KUSP), and an increase of **Ksh. 100 million** for the Kenya Informal Settlement Redevelopment Project (KISRIP)

b) The decrease in donor funding, totaling **Ksh. 13,567 million**, primarily arises from the rationalization of donor funds aimed at the second phase of the Kenya Informal Settlement Improvement Project, which amounts to **Ksh. 8,200 million**, and the second phase of the Kenya Urban Support Program, amounting to **Ksh. 5,537 million**. The delay was due to the lack of approval of the County Government Additional Allocation Bill of 2024 (CGAA), which consequently postponed the disbursement of conditional grants to the counties.

c) Under Appropriation in Aid, there's an increase of **Ksh. 468 million** due to higher collections from the housing levy/interest earned from investments. Notably, there is a reallocation of funds within the Affordable Housing Fund, where proceeds from housing levy collections are directed. Importantly, the National Housing Corporation and the Kenya Slum Upgrading Fund (KENSUF) have been allocated **Ksh. 1,470 million** and **Ksh. 1,593 million**, respectively. The summary of reallocations for Appropriation in Aid (housing levy proceeds) under the Affordable Housing Fund is shown in table 3 below.

Table 3: Summary of Reallocations under the Affordable Housing Fund in Ksh. millions

Category	Approved Estimates	Revised Estimates	Difference
1. Affordable Housing	32,506	40,036.9	7,530.9
2. Social Housing	15,000	7,864.8	(7,135)
3. Police Housing	1,050	2,615.5	1,565.5
4. Social and Physical Infrastructure	14,664	11,107	(3,556.8)
5. National Housing Corporation	-	1,470.4	1,470
6. Kenya Slum Upgrading Fund	-	1,593.5	1,593.5
7. National Slum Upgrading Project	1,000	-	
Total AIA	**64,220**	**64,688**	**468.5**

Source: National Treasury

15) Allocation to the Affordable Housing Board - In Supplementary Estimates No.2 of 2024/25, the Affordable Housing Board is allocated Ksh. 1,926 million, in accordance with Section 11(4)(b) of the Affordable Housing Act No. 2 of 2024, which allows up to 2% of fund revenues for administrative purposes.

16) Significant reduction in Donor funds - The decrease in donor funding by Ksh. 13,567

million is mainly due to the rationalization of funds for the second phase of the Kenya Informal Settlement Improvement Project (Ksh. 8,200 million) and the Kenya Urban Support Program (Ksh. 5,537 million). This reduction stems from delays in disbursing conditional grants to counties, caused by the lack of approval of the County Government Additional Allocation Bill of 2024.

17) Allocation of Housing levy funds to implementing agencies - In Supplementary Estimates No.2 for FY 2024/25, the National Housing Corporation and Kenya Slum Upgrading Fund (KENSUF) will receive Ksh. 1,593 million and Ksh. 1,470 million, respectively, from the Affordable Housing Fund. While both agencies are listed as implementers under the Affordable Housing Act, other designated entities—including the NSSF, State Department for Public Works, County Governments, National Construction Authority, and the Private Sector—have not been allocated funds.

18) Pending Bills - As of December 2024, the State Department for Housing and Urban Development reported pending bills totaling Ksh. 1,976,449,326, comprising Ksh. 4,042,216 in recurrent expenditures, Ksh. 1,439,537,109 in development expenditures, and Ksh. 532,870,000 in court awards.

State Department for Public Works

19) The Supplementary Estimates No. 2 for FY 2024/25 proposes an increment in the total expenditure for the State Department by Ksh. 120 million (3.1%), as shown in Table 4. This includes a slight increase of Ksh. 20 million (0.5%) for recurrent expenditure and an increase of Ksh. 100 million (44%) for development expenditure

20) The increment in recurrent expenditure is attributed to an increase of Ksh. 18 million in GoK Exchequer funding and an increase of Ksh. 2 million in Appropriation in Aid (AiA) On the other hand, the increment in development expenditure results from an increase of Ksh. 100 million in GoK Exchequer funding.

21) Following these adjustments, the total changes to the allocation for the State Department for Public Works is within the 10 percent threshold as stipulated by Regulation 40 (9) of the Public Finance Management (National Government) Regulations of 2015, as summarized in table 4. Annexure 2 shows the changes per programme.

Table 4: Summary of Changes for State Department for Public Works in Ksh. millions

		Approved Estimates	Revised Estimates	Difference	Percentage change
Recurrent Expenditure	GoK Exchequer	2,731	2,749	18	0.7%
	AiA	950	952	2	0.2%
	Sub – total	**3,681**	**3,701**	**20**	**0.5%**

		Approved Estimates	Revised Estimates	Difference	Percentage change
Development Expenditure	GoK Exchequer	124	224	100	80%
	AiA	100	100	-	-
	Sub – Total	**224**	**324**	**100**	**44%**
Total		**3,905**	**4,025**	**120**	**3.1%**

Source: National Treasury

22) For Recurrent Expenditure the increase in GoK exchequer funding amounts to **Ksh. 18 million** and **Ksh. 2 million** in Appropriation in Aid will cater to additional personnel emoluments and O&M costs.

23) For Development Expenditure, the increase in GoK exchequer amounting to **Ksh. 100 million** will go towards the completion of Handaraku and Odole foot bridges. Notably, the state department faces a serious shortfall in its Development expenditure requirement given the 100 percent budget cut in its Development budget during Supplementary No.1. Arising from these is increased pending bills due to unpaid certificates for works done, which is likely to keep increasing due to accrued interest and penalties.

24) The National Building Code - Section 5(2)(g) of the National Construction Authority (NCA) Act mandates the Authority to enforce the Building Code within the construction industry. With the new Building Code set to take effect in March 2025, replacing the 1968 version, there is a critical need for stakeholder sensitization and capacity building to ensure compliance and efficient delivery of Affordable Housing Units. However, these expenditures were not factored into the 2024/25 Annual Estimates or Supplementary Budget No.1 due to the late approval of the Building Code. To address this gap, Ksh. 530 million needs to be factored into Supplementary Estimates No.2 of 2024/25 to support nationwide training across all 290 constituencies, targeting County Governments, professionals, and contractors. This initiative is essential to align construction practices with modern standards, enhance quality control, and facilitate the timely delivery of housing projects under the Affordable Housing Programme.

25) Pending Bills - As of of September 2024, the State Department for Public Works had outstanding bills amounting to Ksh. 1,541,832,047, including Ksh. 51,099,889 for recurrent expenses, Ksh. 733,737,068 for development projects, and Ksh. 756,995,090 owed to the National Construction Authority (NCA). These expenditures have not been factored in the 2024/25 Supplementary Budget No.2 of 2024/25, and failure to settle these obligations, which should form a first charge, may impede the achievement of planned priorities.

CHAPTER THREE

Submissions by the agencies

State Department for Housing and Urban Planning

26) Mr. Charles Hinga, Principal Secretary, State Department for Housing and Urban Development appeared before the Committee on Thursday 6th March, 2025 and submitted that;

Cumulative Financial Performance;

Summary of FY 2024/25 Approved Budget Vs Expenditure as at 31st December 2024

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Expenditure as at 31st December 2024 (Kshs Millions)	Absorption (%)
Recurrent Budget	1,303	605	46%
Development Budget	85,196	21,117.47	25%
Total	**86,499**	**21,715**	**25%**

Recurrent Budget - Summary of FY 2024/25 Approved Budget Vs Expenditure as at 31st December 2024 by Economic Classification

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Expenditure as at 31st Dec 2024 (Kshs Millions)	Absorption (%)
Compensation to Employees	925	427.03	46%
Use of goods and services & Transfers.			
Being;			
Rent	198.778	99.31	50%
Contracted Guards & Cleaning Services	128.319	62.430	49%
Training	1.03	0.42	41%
Other O&M	49.87	15.81	66%
Total	**1,303.00**	**605.00**	**46%**

Development Budget - Summary of FY 2024/25 Approved Budget Vs Expenditure Analysis by Source of Funding

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Expenditure as at 31st Dec 2024 (Kshs Millions)	Absorption (%)
GOK(Exchequer)	636.00	126.58	20%

Local AIA	65,059	19,108.26	29%
CSHS	*18.5*	*9.25*	50%
Estates	*820.3*	*411.18*	50%
Housing Levy	*64,220*	*18,695.23*	29%
Donor:	19,501	1,875	10%
KUSP II	*8201*	*457.15*	6%
KISIP II	*11,200*	*1,418.08*	13%
KISRIP	*100*	-	-
Total	**85,195.80**	**21,117.47**	**25%**

Highlight of the variations to the MDAs approved budget for FY 2024/25 by programme and justification for the variations

Summary of FY 2024/25 Approved Budget Vs FY 2024/2025 Supplementary 11

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Supplementary 11 (Kshs Millions)	Variance [c]=b-a Kshs Millions)
Recurrent Budget	1,303	3,297	1,994
Development Budget	85,196	71,627	(13,569)
Total	**86,499**	**74,924**	**(11,575)**

Recurrent Budget - Summary of FY 2024/25 Approved Budget Vs FY 2024/2025 Supplementary 11 by Economic Classification

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Approved Supplementary 11 Budget (Kshs Millions)	Variance [c]=b-a (Kshs Millions)
Compensation to Employees	925	989	64.00
Use of goods and services & Transfers.			
Being;			
Rent	198.778	198.778	
Contracted Guards & Cleaning Services	128.319	128.319	
Training	1.03	1.03	
Affordable Housing Board Transfer		1,927	1,926.60

Recurrent Budget - Summary of FY 2024/25 Approved Budget Vs FY 2024/2025 Supplementary 11 by Economic Classification

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Approved Supplementary 11 Budget (Kshs Millions)	Variance [c]=b-a (Kshs Millions)
Other O&M	49.88	53.28	3.40
Total	**1,303.00**	**3,297.00**	**1,994.00**

Development Budget - Summary of FY 2024/25 Approved Budget Vs FY 2024/2025 Supplementary 11 Analysis by Source of Funding

Description	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Supplementary 11 Estimates (Kshs Millions)	Variance [c]=b-a (Kshs Millions)
GOK(Exchequer)	636.00	436	(200.30)
Local AIA	65,059	65,528	469
CSHS	*18.5*	18.50	
Estates	*820.3*	820.30	
Housing Levy	*64,220*	64,689	469
Donor:	19,501	5,664	(13,837.50)
KUSP II	*8201*	2,664	(5,537.50)
KISIP II	*11,200*	2,900	(8,300)
KISRIP	*100*	100	
Total	**85,195.80**	**71,627**	**(13,568.80)**

27) The State Department's FY 2024/25 development budget is set to decrease by Kshs. 13.568.80 billion, from Kshs. 85.195.80 billion to Kshs. 71.627 billion. This reduction includes a decrease of Kshs. 13.837 billion in donor funds. We respectfully urge this committee not to reduce the donor component, as the majority of these funds are conditional grants allocated to counties awaiting approval of the County Government Additional Allocation Bill (CGAA).

28) Notably, the Second Kenya Urban Support Programme is expected to disburse Kshs. 7.605 billion, while the Second Kenya Informal Settlements Improvement Project is projected to disburse Kshs. 10.4 billion to the Counties in the FY 2024/25.

29) Additionally, the National Treasury had granted approval, via Ref: MLPWHUD/HUD/KISIP/2/1/VOL 111(165), for an additional funding of Kshs. 2.9 billion for the Second Kenya Informal Settlements Improvement Project.

Summary of Expenditure by Programmes, 2024/2025

Programme	FY 2024/25 Approved Budget (Kshs Millions)	FY 2024/25 Supplementary 11 Estimates (Kshs Millions)	Variance [c]=b-a (Kshs Millions)
Housing Development	13,012.09	3,614.25	(9,397.84)
Estate Management	1,315.45	1,324.18	8.73
Delivery of Affordable and Social Housing Units	63,220.00	66,615.14	3,395.14
Housing Development and Human Settlement	77,547.54	71,553.56	(5,993.98)
Metropolitan Planning & Infrastructure Development	120.71	127.754315	7.042553
Urban Development and Planning Services	8,485.22	2,864.27	(5,620.95)
Urban and Metropolitan Development	8,605.94	2,992.03	(5,613.91)
Administration, Planning & Support Services	345.28	377.92	32.64
General Administration Planning and Support Services	345.28	377.92	32.64
Total	**86,498.75**	**74,923.50**	**(11,575.25)**

Revised Schedule of Outputs and Performance targets and impact of supplementary estimates No.2 for FY 2024/25 on Non - Financial Performance

	Key Outputs	Key Performance Indicators	Annual Target for FY 2024/25	Actual achievement as at 31st Dec, 2024	Revised Annual Target 2024/25	Remarks
	Delivery of 200,000 Housing Units Annually	% Progress of Affordable Housing	100	30	100	94,674 Affordable units are under construction
		% Progress Social Housing	100	37	100	45,282 social units are under construction

	Key Outputs	Key Performance Indicators	Annual Target for FY 2024/25	Actual achievement as at 31st Dec, 2024	Revised Annual Target 2024/25	Remarks
	Mortgage Disbursed to Civil Servants	No. Civil servants mortgage beneficiaries	120	59	120	Ksh 470,433,234 worth mortgage disbursed
	Implementation of the Second Kenya Informal Settlement Improvement Project (KISIP2)	% Progress implemented	70	55	20	Project is implemented in 37 participating counties
		No. of floodlights installed	112	64	48	48 floodlights are under implementation
		No. of classrooms constructed	49	18	31	
		No. of dormitories constructed	6	6	-	
	Refurbish 2000 Government houses by 2032	No. of units refurbished	500	5	500	
	Delivery of 21 Metropolitan Markets	% Completion	10	24	50	Construction of 3 ongoing. being implemented 7 metropolitan areas
	Completion of Nairobi Metropolitan Services Improvement Project (NAMSIP)	% Completion	98	95	98	Mitumbiri Landfill
	Delivery of 379 markets	% Completion	75	35	100	221 markets are under construction

	Key Outputs	Key Performance Indicators	Annual Target for FY 2024/25	Actual achievement as at 31st Dec, 2024	Revised Annual Target 2024/25	Remarks
	Implementation of the Second Kenya Urban Support Programme (KUSPII)	Amount of grants disbursed to 79 participating Municipalities	7.6 B	-	12B	Awaiting approval of County Government Additional Allocation Bill (CGAA) Proposed Figures depend on the available fiscal space

Expected Impact of Budget Revisions on Capital Projects

Second Kenya Informal Settlements Improvement Project KISIP 11

30) The Second Kenya Informal Settlements Improvement Project is a project funded by the Government of Kenya and International Development Association (loan) and French Development Agency (loan and grant).

31) The project has been under implementation since 2021 and the IDA funding is due to close on 30th July 2025. All the IDA funds have been committed and the signed contracts under implementation. However, the approved budget for the FY 2024/2025 is not adequate to finance the ongoing activities and by extension absorb all the finds by the time the disbursement period closes. In addition, the project did not get funding for National Government activities financed by AFD loan and the AFD/EU grant. The requirements for the project are as per the table shown below:

		Budget (A)	Requirement (B)	Deficit (B-A)
National Govt	IDA	800,000,000	3,400,000,000	2,600,000,000
	AFD Loan	-	200,000,000	200,000,000
	AFD/EU Grant	-	100,000,000	100,000,000
	Sub Total	800,000,000	3,700,000,000	2,900,000,000
County	IDA	5,356,696,115	5,156,696,115	(200,000,000)
	AFD	5,043,303,885	5,243,303,885	200,000,000
	Sub Total	10,400,000,000	10,400,000,000	(0)
	GRAND TOTAL	**11,200,000,000**	**14,100,000,000**	**2,900,000,000**

32) From the table above, the activities under the National Government had been underfunded. The funds provided (Ksh 800M) have already been exhausted and the project is currently facing liquidity challenges. The figures shown for transfers to county governments are as per the County Government Additional Allocation Bill. An approval was granted to spend additional funds by the National treasury.

33) The actual expenditure against the granted budget is as shown below:

		Granted Budget (A)	Exchequer Receipts (B)	Actual Expenditure To date (C)**	% (C/A)	B/A
National Government	IDA	3,400,000,000	1,546,257,128	1,876,328,186	55%	45%
	AFD	200,000,000	-	15,100,061	8%	0%
	AFD grant	100,000,000	-	-	0%	0%
	GOK	140,000,000	40,000,000	86,793,396	62%	29%
	Sub Total	3,840,000,000	1,546,257,128	1,978,221,643	52%	40%
Central Government	IDA	5,356,696,115	-	2,012,170,715	38%	0%
	AFD	5,043,303,885	-	-	0%	0%
	Sub Total	10,400,000,000	-	2,012,170,715	19%	0%
	GRAND TOTAL	**14,240,000,000**	**1,546,257,128**	**3,990,392,358**	**28%**	**11%**

34) The project intends to disburse funds to the counties upon approval of the CGAAB. This is therefore to request that you reinstate the additional budget as per the requirements.

Second Kenya Urban Support Programme KUSP 11

35) Through its support to the urban sector in Kenya, the World Bank, in collaboration with the then Ministry of Transport, Infrastructure, Housing and Urban Development (MTIHUD), prepared the Kenya Urban Support Program (KUSP) at a cost of USD 300million, which supported the implementation of KenUP. KUSP became "effective" on 11th January 2018 and ended on 31st December 2023. KUSP established and strengthened urban management institutions through county governments. It was delivered through three windows: Window 1 at the National Government through the Urban Development Department (UDD) of the State Department for Housing and Urban Development ($30.3m). County governments received capacity-building funding through window 2 ($22.2m). The bulk of the funding was for urban infrastructure through urban boards under window 3 ($247.5m).

36) As the first phase of KenUP ended in 2022, the Government of Kenya developed the second Kenya Urban Programme (KenUP2) strategy which is a deliberate government-led process

of coordinating and rallying various actors for a common goal/vision for the desired resource mobilization to fund the National Urban Development Policy (NUDP) strategies in a set period of the next cycle of 5 years horizon, from July 2022.

37) As a continuation of its support to the urban sector in Kenya, the World Bank, together with the State Department for Housing and Urban Development, prepared the Second Kenya Urban Support Program (KUSP2) at a cost of USD 350million (approved by the Board of Directors on June 15, 2023), which will support the implementation of KenUP2.

38) KUSP2 will be implemented in 45 counties and 79 municipalities including 2 refugee hosting urban areas under the SDHUD in liaison with the Council of Governors (CoG) and the Department of Refugee Services (DRS).

39) KUSP2 is supporting reforms, interventions, and actions that will strengthen county and urban institutions for improved urban service delivery. To achieve this, the Program is providing Urban Institutional Grants (UIGs) to participating counties that meet agreed Minimum Conditions (MCs). The achievement of the MCs is measured through the Annual Performance Assessments (APAs). The first APA for UIG was conducted by an individual consultant contracted by SDHUD. The assessment took place in June and July 2024 and 45 Counties qualified to receive Kshs.35 million which translates to Total UIG allocation of Kshs.1.715 billion.

40) The Annual Performance Assessments for the Urban Development Grant is ongoing and the results expected to be out in April 2025. It is anticipated amount of Urban Development Grant to be disbursed is Ksh.10.326 billion. Therefore, the allocation of Kshs 1.667 billion to Counties in Supplementary 11 budget is not sufficient.

Kenya Slum Upgrading Fund

41) The Revised Development Estimates for the FY 2024/2025 have allocated Kshs. 1,593,575,668 to the Kenya Slum Upgrading Fund (KENSUF). This is a reduction from the previous allocated budget which was Kshs. 9,593,575,668.00 and requested the reinstatement of the KENSUF budget to Kshs. 9,593,575,668.00.

42) The fund for major works apart from the social housing and markets projects were distributed as follows:

S/NO	DESCRIPTION	AMOUNT (Kshs.)
1.	Climate Resilience Service Program dubbed Climate WorX and Nairobi River Re-engineering	**5,000,000,000.00**
2.	Projects in various areas; Civil Works, High masts flood-lighting structures, schools and hospital in various parts of the country	**4,593,575,668.00**

43) The Climate Resilience Service Programme (Climate Worx) is an employment transition program that targets the youth under 35 years and women under 45 years. Climate WorX aims to foster economic recovery by addressing critical needs across housing and urban development, environment, roads and associated infrastructure. Since inception of the program, approximately 22,000 workers have been engaged across Nairobi County. This has significantly improved the lives of the low-income earners especially those living within the informal settlements and Nairobi rivers riparian.

44) In addition, the program seeks to leverage sustainable extended public works projects by providing employment and daily wages to the vulnerable youth and women through a labour-intensive approach. This not only improves the urban infrastructure and service delivery but also promotes sustainable climate resilience.

45) Nairobi Re-engineering project aims to protect, restore, rehabilitate and beautify the Nairobi River basins. This project has already been awarded to M/S China Energy Engineering Group Guangxi Electric Power Design Institute Co. Ltd. Additionally, the other social and physical infrastructure projects are currently ongoing and will require timely payment for completion within the current financial year.

46) There was not withdrawn of any money under Article 223 of the Constitution

State Department for Public Works

47) Mr. Joel P.L Arumonyang, CBS, Principal Secretary, State Department for Public Works, appeared before the Committee on Thursday, 6th March, 2025, and submitted that;

The Implementation status of the Financial Year 2024/25 budget as at 31st December 2024

48) The State Department's Gross Approved budget FY 2024/25 was Kshs.3,905Million consisting of Kshs. 3,681 million Recurrent and Kshs. 224 million Development. Actual expenditure as at 31st December 2024 is Kshs.1,809 million Recurrent and Kshs. 3.6 million Development as shown in the table below;

Recurrent Expenditure Summary as at 31st Dec. 2024 in Kshs. Million

Item	Approved Estimate	Actual Expenditure	Balance
Compensation to Employees	460	420.9	39
Goods and Services	88.7	88.1	0.6
Routine Maintenance	19.3	15.4	3.8
Grants/Transfer	1,285.5	1,285.5	0
Total	**1,865.7**	**1,809.9**	**43.4**

49) The Development budget was rationalized to Ksh.224 Million from a printed Estimates of Kshs.1,209 Million under Supplementary Estimates No.1. This reduction did not take into consideration allocation to the on-going projects, pending payments for ongoing works and allocation to BETA projects, leading to accumulation of pending bills, stalling of all

ongoing projects, increased project costs due to accumulation of interests on delayed payments in addition to possible litigation due to failure by the State Department to meet its contractual obligations.

Highlight of the variations to the MDAs approved budget for the FY 2024/25 by programme and justification of the variations

50) The State Department for Public Works appreciates the tight fiscal space underpinning the budget ceiling. However, the ceilings have crippled most of our operations. The State Department has rationalized the current allocations to enable the office pay for personnel emoluments arising from promotions under succession management as approved by the Public Service Commission; office rentals; utilities; facilitate presidential functions; operationalise the current fleet of motor vehicles; support supervision and regulation of the construction industry as well as facilitate the general office operations for the reminder of the year.

51) The National Construction Authority wishes to enhance the Recurrent Appropriation In Aid by Kshs.80Million from Kshs.926Million to Kshs.1,006 Million.

52) The approved allocation in the development budget was a reflection of the views arising from the public participation. Towards that end, the state department for Public Works has been allocated an extra Ksh.100Million towards the ongoing construction of Adole and Handaruku footbridges whose initial allocation was Ksh.10Million each.

53) The National Construction Authority is implementing the Centre for Construction Industry Development (CCID) project. The Authority had budgeted to utilize Ksh.100Milion financed through AIA to implement the project which is approved as a PPP Project. On account of long process of seeking a suitable partner, we have projected to utilize Kshs.20Million hence reducing the allocation by Kshs80Million.

Expected impact of budget revisions on capital projects

54) Only two projects have additional allocation under supplementary Estimates No 2, whereas there are 13 complete projects with outstanding bills, 8 ongoing projects with no funding and 6 ongoing projects that are poorly funded as shown in the attached Annex 2.

Pertinent issues for consideration regarding execution of the State Department delivery of its mandate.

55) The realignment of the budget will not completely assist the State Department carryout its mandate since most of the funds are earmarked for settlement of pending bills. In light of this, we seek for the enhancement of the recurrent budget by Kshs.50Million to facilitate execution of our mandate.

56) The National Construction Authority has been conducting sensitizations and awareness campaigns in preparation for the enforcement of the Building Code which aims to promote order and safety in construction works and protect the health and safety of persons in or about construction works. The next phase is the technical training on the Building Code. An in-depth exposure that goes beyond sensitization and awareness and delivered by external service providers who have been engaged to conduct technical training on the Building Code across the 47 counties.

57) The estimated budgetary cost for this exercise is KShs.1,360Million against a budgetary allocation of KShs.530Million in the 2024/2025 financial year. A request of additional allocation of Kshs.300Million was made to the National Treasury and Planning to bridge the funding gap for this activity and to adequately conduct the stakeholder trainings which we are requesting for consideration under supplementary estimates No.2. the state department for public works is therefore seeking for an additional funding of Kshs.350 million under Supplementary Budget II in financial year 2024/25.

58) The Coastal infrastructure subprogramme has pending certificates amounting to Kshs.156Million which have been occasioned by the budget cuts under supplementary Estimates No.1. In addition, the pedestrian access subprogramme has pending Certificates of Kshs.146Million translating to a total of Kshs.302Million in unpaid certificates under the coastline infrastructure and pedestrian access. We are seeking the indulgency of the committee for consideration of an additional allocation of Kshs.302 million to settle them and avoid incurring additional cost arising from litigations over accrued interests over unpaid certificates.

CHAPTER FOUR

Committee observations and recommendations

Observations

59) The Committee, having scrutinized the proposed Supplementary II for FY 2024/25 and submissions by the Agencies, made the following observations;

State Department for Housing and Urban Development

60) The Committee observed that,

a) In the proposed **Supplementary Estimates II for FY 24/25**, the State Department's budget has a reduction of **Ksh. 11,575 million (-13%)**. This includes an increase of **Ksh. 1,993 million (153%)** for recurrent expenditure and a decrease of **Ksh. 13,569 million (-16%)** for development expenditure. The increase in recurrent expenditure primarily stems from an allocation amounting to **Ksh. 1,926 million** from the Affordable Housing Fund for operational costs of the Affordable Housing Board, in accordance with Section 114(5)(b) of the Affordable Housing Act of 2024, which provides that the Board may allocate up to two percent of Housing Levy collections for the administration of the Fund.

b) The decrease in the State Department's Development expenditure is attributed to a reduction in donor funding, totaling **Ksh. 13,837 million,** which arises from the rationalization of donor funds aimed at the second phase of the Kenya Informal Settlement Improvement Project (KISIP) **(Ksh. 8,200 million)** and the second phase of the Kenya Urban Support Program **(Ksh. 5,337 million)**, pending the approval of the County Government Additional Allocation Bill of 2024 (CGAA). While it remains uncertain whether the Bill will be approved before the end of the 2024/25 FY, the Committee noted the need to reinstate these funds in Supplementary Estimates II to enable the State Department to disburse the Conditional Grants once the Bill is passed

c) There was an increase of **Ksh. 2,396 million** in the State Department's Appropriation in Aid (AiA) allocation funded through the Housing Levy proceeds, driven by higher-than-expected housing levy collections. The levy achieved a performance rate of 117%, with average monthly collections rising from the projected **Ksh. 4,297 million** to **Ksh. 5,962 million** in the half-year ending December 31, 2025

d) Under the allocation for the Affordable Housing Fund (Housing levy proceeds) amounting to **Ksh. 64,688 million, Ksh. 1,470 million** has been allocated to the National Housing Corporation and **Ksh. 1,593 million** to the Kenya Slum Upgrading Fund (KENSUF), reflecting a reallocation of resources for ongoing Affordable and Social Housing projects as well as the associated social and physical infrastructure.

e) There was no withdrawal of any money under Article 223 of the Constitution.

State Department for Public Works

61) The Committee observed that;

a) **The Supplementary Estimates II for FY 24/25** proposes an increment in the total expenditure for the State Department by **Ksh. 120 million (3.1 percent)**. This includes a slight increase of **Ksh. 20 million (0.5%)** in recurrent expenditure to cater to additional personnel emoluments and related costs and an increase of **Ksh. 100 million (44%)** in development expenditure towards the completion of Handaruku and Odole footbridges **(public participation projects)** under development expenditure.

b) Despite the marginal increase in allocation under the proposed Supplementary Estimates II for FY 2024/25, the State Department for Public Works continues to face a budget shortfall that impedes its ability to fulfill its mandate. For Recurrent Expenditure, the State Department requires **Ksh. 50 million** for settling recurrent pending bills and **Ksh. 300 million** for the sensitization and technical training on the new Building Code 2024 across all 47 counties respectively

c) On Development Expenditure, the State Department requires **Ksh. 302 million** to settle pending certificates for completed coastline infrastructure and pedestrian access projects. These allocations were reduced to zero in Supplementary Estimates No.1, increasing the risk of litigation and additional costs due to accrued interest on unpaid certificates. Additionally, the Committee noted 13 completed projects with outstanding bills, 8 ongoing projects lacking funding, and 6 ongoing projects that are underfunded, further highlighting the need for adequate budgetary support.

d) There was no withdrawal of any money under Article 223 of the Constitution.

Committee Recommendations

Financial Recommendations

62) Based on the review of the proposed Supplementary Estimates No.II for FY 2024/25 for the State Department for Housing and Urban Development and the State Department for Public Works, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

a) **Vote 1094 - State Department for Housing and Urban Development**; the proposed changes in Supplementary No. II for FY 2024/25 consisting of an increase in Recurrent Expenditure amounting to **Ksh. 1,993 million** and a decrease in Development Expenditure amounting to **Ksh. 13,569 million** be approved with the following amendments

i) Reduce the allocation for National Slum Upgrading Projects by Ksh. 100 million.

ii) Reduce the allocation for the Kenya Informal Settlement Improvement Project phase two (KISIP II) by Ksh. 110 million.

iii) Reduce the allocation for the Kenya Informal Settlement Redevelopment Project (KISRIP) by Ksh. 90 million.

iv) Reduce the allocation for the Kenya Urban Support Programme phase two

(KUSP II) by Ksh. 50 million.

v) Reduce the allocation for the Social and Physical Infrastructure under the Affordable Housing Fund by Ksh. 1,500 million.

vi) Increase the allocation for the National Housing Corporation (NHC) under the Affordable Housing Fund by Ksh. 1,500 million on account of enhanced Appropriation in Aid collection from the proceeds of the Housing Levy.

b) **Vote 1095 - State Department for Public Works;** the proposed changes in Supplementary No. II for FY 2024/25 comprising of an increase in Recurrent Expenditure amounting to **Ksh. 20 million** and an increase in Development Expenditure amounting to **Ksh. 100 million** be approved with the following amendments

i) Increase the allocation for Recurrent Expenditure under the General Administration planning and support programme by Ksh. 50 million to support the shortfall in the operational costs for the supervision of ongoing National BETA projects and County Government Headquarters projects.

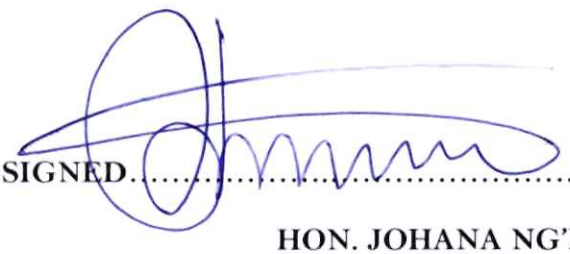
ii) Increase the allocation for Recurrent expenditure, (current transfers to government agencies - National Construction Authority) by Ksh. 300 million for sensitization, technical training, and enforcement of the new building code approved in 2024, which took effect in March 2025 across all 47 counties.

Additional requests

a) **Vote 1095: State Department for Public Works**

i) Increase the allocation for Recurrent Expenditure Appropriation in Aid (AIA) collected through the National Construction Authority (NCA) by **Ksh. 80 million** from **Ksh, 926 million** to **Ksh. 1,006 million** on account of higher AIA collection.

ii) Increase the allocation for Development Expenditure by **Ksh. 302 million** towards the settlement of pending certificates for 13 completed coastline infrastructure and pedestrian access projects. These allocations were reduced to zero in Supplementary Estimates No.1, increasing the risk of litigation and additional costs due to accrued interest on unpaid certificates.



SIGNED..... **DATE**..... 10/03/2025

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

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

Schedule 1: Proposed Committee Reductions on the Supplementary Estimates No.2 of 2024/25 in Ksh. millions

Programme	Sub - Programme	Project	Proposed 24/25 Supp Est II		Reduced amount by Committee		Committee Revised Estimates		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
State Department for Housing and Urban Development									
0102000 Housing Development and Human Settlement	0102010 Housing Development	1094100700 National Slum Upgrading Projects	-	118	-	(100)	-	18	The reduction in allocation is due to zero absorption of allocated funds as of half year of FY 2024/25.
		1094109800 Kenya Informal Settlement Improvement Project - Phase II	-	130	-	(110)	-	20	The donor-funded project includes Ksh. 130 million from the GoK exchequer as counterpart funding. The reduction is necessitated by an increase in operating expenses under the donor funding component, despite no change in project targets.
0105000 Urban and Metropolitan Development 0105040 Urban Development and Planning Services		1094105000 Kenya Urban Programme (KenUP)	-	67	-	(50)	-	17	The allocation for the donor-funded project includes Ksh. 67 million from the GoK exchequer as counterpart funding. The reduction is necessitated by an increased allocation for operating expenses under the donor funding component, despite no corresponding change in project targets.
		1094113000 Kenya Informal Settlement Redevelopment Project (KISRIP)	-	100	-	(90)		10	The project, initially funded by a Ksh. 100 million grant from the Italian Government, is now financed through the GoK exchequer in the proposed Supplementary Estimates No.2. However, despite no change in project targets, the State Department has not provided a clear justification for this funding shift.
0102000 Housing Development and Human Settlement	0102010 Housing Development	1094106205 Social and Physical Infrastructure	-	11,107	-	(1,500)	-	9,607	The funds are reallocated within the Affordable Housing Fund from Social and physical infrastructure to the National Housing Corporation for Ongoing Affordable Housing Projects.
Total reduction						350)			

Schedule 2: Proposed Committee Increases on the Supplementary No.2 for FY 2024/25 in Ksh. millions

Programme	Sub - Programme	Project	Proposed 24/25 Supp Est II		Increase amount by Committee		Committee Revised Estimates		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
Vote 1095: State Department for Public Works									
0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	1095001000 Headquaters and Administrative Services	407	-	50	-	457	-	To support the shortfall in the operational costs for the supervision of ongoing National BETA projects and County Government Headquarters projects.
0218000 Regulation and Development of the Construction Industry	0218010 Regulation of Constructions	1095001100 Construction Authority	2,498	-	350	-	2,848		Towards the sensitization, technical training, and enforcement of the new building code approved in 2024, which took effect in March 2025 across all 47 counties.
Vote 1094: State Department for Housing and Urban Development									
0102000 Housing Development and Human Settlement	0102010 Housing Development	1094106206 National Housing Corporation (NHC)	-	1,470	-	1,500	-	2,957	The funds are reallocated within the Affordable Housing Fund from Social and physical infrastructure to the National Housing Corporation for Ongoing Affordable Housing Projects.
Total Increase					350				

MINUTES OF THE EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS HELD ON MONDAY 10TH MARCH, 2025 AT 12.30 P.M. IN COMMITTEE ROOM 17, 3RD FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS

PRESENT

1. Hon. Johana Ng'eno Kipyegon, CBS, M.P. - ***Chairperson***
2. Hon. Mugambi Murwithania Rindikiri, M.P. - ***Vice Chairperson***
3. Hon. John Waluke Koyi, M.P.
4. Hon. Innocent Momanyi, M.P
5. Hon. Daniel Ogwoka Manduku, M.P.
6. Hon. Joshua Kivinda Kimilu, M.P.
7. Hon. Maurice Kakai Bisau, M.P.
8. Hon. Jane Wangechi Kagiri, OGW, M.P
9. Hon. Irene Njoki Mrembo, M.P
10. Hon. Caleb Mutiso Mule, M.P.

ABSENT WITH APOLOGY

1. Hon. Esther Muthoni Passaris, OGW, M.P
2. Hon. Samuel Kinuthia Gachobe, M.P.
3. Hon. Abraham Kipsang Kirwa, M.P.
4. Hon. Ronald Kamwiko Karauri, M.P.
5. Hon. John G. Mwaniki Mukunji, M.P.

IN ATTENDANCE		**SECRETARIAT**
1. Ms. Halima Hussein	-	Clerk Assistant I
2. Ms. Natecho Kisiang'ani	-	Clerk Assistant III
3. Mr. Collins Lokitella	-	Fiscal Analyst III
4. Mr. Nelson Odida	-	Research Officer III
5. Ms. Mercy Mayende	-	Media Relations Officer III
6. Mr. Mohamed Said	-	Sergeant – at- Arms

AGENDA

1. Prayers
2. Preliminaries
3. **Consideration and adoption of the Report on the Supplementary Estimates II for FY 24/25**
4. Any Other Business
5. Adjournment

MIN No. NA/DC-HUPPW/2025/030: PRELIMINARIES

The meeting was called to order at 12:30 p.m. by a word of prayer from the Chairperson and the agenda was adopted as filed having proposed and seconded by Hon Caleb Mule and Hon Jane Kagiri respectively.

MIN No. NA/DC-HUPPW/2025/031: CONSIDERATION AND ADOPTION OF THE REPORT ON THE SUPPLEMENTARY ESTIMATES II FOR FY 24/25

The Committee considered and unanimously adopted its report on the Supplementary Estimates II for FY 24/25 with the following recommendations;

Under Vote 1094 - State Department for Housing and Urban Development; the proposed changes in Supplementary No II for FY 2024/25 consisting of an increase in Recurrent Expenditure amounting to **Ksh. 1,993 million** and a decrease in Development Expenditure amounting to **Ksh. 13,569 million** be approved with the following amendments

a) Reduce the allocation for National Slum Upgrading Projects by Ksh. 100 million.
b) Reduce the allocation for the Kenya Informal Settlement Improvement Project phase two (KISIP II) by Ksh. 110 million.
c) Reduce the allocation for the Kenya Informal Settlement Redevelopment Project (KISRIP) by Ksh. 90 million.
d) Reduce the allocation for the Kenya Urban Support Programme phase two (KUSP II) by Ksh. 50 million.
e) Reduce the allocation for the Social and Physical Infrastructure under the Affordable Housing Fund by Ksh. 1,500 million.
f) Increase the allocation for the National Housing Corporation (NHC) under the Affordable Housing Fund by Ksh. 1,500 million on account of enhanced Appropriation in Aid collection from the proceeds of the Housing Levy.

Under Vote 1095 - State Department for Public Works; the proposed changes in Supplementary No. II for FY 2024/25 comprising of an increase in Recurrent Expenditure amounting to **Ksh. 20 million** and an increase in Development Expenditure amounting to **Ksh. 100 million** be approved with the following amendments

a) Increase the allocation for Recurrent Expenditure under the General Administration planning and support programme by Ksh. 50 million to support the shortfall in the operational costs for the supervision of ongoing National BETA projects
b) Increase the allocation for Recurrent expenditure, (current transfers to government agencies - National Construction Authority) by Ksh. 300 million for sensitization, technical training, and enforcement of the new building code approved in 2024, which took effect in March 2025 across all 47 counties.

Additional requests

Under Vote 1095: State Department for Public Works

a) Increase the allocation for Recurrent Expenditure Appropriation in Aid (AIA) collected through the National Construction Authority (NCA) by **Ksh. 80 million** from **Ksh, 926 million** to **Ksh. 1,006 million** on account of higher AIA collection.
b) Increase the allocation for Development Expenditure by **Ksh. 302 million** towards the settlement of pending certificates for 13 completed coastline infrastructure and pedestrian access projects.

The adoption of the report was proposed and seconded by Hon. Danial Manduku and Hon Caleb Mule respectively

MIN No. NA/DC-HUPPW/2025/032: ADJOURNMENT

There was no other business to transact, so the sitting was adjourned at 1:19 p.m. The next meeting will be held on notice

Sign.....**Date**.....10/03/2025

HON. KIPYEGON, JOHANA NGENO, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING & PUBLIC WORKS

THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON HOUSING URBAN PLANNING AND PUBLIC WORKS

MEMBERS' ATTENDANCE REGISTER

Agenda: Consideration & Adoption of the Report on the Supplementary Estimates II for FY 2024/25

Date: 10/3/2025 *Time: From* 12:30 *To* 1:19 pm

Venue: Boomi Hall Room 17, 3rd floor, Bunge Towers

	NAMES	SIGNATURE
1.	Hon. Johana Ng'eno Kipyegon, CBS, M.P.- **Chairperson**	
2.	Hon. Mugambi Murwithania Rindikiri, M.P. – **Vice-Chairperson**	
3.	Hon. John Waluke Koyi, M.P.	via Zoom
4.	Hon. Esther Muthoni Passaris, OGW, M.P.	
5.	Hon. Innocent Obiri Momanyi, M.P.	Via Zoom
6.	Hon. Joshua Kivinda Kimilu, M.P.	via Zoom
7.	Hon. Samuel Kinuthia Gachobe, M.P.	
8.	Hon. Abraham Kipsang Kirwa, M.P.	
9.	Hon. Caleb Mutiso Mule, M.P.	
10.	Hon. Daniel Ogwoka Manduku, M.P.	via Zoom
11.	Hon. Irene Njoki Mrembo, M.P.	via Zoom
12.	Hon. Jane Wangechi Kagiri, OGW, M.P.	
13.	Hon. John G. Mwaniki Mukunji, M.P.	
14.	Hon. Maurice Kakai Bisau, M.P.	via Zoom
15.	Hon. Ronald Kamwiko Karauri, M.P.	

Forwarded by:

Signature: ..... *Date:* .....

Committee Clerk: .....

Approved by:

Signature: ..... *Date:* .....

Director, Departmental Committees

DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/2025 SUPPLEMENTARY II FOR:

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

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI **MARCH, 2025**

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CHAIRPERSON'S FOREWORD

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

The Financial Year 2024/25 Supplementary Estimates II were tabled in the National Assembly on Tuesday, 18th February 2025 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders and pursuant to Article 223 of the Constitution and section 21 of the Public Finance Management Act, 2012.

The Departmental Committee on Transport and Infrastructure held two (2) meetings to consider the Supplementary Estimates. The meetings with the spending agencies were held on Thursday, 6th March 2025 after which the Committee compiled its report for submission to the Liaison Committee pursuant to the Speakers' directive.

The report contains the discussions, observations and recommendations of the Committee as regards to the Financial Year 2024/25 Supplementary Estimates II for all the votes as well as SAGAs under its oversight. The Liaison Committee is expected to consider the Committee's observations and recommendations and make part of its final consolidated report to be tabled in the House.

During consideration of the Supplementary Estimates the Committee observed that, whereas the overall impact of the Supplementary Estimates II for FY 2024/25 is an increase in Capital expenditures, the approved budget for a number of projects has been reduced to zero. This is especially the case for the critical roads brought in through the intervention of the National Assembly and the ongoing low-volume seal roads, which risks accumulating pending bills.

The Committee recommends the reduction of **Kshs. 2.0 billion** from the low–volume seal roads and other construction projects and increase the same amount for Urban and rural low-volume seal roads, spot improvements and payment of pending bills. The Committee also recommends the reduction of **Kshs. 5.0 billion** from the Kenya Roads Board allocations from the Roads Maintenance Levy Fund (RMLF) and increases the same amount for the construction of critical roads and payment of pending bills for ongoing projects.

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

PART I

1 PREFACE

1.1 Introduction

1. Supplementary Estimates are prepared pursuant to Article 223 and Section 44 of the PFM Act, 2012, read together with Regulations 40 of the PFM Act. The FY 2024/25 Supplementary Estimates I were submitted to the National Assembly for approval on 12th July, 20242 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders.

2. The revised Estimates I for the financial year 2024/25 was necessitated by the withdrawal of the finance Bill 2024 that created a financing gap of Kshs.344.3 billion and therefore the need for rationalization of the approved budget to cater for the resultant revenue shortfall.

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

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

    i. Vote 1091: State Department for Roads
    ii. Vote 1092: State Department for Transport
    iii. Vote 1093: State Department for Shipping and Maritime Affairs

1.2 Mandate of the Committee

5. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -

    i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
    ii. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
    iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
    iv. study and review all legislation referred to it;
    v. study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

viii. examine treaties, agreements and conventions;

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

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

xi. Examine any questions raised by Members on a matter within its mandate.

1.3 Committee Membership

6. The Committee membership comprises: -

The Hon. G.K George Kariuki, CBS, M.P – **Chairperson**

M.P for Ndia Constituency

United Democratic Alliance Party

The Hon. Mutua Didmus Wekesa Barasa, M.P- **Vice- Chairperson**

M.P. for Kimilili Constituency

United Democratic Alliance Party

The Hon. Arama Samuel, M.P

M.P for Nakuru Town West Constituency

Jubilee Party

The Hon. Naicca, Johnson Manya, CBS, M.P

M.P for Mumias East Constituency

Orange Democratic Movement Party

The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P.

M.P for RuarakaConstituency

Orange Democratic Movement Party

The Hon. Kiaraho, David Njuguna, M.P.

M.P for OlKalao Constituency

Jubilee Party

The Hon. Kiunjuri Festus Mwangi, M.P.

M.P for Laikipia East Constituency

The Service Party

The Hon. Bady, BadyTwalib, M.P.

M.P for Jomvu Constituency

Orange Democratic Movement Party

The Hon. Abdul Rahim Dawood, M.P.

M.P for North Imenti Constituency

Independent

The Hon. Elsie Muhanda, M.P.

M.P for Kakamega County

Orange Democratic Movement Party

The Hon. Chege John Kiragu, M.P.

M.P for Limuru Constituency

United Democratic Alliance Party

The Hon. Abdirahman, Husseinweytan Mohamed, M.P.

M.P for Mandera East Constituency

Orange Democratic Movement Party

The Hon. Komingoi Kibet Kirui, M.P.

M.P for Bureti Constituency

United Democratic Alliance Party

The Hon. Saney Ibrahim Abdi, M.P
M.P for Wajir North Constituency
United Democratic Alliance Party

The Hon. JhandaZaheer, M.P
M.P for Nyaribari Chache Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

7. The Committee secretariat comprises: -

Ms. Tracy Chebet Koskei
Senior Clerk Assistant
Lead Clerk

Mr. Mohamednur M. Abdullahi
Clerk Assistant III

Mr. Eric Kariuki
Research Officer II

Mr. Clinton Sindiga
Legal Counsel II

Ms. Faith Nkonge
Serjeant -at Arms II

Mr. Danton Kimtai
Audio Officer

Ms. Clare Choper Doye
Clerk Assistant III

Mr. Yusuf Mogeq
Fiscal Analyst II

Ms. Rinha Saineye
Media Relations Officer III

PART II
2.0 BROAD OVERVIEW OF SUPPLEMENTARY (NO. II) FOR THE FINANCIAL YEAR 2023/

8. The overall change in the National Government ministerial budget from the revised estimates I is an increase of Kshs. 86 billion. The development expenditure reduces by Kshs.51 billion whereas the recurren expenditure increases by Kshs. 137 billion from the Approved Estimates.

9. The proposed increase in recurrent expenditures is mainly due to increased provisions for the Teachers Service Commission, which is Kshs. 18.1 billion; increments for the State Department for Higher Education anc Research, which is Kshs. 16.1 billion; increments for the National Treasury, which is Kshs. 13.4 billion, anc increments for the State Department for Medical Services, which is Kshs. 12.3 billion.

10. Reductions under development expenditure are largely due to reductions under the National Treasury of Ksh 16.9 billion; reductions for State Department for Housing and Urban Development of Kshs. 13.7 billion; ar reduction for the State Department for Water and Sanitation of Kshs. 22.9 billion.

11. The Consolidated fund services is proposed to increase by Kshs. 5 billion in the revised estimates II for FY 2024/25 mainly on account of an increase for payments of guaranteed debt of Kshs. 19.7 billion and a reductior of Kshs.14.1 billion for public debt interest payments.

2.1 Review of Supplementary Estimates 11 for 2024/25 by Vote

a) State Department for Roads

12. The overall impact of the supplementary estimates II on the approved budget for the State Department for Roads is an increase of Kshs. 6,079 million, resulting from a gross increase in Capital expenditure of Kshs. 6,155 million and a reduction of recurrent expenditure by Kshs. 76 million.

13. Whereas the overall impact of the supplementary estimates II for 2024/25 is an increase in Capital expenditure, it is observed that a number of projects have seen their budgets reduced to zero especially those critical roads that were on boarded through the intervention of the National Assembly as well as Donor funded projects especially those under the Horn of Africa Gate Way Development projects (Isiolo- Wajir-Mandera Road). Major increases in the Capital expenditure include Kshs.4.0 billion for Construction of Illasit-Njukini-Taveta Road and Kshs. 16.0 billion for Kenya Roads Board from the fuel levy.

14. The State Department for Roads implements its projects and activities through one programme, namely, *Roads transport.* The approved allocations have changed by 3%, which is within the PFM threshold of 10%.

b) State Department for Transport

15. The overall impact on the vote is a reduction of Kshs. 404 million as a result of a reduction of Kshs. 2,888 million in Capital Expenditure and an increase of Kshs. 2,284 million in recurrent expenditure.

16. The recurrent expenditure increases by Kshs. 2,486 million, mainly on account of an increase in AIA collection by the National Transport and Safety Authority (NTSA) amounting to Kshs. 2,352 million, increase of Kshs. 73 Million for LCDA (Kshs. 20 million for scholarship Programme) and Kshs 50 million for Aircraft Accident Investigations and Kshs. 20 million for Kenya Millennium Development Fund (KMDF).

c) **State Department for Shipping and Maritime Affairs**

17. The overall impact is an increase of Kshs. 217 million. The increase is entirely towards recurrent expenditure on account of an increase of Kshs. 142 million for Bandari Maritime College, Kshs.24 million for headquarters-Maritime Affairs for compensation to employee and Kshs. 53 million for Headquarters- Shipping Affairs.

18. There is no change in the development for the State Department for shipping and Maritime Affairs.

PART III
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

19. The Committee held meetings with all the State Departments under its purview, on Thursday, 6th March 202 to consider the Supplementary II for the FY 2024/25. The Submissions are as follows:

3.1 SUBMISSION BY THE CABINET SECRETARY, MINISTRY OF ROADS AND TRANSPORT

The Cabinet Secretary for the Ministry of Roads and Transport Mr. Davis Chirchir, E.G.H appeared before the Committee on Thursday, 6th March 2025 and submitted as follows;

20. The Cabinet Secretary informed the committee that the State Department of Roads budget had increase by **Ksh 6.1 billion,** bringing the total from **Ksh 191.98 billion** to Ksh **198.06 billion**. This increase was primarily allocated to the development budget, which rose from **Ksh 119.91 billion** to **Ksh 126.07 billion** while the recurrent budget slightly decreased from **Ksh 72.07 billion** to **Ksh 71.99 billion** due to delayed staff replacements.

21. Additionally, the Cabinet Secretary informed the Committee that the Ksh 16 billion increase under Ken Roads Board reflects the half-year (up to Dec 2024) fuel levy collections accruing from the **Ksh 7/= per litre** of fuel. The **Ksh 7/=** which amounts to **Ksh 32 billion** per year is undergoing securitization to rais **Ksh 175 billion**. This brings the total funds under the road infrastructure securitization program for the FY 2024/25 to **Ksh 191B.** Because the pending bill account requires **Ksh 175B.** The Ministry thus declared a **Ksh 16B** surplus to the National Treasury Exchequer under Supplementary Estimates II 2024/25.

22. He further stated that the net increment of Ksh 2.5 billion under the Net GoK Exchequer provision comprised **Ksh 12 billion** in additional budget approvals under Article 223 of the Constitution, **Ksh 4 billion** for the Ilasit-Njukini-Taveta Road, **Ksh 2 billion** for the Mombasa Port Area Roads Development (MPARD) and **Ksh 500 million** for the Holo-Lela and Kieni roads, offset by Ksh 16 billion in declared saving

23. Regarding the State Department for Transport, the Cabinet Secretary submitted that the overall budget for the State Department had been reduced by **Ksh 403 million**, from **Ksh 48.34 billion** to **Ksh 47.94 billion** He informed the committee that while the recurrent budget increased by Ksh 2.5 billion—mainly due to Ksh 2.3 billion in AIA adjustments under NTSA—the development budget decreased by Ksh 2.9 billion. The Department had absorbed **Ksh 22.6 billion** so far, comprising **Ksh 6.6 billion** under recurrent and **Ksh 16.1 billion** under development, reflecting absorption rates of **40%** and **51%,** respectively.

24. The Cabinet Secretary further highlighted key achievements, including the rehabilitation of the Meter Gauge Railway reaching 65% completion, the Nairobi Commuter Rail revitalization at 80%, the Nairobi Railway City Phase I early works at 30%, and the Kisumu Airport control tower at 85%. He also brought to the Committee's attention that the department was developing several airdromes and implementing efficiency-improving initiatives at the Kenya Ports Authority.

25. The Cabinet secretary informed the Committee that the Ministry has some funding gaps and urged the Committee to support them to ensure effective and efficient implementation of the planned output for FY 2024/25. Subsequently, the Cabinet secretary requested for **Kshs.2.9 billion**; out of which **Kshs.21.2 million** is a deficit under: Contracted Guards and Cleaning Services, **Kshs.25.3 million** for installation of lifts (Refurbishment of Transcom), **Kshs.35 million** for upgrade of ICT Infrastructure and **Kshs.36.8 million** for Operations and Maintenance Expenses.

26. In addition, Nairobi Metropolitan Area Transport Authority (NAMATA) requires **Kshs.2.5 billion** for BRT line two (Simba Line) and **Kshs. 279 million** for recruitment of additional staff. They further requested for RDLF AIA adjustment by **Kshs. 29.7 billion** to cater for SGR Loan repayment of **Kshs. 25 billion** and **Kshs.4.7 billion** for development of SGR phase 2B and 2C and enhance operations and maintenance.

27. In conclusion, the Cabinet Secretary reaffirmed the Ministry's commitment to delivering a modern, efficient and sustainable transport network.

3.2 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT OF ROADS

The Principal Secretary for the State Department for Roads, Mr. Joseph Mbugua, while appearing before the Committee, to deliberate on the FY2024/25 Supplementary No. II Budget Estimates, submitted as follows;

30. That the gross cumulative financial performance for the first half of the financial year 2024/25 for the State Department of Roads stood **at Kshs. 81,844,163,971**, representing 43% of the total revised budget of **Kshs 191,983,950,736**. The recurrent expenditure amounted to **Kshs. 35,421,601,862,** which is **49%** of the allocated **Kshs. 72,072,170,790,** while the development expenditure stood at **Kshs. 46,422,562,11** translating to 39% of the allocated **Kshs. 119,911,779,946.**

31. The Principal Secretary informed the Committee that the Roads Maintenance Levy Fund had an expenditure o **Kshs. 34,282,427,040** reflecting a 49% absorption rate. The Mechanical Fund utilized **Kshs. 265,728,642** which is 53% of its allocation, while salaries at the headquarters were **Kshs. 587,503,788,** representing 44% the allocated **Kshs. 1,329,000,000.** Transfers to the Engineers Board of Kenya (EBK) amounted to **Ks 23,400,000,** which is 50% of the allocated **Kshs. 46,800,000,** while the Kenya Engineers and Technologist Registration Board (KETRB) received **Kshs. 9,450,000** out of **Kshs. 37,800,000,** reflecting a 25% absorptio The projected Appropriations-in-Aid (AIA) for KETRB was **Kshs. 3,836,300,** reflecting a 15% absorption whereas EBK's AIA stood at **Kshs. 50,755,399,** which is 61% of the projected **Kshs. 83,000,000.** The Kenya Institute of Highways and Building Technology (KIHBT) collected **Kshs. 145,777,568** in school fees, which is 42% of the projected **Kshs. 350,000,000.** Materials and agency fees were at **Kshs. 36,451,477**, representing 69% of the allocated **Kshs. 53,000,000,** while other recurrent expenses stood at **Kshs. 16,271,648,** which is 15% of the allocated **Kshs. 111,570,790.**

32. The Principal Secretary further submitted that development expenditures were below par at 32% rather tha the expected 50% at the half-year, mainly due to delays in releasing net GOK exchequer and a subduec development partner component.

33. The Principal Secretary stated that the State Department received additional allocation in advance o Appropriation under Article 223 of the Constitution amounting to **Kshs.12 billion** in December 2024. An Exchequer of **Kshs.8 billion** was received against the additional provision of Kshs.12 billion. The Balance o **Kshs.4 billion** exchequer will be received in the course of the week (the week of 2nd to 8th March 2025). The

Kshs.12 billion additional budget and concurrent exchequer releases have been excluded from the analysis o the half year budget performance shown in the table above. The additional provision of Kshs.12 billion has beer captured in the Supplementary Estimates II 2024/25.

34. On budget variations, the Principal Secretary submitted that the State Department of Roads operates under one programme that is Road Transport. The budget allocations in Supplementary Estimates II reflected reductions in the construction of roads and bridges by **Kshs. 5,207,177,192,** rehabilitation of roads by Kshs **4,843,350,564,** and general administration, planning, and support services by **Kshs. 76,029,859.** However, the maintenance of roads increased by **Kshs. 16 billion**, from **Kshs. 69,536,000,000** to **Kshs. 85,536,000,000.**

35. The Principal Secretary further provided a summary of the revised expenditure by economic classification indicating that the total recurrent budget decreased slightly from **Kshs. 72,072,170,790** to **Kshs 71,996,140,931,** while the development budget increased from **Kshs. 119,911,779,946** to **Kshs 126,066,743,030**

36. On revised output targets, the Principal Secretary informed the Committee that the annual target for roac construction remains at **266 km,** with **136 km** completed by December 2024. The target for bridge construction has been revised downward from **22** to **15** bridges, with eight completed by mid year of 2025. The rehabilitation of roads has been revised from **413 km** to **380 km,** with **190 km** completed by December 2024 Periodic maintenance of roads remains at **437 km,** with **109 km** achieved so far. Routine maintenance of roads under the Roads Performance Based Contracts (PBC) remains at **10,398 km,** with **7,854 km** completed by mid-year.

37. The Principal Secretary brought to the attention of the Committee that the Roads Bond will play a significant The principal Secretary informed the Committee that the State Department was allocated **Kshs. 118.4 million** under Article 223 of the Constitution, out of which **Kshs. 44.7 million** was provided for the Refurbishment o the Transcom building (replacement of lifts), and **Kshs.73.7 million** was provided under LAPSSET Corridor Development Authority (**Kshs.53.7** million for LAPSSET Corridor Heads of State Summit and **Kshs.20 million** for the scholarship program). However, the money has not been withdrawn because the procurement process is ongoing, and the Summit was postponed to April from the earlier planned date of January 2025.

38. role in addressing the payment of pending bills constraints thus it is expected once the contractors have been paid will resume works to achieve the annual key physical targets for FY 2024/25.

39. On the withdrawals under Article 223 of the Constitution, the Principal Secretary informed the Committee tha the first withdrawal of **Kshs. 8 billion** was made on December 18, 2024, while the remaining **Kshs. 4 billion** had yet to be disbursed. The additional funds were meant to settle pending bills, address disparities in reso allocation and address visible marginalization of some sections of the country.

3.3 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR TRANSPORT

The Principal Secretary for the State Department for Transport, Mr. Mohamed Daghar, CBS while appearing before the Committee on the FY2024/25 Supplementary No. II Budget Estimates, submitted follows;

40. That, the State Department's overall budget for FY2024/25 has been reduced by **Kshs. 403 million** from **Kshs 48.3 billion** to **Kshs. 47.9 billion**. However, the recurrent budget increased by **Kshs. 2.5 billion**, of which **Kshs. 2.3 billion** is attributed to AIA adjustments under NTSA, **Kshs. 128.7 million** under GoK, while un development, there was an overall decrease of **Kshs. 2.9 billion**.

41. The Principal Secretary stated that the recurrent budget increased by **Kshs. 2.5 billion**, of which **Kshs. 128. million** is under GoK, while **Kshs.2.3 billion** is under Appropriation in Aid (AIA). The revised II recurre budget allocation in the FY 2024/25 Supplementary Estimate No. II is provided in Table 1.

Table 1: Analysis of the Recurrent Budget allocation under the FY 2024/25 Revised II budget

S/N	Budget Item	Approved Budget		Revised II Estimates		Remarks
		GOK	AIA	GOK	AIA	
1.	LAPPSET Corridor Scholarship Program	-		20.0		The fund is intended to actualise the Presidential Directive of providing scholarships for 1,000 youths from Lamu.
2.	Hosting the LAPPSET Summit	-		53.7		The funds will cater for hosting the Heads of Summit for the LAPSSET Corridor Program.
3.	Kenya Millennium Development Fund	-		20		The funds will cater for the operationalisation of the Kenya Millennium Development Fund.
4.	Personnel Emoluments	1.6		6.6		**Kshs.5 million** provided will cater for the deficit under personnel emoluments.

5.	Aircraft accident investigation	57.5		107.4		**Kshs.50 million** will facilitate the investigation of active aircraft incidents and accidents.
6.	National Transport and Safety Authority (NTSA)	200	2,300	180	4,653	**Kshs. 2.4 billion** will be utilised to roll out the Authority's services to Huduma centres to bring services closer to the people and other operations

42. He further stated that the State Department's development budget for FY2024/25 was reduced by **Kshs. 2.9 billion** from **Kshs. 32.0 billion** to **Kshs. 29.1 billion**, of which the GoK allocation increased by **Kshs. 645 million** from **Kshs. 1.2 billion** to **Kshs. 1.8 billion**. The allocation includes **Kshs. 44.7 million** under Headquarters for installing lifts for the Transcom building, which have outlived their lifespan. In addition, the changes in the FY 2024/25 Supplementary Estimate No. II under State Corporations' development budget allocation are summarized in Table 2.

Table 2: Analysis of the State Corporation Supplementary Estimate No. II Budget allocation

State Corporations (Development)		**Approved FY2024/25**			**Revised II FY2024/25**			**Variance FY2024/25**		
		Gok	**AIA**	**Donor**	**Gok**	**AIA**	**Donor**	**Gok**	**AIA**	**Donor**
1.	Kenya Airports Authority [KAA]	-	-	-	-	-	-	-	-	-
2.	Kenya Ports Authority	365	-	2,000	1,000	-	-	635	-	(2,000)
3.	Kenya Railways Corporation [KRC]	-	25,217	2,200	-	25,217	500	-	-	(1,700)
4.	National Transport and Safety Authority [NTSA]	120	-	760	120	-	600	-	-	(160)
5.	LAPSSET Corridor Development Authority [LAPSSET]	20	-	73	10	-	73	(10)	-	-
6.	Nairobi Metropolitan Area Transport Authority [NaMATA]	582	-	19	582	-	19	-	-	-
7.	Kenya Millennium Development Fund	-	-	-	-	-	327	-	-	327
Total		**1,087**	**25,217**	**5,052**	**1,712**	**25,217**	**1,519**	**625**	**-**	**(3,533)**

43. The Principal Secretary brought to the Committee's attention that in the first half of FY 2024/25, the State Department achieved some key set outputs under its five programmes. The targets have been revised to reflect the proposed Supplementary Estimate No. II changes for FY 2024/25, the submission is attached to this report

44. The principal Secretary informed the Committee that the State Department was allocated Kshs. 118.4 million under Article 223 of the Constitution, out of which Kshs. 44.7 million was provided for the Refurbishment of the Transcom building (replacement of lifts), and Kshs.73.7 million was provided under LAPSSET Corridor Development Authority (Kshs.53.7 million for LAPSSET Corridor Heads of State Summit and Kshs.20 million

for the scholarship program). However, the money has not been withdrawn because the procurement proces is ongoing, and the Summit was postponed to April from the earlier planned date of January 2025.

45. In conclusion, the State Department requested the Committee's consideration and budgetary provision on key under/unfunded areas under the recurrent and development budget as follows;

a) **Contracted Guards and Cleaning Services.** In FY2024/25, contracted guards and cleaning require **Ksh 33 million** against a budgetary allocation of **Kshs.11.8 million**. The State Department requested the consideration and provision of the deficit of **Kshs.21.2 million**.

b) **Refurbishment of Transcom:** The State Department is planning to replace four faulty lifts at a cost o approximately **Kshs. 70 million** against a budget allocation of **Kshs.44.7 million.** The State Departmen requested the consideration and provision of **Kshs. 25.3 million**.

c) **Upgrade of ICT Infrastructure:** We intend to upgrade the ICT infrastructure to replace the existing obsolete infrastructure at a cost of **Kshs.75 million**. Therefore, we request for **Kshs.35 million** for pha I.

d) Nairobi Metropolitan Area Transport Authority (NAMATA)- NaMATA was granted approval tc recruit additional staff to enhance capacity and aid in delivering its Mandate. In addition, the BRT line twc (Simba Line) has accrued interest on delayed payments of **Kshs.997 million** and has a pending bill of **Kshs 1.5 billion.** We therefore request your consideration and provision of **Kshs. 279 million** for operations and Personnel Emoluments and **Kshs. 2.5 billion** for BRT line two (Simba Line)

e) **Headquarters Operations and Maintenance Expenses -** In Supplementary Estimate No. I for 2024/25, the allocation for Operations and Maintenance was reduced by **Kshs. 36.8 million.** The St Department requested the reinstatement to support the efficient and uninterrupted functioning of the Sta Department.

f) Railway Development Levy Fund requirement for FY 2024/2025
RDLF has a budget allocation of **Kshs. 25.2 billion** for FY 2024/2025. The State Department, through th RLDF committee, requires **Kshs. 25 billion** for SGR loan repayment and **Kshs. 4.7 billion** for developing SGR phase 2B and 2C and enhancing operations and maintenance. The State Department requested an RDLF AIA adjustment of **Kshs.29.7 billion** in the FY 2024/25 Supplementary Estimate No. II to ensure the planned initiatives are implemented.

3.4 STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

46. The Principal Secretary for the State Department for Shipping and Maritime Affairs, Mr. Geoffrey Kaituko, CBS, appeared before the Committee on Thursday, 6th March 2025.

47. The Principal Secretary submitted that the half-year cumulative expenditure for the recurrent budget showed an overall absorption rate of 42%, with Kshs 936 million spent out of the Kshs 2,222 million revised estimates.

48. Compensation to Employees had an absorption rate of 64%, while Use of Goods and Services recorded 50%. Transfers to SAGAs had an absorption rate of 34%, with Kenya Maritime Authority (33%), Kenya National Shipping Line (46%), and Bandari Maritime Academy (37%).

49. Social Benefits achieved full absorption at 100%, while Acquisition of Non-Financial Assets had an absorption rate of 49%.

50. Regarding the Development expenditure, the Principal Secretary submitted a detailed capital project cumulative expenditure performance for Half Year as shown in Table 4 below:

Table 4: Status of projects

Project Name	Printed Estimates FY 2024/25	Revised Estimates FY 2024/25	Half year Cumulative Expenditure	Remarks
		Kshs. Million		
Multinational Lake Victoria Maritime Communication & Transport Project	570	570	0	The project has been renamed to Kenya Lake Victoria Maritime Communication and Transport Project and therefore State Department changed financing module from donor to GoK as a new project.

Kenya Maritime Data Bank (Blue Economy Data System	180	180	0	The National Treasury Approval for implementation of the project was received in January 2025.
Construction of Survival Training Centre(BETA)	574	0	-	The allocation was revised to zero during Supplementary I FY 2024/25
Total	**1,324**	**750**	**0**	

51. The Principal Secretary further stated that the approved FY 2024/25 Estimates is Kshs. **2.97 billion.**, while the revised estimates **are Kshs 3.19 Billion**. This reflects an increase of **Kshs 216 million,** which is the Recurrent Expenditure.

52. He further informed the Committee that the State Department had no changes on the capital projects.

53. The Principal Secretary brought to the attention of the Committee that the State Department is facing the following challenges;

a) Budgetary constraints have hindered the department's ability to support ongoing maritime projects, resulting in challenges in fulfilling its mandates and commitments, including international agreement

b) Without proper funding, job creation opportunities for youth in the maritime sector have been significantly curtailed, limiting their chances of gaining employment through international partnerships and agreements.

c) The sub-sector faces inadequate technical and/or human resource development to facilitate in implementation of the mandate.

d) There is a Lack of sea-time training for Kenyan qualified cadets due to a lack of training ships, which denies many youths job opportunities in the global job market.

e) Inadequate training facilities and infrastructure for maritime education and training institutions limit the number of courses offered locally.

54. In conclusion, the Principal Secretary made the following requests to the Committee;

a) Under the development budget, the Multinational Lake Victoria Maritime Communication & Transport Project had an allocation in the Approved Estimates of **Kshs. 570 Million.** However, due to a change in the financing module from donor to Gok, the project was restructured and renamed the Kenya Lake Victoria Maritime Communication and Transport project, which received approval in January 2025. The project is, therefore, expected to be

implemented under the new name. The National Treasury approval for the change of name was received in January 2025, when supplementary estimates No. 2 had been finalized. It is in this regard that we are requesting the committee to allow us to reflect the funds or reallocate the funds from the old name to the new name, given that this was not done by the time the supplementary estimates were tabled before Parliament as the National Treasury had not granted the requisite approval. The department requests the committee to intervene and facilitate the reallocation of funds to the newly approved project.

b) Bandari Maritime Academy is implementing the *Survival training and certification centre* project which was projected to take three years. In the current FY 2024/25 it had an allocation of **Ksh. 574 million** at the Printed Estimates. However, this was revised to zero in the Supplementary I Estimates, which has affected the progress of the ongoing project. The state department requested the Committee to intervene to reinstate this amount to **Kshs. 574 million** that was initially allocated as the works are ongoing and there is a pending certificate. They stated that this would enable us to minimize the risks of litigations and cost escalations.

c) The State Department further submitted that Kenya is seeking re-election to the IMO Council Category C this year 9 (November 2025). This reelection is crucial due to Kenya's strategic location, economic significance, maritime security and sustainability contributions. Positioned along key shipping routes, Kenya plays a vital role in international trade, particularly through the port of Mombasa. Re-election would strengthen Kenya's influence on maritime policies and support its efforts in tackling security challenges like piracy and trafficking, while promoting global maritime safety standards. The State Department requested **Ksh. 150 million** for IMO re-election campaign.

d) The State Department finally submitted that, over the last three financial years, its headquarters budget has suffered successive budget cuts of more than **Kshs. 200 million**, This has significantly affected operations to an extent that they can hardly implement their mandates. They therefore requested consideration of additional funding of **Kshs. 50 million** under headquarters recurrent budget for smooth implementation of their mandates.

PART IV

4.0 COMMITTEE OBSERVATIONS

28. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

I. State Department for Roads

i. The Approved Estimates for the State Department for Roads have been revised from Kshs.**191.9 billion** to Kshs.198.2 billion under Supplementary Estimates II for the Financial Year 2024/25. The revised Estimates consist of **Kshs. 72.0 billion** and **Kshs.126.2 billion** for the Current and Capital expenditures, respectively, reflecting a net increase of Kshs.6.3 billion.

ii. Whereas the overall impact of the Supplementary Estimates II for FY 2024/25 is an increase in Capital expenditures, the approved budget for a number of projects has been reduced to zero. This is especially the case for the critical roads brought in through the intervention of the National Assembly and the ongoing low-volume seal roads, which risks accumulating pending bills.

iii. On December 18, 2024, the State Department received Kshs.8.0 billion in advance of appropriation under Article 223 of the Constitution. The amount was used to finance both ongoing and new projects. However, the Committee notes with concern that most of the projects may not qualify as unforeseen or unavoidable to warrant Article 223 expenditures.

II. State Department for Transport

i. The Approved Estimates for the State Department for Transport have been revised from Kshs.48.3 billion to Kshs.47.9 billion under the FY 2024/25 Supplementary Estimates II. The revised Estimates consist of **Kshs.18.8 billion** and **Kshs. 29.1 billion** for Current and Capital expenditures, respectively. This reflects a gross decrease of **Kshs. 0.4 billion.**

ii. The **recurrent** expenditure increases by **Kshs. 2.5 billion** mainly due to an increase of A-I-A collection by the National Transport and Safety Authority (NTSA) amounting to **Kshs. 2.3 billion** whereas the development expenditure by Kshs is reduced**. 2.9 billion** on account budget rationalization Donor Funded Projects and those Financed from the Railway Development Levy Fund (RDLF).

iii. The State Department for Transport, through the Railway Development Levy Fund (RDLF) Committee, requires **Kshs. 25 billion** for SGR loan repayment and **Kshs. 4.7 billion** for developing SGR phase 2B and 2C and enhancing operations and maintenance in FY 2024/25.

iv. **The Nairobi Metropolitan Area Transport Authority (NAMATA)** was granted approval to recruit additional staff to enhance capacity and aid in the effective delivery of its Mandate. In this regard, the Authority recruited the additional approved staff but lacks the attendant resources for salaries, furniture purchases, and ICT equipment.

III. State Department Shipping and Maritime Affairs

i. The Approved Estimates have been revised from **Kshs. 2.97 billion** to **Kshs. 3.19 billion** in the FY 2024/25 Supplementary Estimates II on account of an increase in the Current estimates of Ksh. 216.4 million.

ii. Over the last three financial years, the State Department headquarters budget has suffered successive budget cuts of more than Kshs. 200 Million. This has significantly affected operations to the extent that the Department hardly implements its mandates.

iii. The Multinational Lake Victoria Maritime Communication & Transport Project has been restructured and renamed to Kenya Lake Victoria Maritime Communication and Transport Project as a result of a change in financing from Donor to GoK. However, the National Treasury approved the change of name when already the Supplementary II Estimates had been finalized and therefore makes it impossible for the projects to access approved budget under the old name.

iv. Bandari Maritime Academy is implementing the Survival training and certification Centre project which was projected to take three years. In the current FY 2024/25 it had an allocation of **Kshs. 574 million** at the Printed Estimates. However, this was revised to zero in Supplementary I budget which has completely halted the progress of the project and had accumulated pending bills to **Kshs.550 million**.

PART V

5.0 COMMITTEE RECOMMENDATIONS

29. The Committee, having received submissions from the various State Departments and further deliberated, scrutinized and examined the submissions and content in respect of the Supplementary Estimates II for the FY 2024/2025, the Committee recommends that the proposed allocations for the State Department for Roads, State Department for Transport and the State Department for Shipping and Maritime Affairs be approved subject to the re-allocations as indicated below:

Non- Financial recommendation

State Department for Roads

i. Road projects valued below Kshs. 50 million and implemented by the Kenya Rural Roads Authority (KeRRA) and the Kenya Urban Roads Authority (KURA), be procured at the respective regional levels to enhance efficiency and ensure timely implementation of the projects.

Financial recommendations

I. State Department for Roads

a) Proposed Reductions

ii. Reduce **Kshs. 2.0 billion** from the low–volume seal roads and other construction projects for budget rationalization;

iii. Reduce **Kshs. 5.0 billion** from the Kenya Roads Board allocations from the Roads Maintenance Levy Fund (RMLF).

b) Proposed Increases

iv. Increase **Kshs. 2.0 billion** for Urban and rural low-volume seal roads; spot improvements and payment of pending bills;

v. Increase Kshs. **5.0 billion** for the construction of critical roads and payment of pending bills for ongoing projects.

II. State Department for Transport

a) Propose reductions

vi. Reduce **Kshs. 700 million (Development)** from Drenching of Kisumu Port project under the Marine Transport programme. This is a new project and may face

absorption challenges in utilizing the proposed amount just three months to the close of the financial Year.

b) Proposed Increases

vii. ncrease **Kshs. 100 million (recurrent)** for **the** State Department of Transport Headquarters under *General Administration, Planning and Support Services Programme* for ICT upgrade and associated infrastructure.

viii. Increase **Kshs. 130 million (Recurrent)** for the **Nairobi Metropolitan Area Transport Authority (NAMATA)** in the General Administration Planning and Support Programme for salaries of newly recruited staff, purchase of furniture and ICT equipment for the new office.

ix. Increase **Kshs. 50 million** (**Recurrent**) for Lapsset Corridor Development Authority (LCDA) under the programme General Administration, Planning and Support Services for personnel emoluments.

x. That the National Treasury enhances Railway Development Levy Fund (RDLF)A-I-A provisions by **Kshs.29.7 billion** from **Kshs. 25.0 billion** to **Kshs. 54.7 billion** in the Supplementary Estimates II for the FY 2024/25.

III. State Department for Shipping and Maritime Affairs

a) Proposed Reductions

xi. Reduce **Kshs. 570 million** from the approved budget for 1093100300: Multinational Lake Victoria Maritime Communication & Transport Project due to its restructuring, renaming and change of financing from Donor to GoK.

b) Proposed Increases

xii. Increase **Kshs. 370 million (Development)** for Bandari Maritime Academy (BMA) for payment of pending certificates for the Survival Training and Certification project under the Shipping and Maritime Affair Programme.

xiii. Increase **Kshs. 50 million (Recurrent)** for the State Department for Shipping and Maritime Affairs Headquarters for smooth Implementation of its mandate.

xiv. `Increase **Kshs. 570 million** to 1093100301: **Kenya Lake Victoria Maritime Communication and Transport project** for smooth transfer of the funds from the old renamed and restructured project.

SIGNED _____ DATE 6/3/2025

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

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25 FOR:

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

VOTE 1169: THE STATE DEPARTMENT FOR AGRICULTURE

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CHAPTER ONE

1 PREFACE

1.1 Introduction

1. The supplementary budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval, and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose are insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at a programmes level.

2. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Agriculture and Livestock the mandate to consider matters concerning *agriculture, livestock, food production, and marketing.*

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

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

1.2 Mandate of the Committee

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

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

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

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

5. Under the Second Schedule to the Standing Orders, the Committee is mandated to consider agriculture, livestock, food production, and marketing.

6. In executing its mandate, the Committee oversights the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

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

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

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

Members

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

Hon. Ferdinand Kevin Wanyonyi
Kwanza Constituency
Ford Kenya Party

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

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

Hon. Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

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

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

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

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

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

Hon. Pamela Njoki Njeru, MP
Embu County
UDA Party

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

1.4 Committee Secretariat

8 The Committee is facilitated by the following secretariat:

Ms Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Mr Victor Kilimo
Clerk Assistant III

Mr David Ng'eno
Principal Research Officer II

Mr. Shadrack Musyoki
Senior Research Officer

Ms Brigitta Mati
Legal Counsel I

CPA Robert Ng'etich
Fiscal Analyst I

Mr Gerald Kadede
Legal Counsel II

Mr. Muhumed Shillow
Research Officer III

Mr Erastus Lotuk
Public Relations Officer III

Ms. Edith Chepngeno
Media Relations Officer III

Ms Jacinta Maru
Serjeant-at-Arms

Mr Dickson Oloo
Audio Assistant

1.5 Overview on the Examination of the Supplementary Estimates No. II for FY 2024/25

9. The Supplementary Estimates No. II for FY 2024/25 was submitted to the National Assembly on 16th February 2025 and thereby committed to Departmental Committees for consideration.

10. The Departmental Committee on Agriculture and Livestock is required to scrutinize the Supplementary Estimates and the programmes that the State Department for Agriculture and the State Department for Livestock Development are undertaking with a view of establishing whether the reallocations are necessary and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the State Departments and their agencies to consider Supplementary Estimates No. II for FY 2024/25. The Committee held a total of three sittings to consider the Supplementary Estimates.

1.6 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. I for FY 2024/25.

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

14. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. (Dr.) John Kanyuithia Mutunga, PhD, CBS, MP
Chairperson, Departmental Committee on Agriculture and Livestock Development

CHAPTER TWO

2 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25

2.1 Overall Expenditure

15. The Supplementary Estimates No. II for FY 2024/25 increase the approved budget by Kshs. 98.8 billion, an increase from Kshs. 3,880 billion to Kshs. 3,979 billion under Supplementary Estimates No. II for FY 2024/25. The National Government budget is set to increase by Kshs. 85 billion representing an increment of 3.6%, county government allocation is set to increase by Kshs. 7.4 billion, while allocation for Consolidated Fund Services is set to increase by Kshs. 5.5 billion.

16. The table below shows the proposed revised allocations and the variations from the Supplementary Estimates No. I for FY 2024/25 approved budgetary allocations.

Table 1: Overall Changes in the Supplementary Estimates (in Kshs. Millions)

			FY 2024/25 Approved Supp 1	FY 2024/25 Revised Budget II (Submitted)	Deviation	Percentage Deviation
			Ksh. Million	Ksh. Million	Ksh. Million	%
1.	**National Government**	Recurrent	1,591,590	1,728,550	136,960	8.4%
		Development	641,167	590,080	(51,087)	-6.8%
		Total	**2,232,757**	**2,318,630**	**85,873**	**3.6%**
		o/w Parliament	*40,865*	*40,960*	*95*	*0.2%*
		o/w Judiciary	*22,505*	*22,955*	*450*	*2.0%*
2.	**Consolidated Fund Services**		**1,237,234**	**1,242,735**	**5,502**	**0.5%**
3.	**County Equitable Share**		**410,834**	**418,260**	**7,426**	**1.9%**
Total (1+2+3)			**3,880,825**	**3,979,626**	**98,801**	**2.5%**

Source: Supplementary Estimates No. II for FY 2024/25

2.2 Changes in the Budgetary Allocation of State Departments Over-Sighted by the Committee

State Department for Livestock Development

17. The approved budget for the State Department in Supplementary Estimates No. I for FY 2024/25 is Kshs. 13.259 billion which consist of a recurrent expenditure of Kshs. 5.293 billion and development expenditure of Kshs. 7.966 billion. The Supplementary Estimates No. II for FY 2024/25 propose to reduce the budgetary allocation to the State Department by Kshs. 2,039 billion (15% reduction) with a reduction of Kshs. 34 million in the recurrent expenditure and Kshs. 2.005 billion in the development expenditure.

Table 2: Changes in the Supplementary Estimates No. II for FY 2024/25 (in Kshs.)

Item	Approved Supplementary Estimates No. I For FY 2024/25	Supplementary Estimates No. II for FY 2024/25	Changes	% changes
Current	5,293,237,448	5,258,787,198	(34,450,250)	-1
Capital	7,966,000,000	5,961,000,000	(2,005,000,000)	-25
Total	13,259,237,448	11,219,787,198	(2,039,450,250)	-15

Source: *Supplementary Estimates No. II for FY 2024/25*

FY 2024/25 Supplementary Estimates No. II Recurrent Allocation

18. The State Department's recurrent expenditure of Kshs. 5.293 billion is proposed to reduce by a net of Kshs. 34.4 million to Kshs. 5.258 billion. The table below shows a breakdown of the recurrent allocation. The key changes are on account of: reduction on compensation to employees by Kshs. 219 million; addition of Kshs. 30 million for use of goods and services; addition of Kshs. 173.9 million on current transfers to SAGAs; and net reduction of Kshs. 19.9 million on other recurrent expenses.

Table 3: Breakdown of the FY 2024/25 supplementary II Changes in Recurrent Budget

ITEM	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGE
Current Expenditure	**5,293,237,448**	**5,258,787,198**	**-34,450,250**
Compensation to Employees	1,616,100,000	1,396,800,000	-219,300,000
Use of Goods and Services	821,006,830	851,820,654	30,813,824
Current Transfers to SAGAs	1,833,642,600	2,007,636,950	173,994,350
Other Recurrent	1,022,488,018	1,002,529,594	-19,958,424

Source: *FY 2024/25 Supplementary Estimates No. II*

19. The increment of Kshs. 30 million under the Use of Goods and Services is on account of: provision of Kshs. 40 million for Livestock Resources and Market Development Support Services for other operating expenses; and a reduction of Kshs. 20 million on provision for Specialized Materials and Supplies from Breeding and Livestock Research Farms.

20. The increment of Kshs. 173.9 million on current transfers to SAGAs is on account of: increased A-i-A collection for the Veterinary Medicines Council by Kshs. 49.5 million, Kshs. 24.4 million for the Kenya Dairy Board, and Kshs. 100 million for the Kenya Veterinary Vaccines Production Institute.

21. A net reduction of Kshs. 19.9 million on other recurrent expenditure is on account of: a reduction of Kshs. 50 million on provision for livestock restocking; and provision of Kshs. 23.7 million to Sheep and Goats Breeding Farms for purchase of Certified Seeds, Breeding Stock and Live Animals

FY 2024/25 Supplementary Estimates No. II Capital Expenditure

22. The FY 2024/25 Supplementary Estimates No. II propose to reduce the development allocation for the State Department from Kshs. 7.966 billion to Kshs. 5.961 billion, a reduction of Kshs. 2.005 billion which represents a reduction of 25%. The reduction is on the following projects: Kshs. 1.505 billion reduction on Livestock Value Chain Support Project; a Kshs. 300 million reduction on Kenya Livestock Commercialization Programme; and Kshs. 200 million for Hides, Skins and Leather Fund on account of lack of policy/regulations to implement. The table below show the changes in the State Department's development budget.

Table 4: Changes Proposed in FY 2024/25 Supplementary Estimates I (in Kshs.)

S/NO.	PROJECT	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGES
1.	Livestock Value Chain Support Project-BETA	3,027,000,000	1,522,000,000	-1,505,000,000
2.	Establishment of Liquid Nitrogen Plants KAGRC, BETA	30,000,000	30,000,000	0
3.	Sustainable Tsetse and Trypanosomiasis free areas in Kenya -	60,000,000	60,000,000	0
4.	Livestock Production Interventions	20,000,000	20,000,000	0
5.	Development of Leather Industrial Park, Kenanie - BETA	300,000,000	300,000,000	0
6.	Kenya Livestock Commercialization Programme (KeLCoP)-BETA	1,491,000,000	1,191,000,000	-300,000,000
7.	Towards Ending Drought Emergencies in Kenya (TWENDE)-BETA	318,000,000	318,000,000	0
8.	De-Risking, Inclusion & Value Enhancement of Pastoral Economies- BETA	2,400,000,000	2,400,000,000	0

9.	Establishment of Feedlots, Fodder and Pasture	50,000,000	50,000,000	0
10.	Livestock Training Institute Mogotio	50,000,000	50,000,000	0
11.	Public Participation Projects	20,000,000	20,000,000	0
12.	Hides, Skins and Leather Fund	200,000,000	0	-200,000,000
13.	Livestock Value Chain Support Project-BETA	3,027,000,000	1,522,000,000	-1,505,000,000
TOTAL		**7,966,000,000**	**5,961,000,000**	**-2,005,000,000**

Source: *2024/25 Supplementary Estimates II*

State Department for Agriculture

23. The approved budgetary allocation for the State Department for Agriculture in Supplementary Estimates No. I FY 2024/25 is Kshs. 42.035 billion which consists of a recurrent expenditure of Kshs. 15.702 billion and development expenditure of Kshs. 26.333 billion. The FY 2024/25 Supplementary Estimates No. II propose to increase the allocation by Kshs. 2.569 billion (6% increase) to Kshs. 44.605 billion comprising of Kshs. 17.557 billion recurrent expenditure and Kshs. 27.047 billion development expenditure. The above information is highlighted in the table below.

Table 5: Changes Proposed in FY 2024/25 Supplementary Estimates No. II (Kshs.)

ITEM	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGES	% CHANGE
Current	15,702,807,296	17,557,807,296	1,855,000,000	12
Capital	26,333,074,896	27,047,898,972	714,824,076	3
Total	**42,035,882,192**	**44,605,706,268**	**2,569,824,076**	**6**

Source: FY 2024/25 Supplementary Estimates No. II

FY 2024/25 Supplementary Estimates No. II Recurrent Allocation

24. The Supplementary Estimates No. II for FY 2024/25 propose to increase the recurrent expenditure from Kshs. 15.702 billion to Kshs. 17.557 billion, an increase of Kshs. 1.855 billion. The changes are on account of: Reduction of Kshs. 6 million on Compensation to Employees; and an increase of Kshs. 1.861 billion on Current Transfers to SAGAs. The table below shows the breakdown of the above information.

Table 6: Breakdown of the FY 2024/25 supplementary II Changes in Recurrent Budget

ITEM	APPROVED SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGE
Current Expenditure	15,702,807,296	17,557,807,296	1,855,000,000
Compensation to Employees	875,900,000	869,900,000	-6,000,000
Use of Goods and Services	156,347,142	156,347,142	0
Current Transfers to SAGAs	14,661,237,654	16,522,237,654	1,861,000,000
Other Recurrent	9,322,500	9,322,500	0

Source: *FY 2024/25 Supplementary Estimates II*

25. The changes in the current transfers to SAGAs are highlighted in the table below.

Table 6: Changes Proposed on Transfers to SAGAs in Supplementary Estimates II for FY 2024/25 (in Kshs. Millions)

SAGA	SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25			SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25			CHANGES	
	Gross	A-i-A	Net	Gross	A-i-A	Net	A-i-A	Net
Bukura Agricultural College	380	262	118	443	262	181	0	63
PCPB	405	150	255	405	150	255	0	0
AFA	2,838	2,838	0	4,329	4,329	0	1,491	0
KALRO	5,209	894	4,315	5,209	894	4,315	0	0
KEPHIS	1,614	1,614	0	1,869	1,869	0	255	0
Pyrethrum Processing Company	392	362	30	296	181	115	-181	85
ADC	2,422	2,422	0	2,422	2,422	0	0	0
Commodities Fund	299	299	0	299	299	0	0	0
Tea Board	330	75	255	340	85	255	10	0
National Biosafety Authority	184	12	172	322	150	172	138	0
Biosafety Appeals Board	32	0	32	32	0	32	0	0
Sugar Reforms	556	0	556	556	0	556	0	0
Total	**14,661**	**8,928**	**5,733**	**16,522**	**10,641**	**5,881**	**1,713**	**148**

Source: *FY 2024/25 Supplementary Estimates II*

Supplementary Estimates No. II for FY 2024/25 Development Allocation

26. The State Department has an approved development allocation of Kshs. 26.333 billion in the FY 2024/25 Supplementary Estimates No. I which is being revised to Kshs. 27.047 billion in the Supplementary Estimates No. II, an increment of Kshs. 714 million. The changes are in the projects shown in table 7 below.

Table 7: Changes in Projects as Proposed in the Supplementary Estimates No. II for FY 2024/25

S/NO.	PROJECT	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGES
1.	Sugar Reforms Support Project	700,000,000	700,000,000	0
2.	Kenya Cereal Enhancement Programme (KCEP)	457,000,000	1,213,000,000	756,000,000
3.	Fertilizer subsidy programme	7,500,000,000	14,500,000,000	7,000,000,000
4.	Development of Agriculture Technology Innovation centres	235,000,000	155,000,000	-80,000,000
5.	Food Security and Crop Diversification Project-BETA	0	140,000,000	140,000,000
6.	Construction of Headquarters and Satellite Campuses for KSA	50,000,000	50,000,000	0
7.	Capacity Building for Enhancement of Rice Production (CADREP)- BETA	34,000,000	34,000,000	0
8.	Smallholder Horticulture Empowerment Project (SHEP Biz)	93,000,000	93,000,000	0
9.	Small Scale Irrigation and Value Addition Project	747,000,000	1,097,000,000	350,000,000
10.	Cotton Industry Revitalization Project-BETA	0	0	0
11.	Enable Youth Kenya Programme	2,213,292,000	185,292,000	-2,028,000,000
12.	National Value Chain Support Programme		9,265,034	9,265,034
13.	Emergency Locust Response	2,491,728,896	2,300,000,000	-191,728,896
14.	Resilience for Food & Nutrition Security Program in Horn of Africa	1,051,054,000	1,198,341,938	147,287,938

S/NO.	PROJECT	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	CHANGES
15.	National Agricultural Value Chain Development Project (NAVCDP), BETA	6,086,000,000	2,886,000,000	-3,200,000,000
16.	National Edible Oil Crops Promotion Project, BETA	260,000,000	260,000,000	0
17.	Horticultural Produce Compliance Enhancement Project	35,000,000	35,000,000	0
18.	Crop post-Harvest Management	310,000,000	310,000,000	0
19.	Construction of Omoloi Agricultural Training College - Busia	20,000,000	20,000,000	0
20.	Development of Aggregation Centres	150,000,000	90,000,000	-60,000,000
21.	Kenya Agricultural Business Development Programme (KABDP)	775,000,000	72,000,000	-703,000,000
22.	Food Systems Resilience Project	3,110,000,000	1,685,000,000	-1,425,000,000
23.	Public participation projects	15,000,000	15,000,000	0
Total		**26,333,074,896**	**27,047,898,972**	**714,824,076**

Source: *FY 2024/25 Supplementary Estimates II*

CHAPTER THREE

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Department for Agriculture and the State Department for Livestock Development appeared before the Committee on Friday, 6th March 2025 and submitted as follows on the Supplementary Estimates No. II for FY 2024/25:

3.1 State Department for Agriculture

27. The approved budget for the State Department for Agriculture for FY 2024/25 is Kshs. 42.035 billion broken into current expenditure of Kshs. 15.702 billion and capital expenditure of Kshs. 26.333 billion. Supplementary Estimates No. II for FY 2024/25 proposes to allocate an additional gross expenditure of Kshs. 1.855 billion for recurrent expenditure and Kshs. 714.83 million for capital expenditure hence a total of Kshs. 44.605 billion comprising of Kshs. 17.558 billion for recurrent and Kshs. 27.048 billion for capital expenditure.

Changes in the Recurrent Budget

28. The changes in the State Department's approved recurrent budget for FY 2024/25 by programmes are provided in the table below.

Table 8: Breakdown of Recurrent Budget in Supplementary Estimates II (in Kshs. Millions)

PROGRAMME	APPROVED SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25			SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25			INCREASE/ DECREASE	
	GROSS	A-i-A	NET	GROSS	A-i-A	NET	A-i-A	NET
0107000 General Administration Planning and Support Services	6,202.08	5,051.40	1,150.68	8,000.08	6,764.40	1,235.68	1,713	85
0108000 Crop Development and Management	4,132	2,991	1,141	4,189	2,991	1,198	-	57
0109000 Agribusiness and Information Management		12.95	134.46	134.46	12.95	121.51	-	-
0120000 Agricultural Research & Development	5,234.26	894	4,340.26	5,234.26	894	4,340.26	-	-
TOTAL	**15,702.81**	**8,949.35**	**6,753.46**	**17,557.81**	**10,662.35**	**6,895.46**	**1,713**	**142**

Source: State Department for Agriculture

Breakdown of A-i-A Increase by Kshs. 1.713 Billion

29. The increase in appropriations in aid amounting to Kshs. 1.491 billion from Kshs. 2.838 billion to Kshs. 4.329 billion for AFA arising from: full implementation of Crop Regulations (Food Crops) Kshs. 1.1 billion; increase in nuts and oil crops levies approximately Kshs. 200 million; and increase in levies from horticultural crops approximately Kshs. 191 million.

30. The increase in appropriation in aid amounting to Kshs. 255 million from Kshs. 1.614 billion to Kshs. 1.869 billion for KEPHIS arises from implementation of reviewed inspection fee charges in October 2024 in line with *gazetted* charges (Cap. 324 of 2009).

31. The increase of Kshs. 138 million A-i-A from 12 million to 150 million for the National Biosafety Authority is due to revision of the fees for services that the Authority offers with effect from 1st October 2024 and onboarding of all services on the E-Citizen Platform.

32. The increase of Kshs. 10 million A-i-A from Kshs. 75 million to Kshs. 85 million for the Tea Board of Kenya was due to the exhibition of the Kenya Tea Heritage Week, Centenary Celebrations and the Kenya Tea Summit.

33. The decrease of Kshs. 181 million A-i-A from Kshs. 362 million to Kshs. 181 million for the Pyrethrum Processing Company of Kenya was as a result of lack of allocation of Government grants to undertake purchase of factory inputs & solvents, raw materials and planting materials usually distributed to pyrethrum farmers.

Breakdown of the Net GoK Increase of Kshs. 142 Million

34. The increase of Kshs. 63 million from Kshs. 118.384 million to Kshs. 181.384 million for Bukura Agricultural College is to cater for the increased personnel emoluments as a result of new recruitments amounting to Kshs. 39.83 million, pension contribution arrears of Kshs. 10.67 million and ongoing projects pending certificates of Kshs. 12.5 million.

35. The increase of Kshs. 85 million from Kshs. 30 million to Kshs. 115 million for the Pyrethrum Processing Company of Kenya is meant for unremitted statutory deductions of Kshs. 33.48 million, salary arrears of Kshs. 30.59 million, growers' arrears of Kshs. 13.928 million and factory processing inputs of Kshs. 7 million.

36. The decrease of net GoK expenditure of Kshs. 6 million from Kshs. 290.68 million to 284.68 million was because of reduction in basic salaries of Kshs. 5 million and personnel allowance of Kshs. 1 million being surrender from the State Department.

Changes in the Development Budget

37. The changes in the State Department's approved development budget for FY 2024/25 by programmes are provided in the table below.

Table 9: Breakdown of Development Budget in Supplementary Estimates II (in Kshs. Millions)

PROGRAMME	APPROVED ESTIMATES FOR FY 2024/25			SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25			INCREASE/ DECREASE	
	GROSS	A-i-A	NET	GROSS	A-i-A	NET	A-i-A	NET
010700 General Administration Planning and Support Services	3,223.29	1,063	2,160.29	1,195.29	1,045	150.29	(18)	2,010
0108000 Crop Development and Management	22,362.78	878.29	21,484.49	24,755.61	1,037.55	23,718.05	159.27	2,233.56
0109000 Agribusiness and Information Management	747	550	197	1,097	900	197	350	-
TOTAL	**26,333.07**	**2,491.29**	**23,841.79**	**27,047.9**	**2,982.55**	**24,065.35**	**491.27**	**223.56**

Source: State Department for Agriculture

Breakdown of GoK Increase of Kshs. 7.009 billion

38. The increase in GoK allocation is broken down as follows: an increase of Kshs. 6.5 billion for the Fertilizer Subsidy Programme to avail assorted fertilizers for the 2024/25 planting season; an increase of Kshs. 500 million on the Fertilizer Subsidy Programme to settle part of the outstanding debt owed to the Export Trading Company Limited arising out of a court case; and an increase of Kshs. 9.265 billion A-i-A under the National Value Chain Support Programme to enhance facilitation of smallholder farmers to access credit for agricultural production.

39. The table below shows the projects that will remain unfunded if the Supplementary Estimates are passed as presented.

Table 10: Unfunded Programmes

S/NO.	PROJECT	AMOUNT (IN KSHS. MILLIONS)
1.	MSMEs Agricultural Credit, AFC	1,000
2.	Tea Reforms Project	2,400
3.	Fertilizer and Seed Subsidy	13,000
4.	Strategic Food Reserves	2,000
5.	Food Security and Crop Diversification Programme	1,000
6.	Aggregation Centres	283

S/NO.	PROJECT	AMOUNT (IN KSHS. MILLIONS)
7.	Technology Innovation Centres	217
8.	Kenya School of Agriculture	476
9.	Kenya Sugar Board	90
10.	Sugar Reforms Project	4,734.47
11.	Kenya Sugar Research and Training Institute	128
12.	Crop Post Harvest Management	363
13.	Notifiable Pests (Quelea quelea, African Armyworm)	135
14.	Youth and Women Empowerment in Modern Agriculture Project	37
15.	Small Scale Irrigation and Value Addition Project	480
16.	Food and Nutrition Security in the Horn of Africa Project	450
17.	Safaricom	35
18.	Payment of Gratuity	11.53
19.	Administrative Services	134.25
20.	KALRO	20
21.	Kenya Sugar Board	691
22.	Kenya Sugar Research and Training Institute	242
23.	Agricultural Information Resources Centre	110
GRAND TOTAL		**28,037.25**

Source: State Department for Agriculture

3.2 The State Department for Livestock Development

40. The Supplementary Estimates No. II for FY 2024/25 propose the changes shown in the table below in the recurrent budget of the State Department.

Table 11: Changes in the Recurrent Budget (in Kshs. Millions)

CLASSIFICATION	SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	INCREASE/ REDUCTION	% CHANGE
Gross	**5,293.24**	**5,258.79**	**(34.45)**	-1%
AIA	1,563.20	1,748.05	**184.85**	12%
Net	**3,730.04**	**3,510.74**	**(219.30)**	-6%
Compensation to Employees	1,616.10	1,396.80	**(219.30)**	-14%
Transfers	1,833.64	2,007.63	**173.99**	9%
Other Recurrent	1,843.50	1,854.36	**10.86**	1%

Source: State Department for Livestock Development

41. Personnel emoluments have been revised downwards by Kshs. 219.3 million because the funds were earmarked for the ongoing recruitment of technical officers for the State Department. Further, the A-i-A has been revised upwards by Kshs. 184.85 million on account of SAGAs' A-i-A adjustments as follows: VMDC Kshs. 41.9 million; KDB Kshs. 24.49 million; KEVEVAPI Kshs. 100 million; AHITI Ndomba Kshs. 1.61 million; AHITI Nyahururu Kshs. 3.51 million; and Meat Training Institute Kshs. 5.74 million which have all been netted off against the transfers and the other recurrent expenditure. Consequently, the change in gross estimates is Kshs. 34.45 million.

42. The Supplementary Estimates No. II for FY 2024/25 propose the changes shown in the table below in the development budget of the State Department.

Table 12: Changes in the Development Budget (in Kshs. Millions)

CLASSIFICATION	SUPPLEMENTARY ESTIMATES NO. I FOR FY 2024/25	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25	INCREASE/ REDUCTION	% CHANGE
Gross	**7,966.00**	**5,961.00**	**(2,005.00)**	**-25%**
GoK	2,935.00	2,230.00	(705.00)	**-24%**
Loan Revenue	2,291.00	1,991.00	(300.00)	**-13%**
Loan AIA	2,500.00	1,500.00	(1,000.00)	**-40%**
Loan Grants	240	240	-	-

Source: State Department for Livestock Development

43. Gross estimates have been revised downwards by Kshs. 2.005 billion. The reduction will affect implementation of the Livestock Value Chain Support Project i.e. (Loan A-i-A Kshs. 1 billion and GoK counterpart funding of Kshs. 505 million). The reduction on the loan revenue by Kshs. 300 million will affect implementation of the Kenya Livestock Commercialization Project in supporting livestock enterprises which include; sinking of boreholes and water pans, development of markets and breed improvement. The reduction under the Hides and Skins

Fund (GoK Kshs. 200 million) will affect the program for mopping up of hides and skins across the country as well as capacity building of the value chain actors.

Resource Gaps

44. The State Department requested for approval for upward revision of A-i-A to facilitate expenditure for the following SAGAs:

Table 14: Revision of A-i-A

COST CENTRE	PROJECTED A-I-A	REVISED A-I-A	CHANGE	REMARKS
AHITI Kabete	39,250,000	49,979,515	10,729,515	To facilitate carious operations and maintenance expenses
Kenya Leather Development Council	3,000,000	16,000,000	13,000,000	To facilitate payment of gratuity for officers whose contracts ended

Source: State Department for Livestock Development

45. The State Department requested for additional funds to cater for the following unfunded requests:

Table 14: Unfunded Requests

S/NO.	DESCRIPTION	AMOUNT REQUESTED (IN KSHS. MILLIONS)
	Recurrent Expenditure	
1.	Contracted technical services	47.7
2.	Kenya Veterinary Board	97
3.	Directorate of Policy, Research and Regulations	384
4.	Training Institutes	142
5.	Livestock Restocking Programme	1,000
6.	Livestock Vaccination Programme	497
7.	Kenya Animal Genetic Resource Centre	73
	TOTAL	**2,240.70**
	Development Expenditure	
8.	BSL 3 Laboratory Central Vaterinary Laboratory, Kabete	80
9.	Kenya Livestock Commercialisation Programme	50
10.	Regional Pastoral Training Centre, Narok	50

S/NO.	DESCRIPTION	AMOUNT REQUESTED (IN KSHS. MILLIONS)
11.	Livestock Training Institute, Kitui	50
12.	B2 Yatta Ranch Cooperative Beef Feedlot System	50
13.	Commercialisation of Indegenous Poultry, Marimanti	7.6
14.	Establishment of Feedlots, Fodder and Pasture (Hadado Feedlot, Wajir)	41
15.	De-risking Inclusion and Value Enhancement of Pastoral Economies	1,000
16.	Kenya Animal Genetic Resource Centre (Embryo Transfer Laboratory)	50
17.	National Livestock Development Promotion Services	200
18.	Leather Industrial Park, Kenanie	400
TOTAL		**1,978.6**

Source: State Department for Livestock Development

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

After considering the Supplementary Estimates No. II for FY 2024/25, the Committee observed that:

4.1 General Observation

1. The Supplementary Budget has rationalized the donor funding to the development projects under the sector through reductions to the tune of Kshs. 8.8 billion. The reduction is affecting implementation of various projects as well as conditional allocations to counties. The state department for Livestock has a reduced donor funding of Kshs. 1.3 billion while the State department for Agriculture has suffered a reduction by Kshs. 7.5 billion.

2. The Ministry of Agriculture and Livestock Development have three donor funded projects with livestock sector interventions being implemented under the State Department for Agriculture. Despite the placement of these project activities under the State Department for Agriculture, the livestock sector deliverable components within the projects would be best managed through the State Department for Livestock Development, which has the mandate as per the Executive Order and resident expertise.

3. The committee noted the increase in AiA collections for various SAGAs under the sector. The noted enhancement in AiA is to be utilized to improve the development of relevant value chains.

4. The State Departments have historical pending bills that have not been considered for settlement in the FY 2025/26. The pending bills are huge and cannot be accommodated in the State Departments' annual budgetary allocations. The State Department for Livestock Development has a historical pending bill of over Kshs. 4 billion while the State Department for Agriculture has a historical pending bill of Kshs. 9.035 billion. The pending bills have been subjected to verification and validation and cleared for payment, although the same does not reflect in the treasury documents.

4.2 The State Department for Livestock Development

5. The State Department's allocation is set to reduce from Kshs. 13,259 million to Kshs. 11,219 million which is a reduction of Kshs. 2,039 million. This includes a reduction of Kshs. 34 million on recurrent allocation and KSh. 2,005 million on development allocation.

6. The Kshs. 200 million allocated for Hides, Skins and Leather Fund has been reallocated owing lack of regulations meant to implement the Fund.

7. Under the ongoing National Livestock Vaccination exercise and the National Animal Breeding model, the Board has a mandate of supervising the engagement and the practice of qualified and registered animal health service providers to assure delivery of quality veterinary services from

qualified practitioners. To this end, the Kenya Veterinary Board requires additional Kshs. 97 million.

8. The State Department is constrained on funds to support provision of critical supplies including provisions for operations (animal feed rations, fuel, and specialized supplies) to the 16 livestock breeding farms. The livestock farms produce and sell improved breeds at highly subsidized prices. The intervention requires an additional Kshs. 100 million but no allocation is provided.

9. The State department proposes the establishment of a Livestock Training Institute (LTI) in Kitui, which is meant to enhance coverage of the Easten Lowlands, Coast Region and Southern rangelands with vital curriculum for livestock improvement. The project requires an initial funding to the tune of Kshs. 50 million.

10. Establishment of Feedlots, Fodder and Pasture is one of the key livestock interventions meant to cushion livestock keepers/pastoralists from recurrent drought and attendant losses through starvation and contribute to improved livelihoods. The project requires Kshs. 80 million- for the ongoing feedlot centers and Kshs. 50 million for the Yatta Ranch feedlot center.

11. National Livestock Development Marketing Board established under the Legal Notice 87 of 2016 is responsible for coordinating matters relating to the development, promotion and marketing of livestock and livestock products within and outside Kenya is completely unresourced. The state department requires Kshs. 200 million for operationalization of the SAGA.

12. Sustainable Tsetse and Trypanosomiasis free areas in Kenya project mandated with suppression and eradication of Tsetse and Trypanosomiasis across the country is underfunded. To sustain the gains made in eradication and control and make it possible for communities to engage in profitable livestock farming, the project requires an additional Kshs. 60 million.

13. AHITI Kabete Appropriations In Aid (AiA) is set to increase by Kshs. 18.5 million on account of enrollment of 15 international students under a bilateral agreement and therefore the increase is to cover operational expenses for the students. The increase has however not been captured in the budget books and therefore the need to capture. In addition, the Institute requires an additional Kshs. 140 million for pending bills and Kshs. 20 million for the ongoing solar power installation to reduce the huge cost of power and minimize power interruptions.

14. Revision of Appropriations In Aid (AiA) for Kenya Leather Development Council. The Council's internally generated revenue is projected to increase from Kshs. 3 million to Kshs. 16 million and therefore the need to be captured in the budget books.

15. The State Department had pending bills amounting to Kshs. 107.9 million comprising of recurrent budget of Kshs. 80.2 million and a development budget of KSh. 27.7 million as at 30th December 2024. In addition to the pending bill, the department has a long outstanding Court Award of Kshs. 4 billion.

16. One of the critical interventions towards supporting the livestock sector value chains is the modernization of Foot & Mouth Disease Laboratory to attain GMP standards. Modernization will enable: Compliance with Good Manufacturing Practices (GMP); increased production capacity; improved operational efficiency; and improved vaccine quality which will eventually reduce production costs, thus lower prices of vaccines. Achievement of GMP standard will sustain market opportunities for the Institute.

17. The Leather Industrial Park at Kenanie is a strategic project towards exploiting the potential in the leather industry. The resource required for completion of the Leather Industrial Park at Kenanie is Kshs. 1.667 billion but the project has only been allocated with Kshs. 300 million. A delay in completion of the critical facilities in the industrial park implies a delay in creation of jobs, export earnings and loss of opportunity to transform the sector.

4.3 The State Department for Agriculture

1. Kenya's food security is depended on availability and affordability of high quality seeds and seedling for key food staples. Agricultural Development Corporation (ADC) which is the main seed producer for Kenya Seed Company requires resources (Kshs. 120 million) to sustain and increase seed production for maize seeds, potato as well as production of commercial maize. The submissions by ADC indicates reduced targets for seed production which will affect the supply, availability, and cost of seeds for the next planting season.

2. Construction of Headquarters and Satellite Campuses for the Kenya School of Agriculture which is meant to support various KSA Campuses requires over Kshs. 200 million. The allocation is meant to support equipping and improvement of facilities to support the increased student enrolment.

3. Owing to the high cost of maize seeds, the government starting March 2025 is subsidizing maize seeds from Kshs. 600 per 2kg to Kshs. 420. The State Department requires Kshs. 1 billion to provide for the maize seed subsidy.

4. The allocation to the Fertilizer subsidy Programme has been enhanced by Kshs. 7 billion to Kshs. 14.5 billion. The allocation is meant to increase the amount of fertilizer distributed from 70,138 MT to 205,882 MT targeting approximately 6.5 million registered farmers.

5. The Development of Aggregation Centres project which an important value chain support for the BETA prioritized crops through promotion of aggregation, value addition, cold storage, warehousing and technology transfer is underfunded and requires an additional Kshs. 196 million for related activities to the end of the year.

6. There is an increased AIA collections under: Agriculture and Food Authority (AFA) of Kshs. 1,491 million; KEPHIS of Kshs. 255 million; and National Biosafety Authority (NBA) of Kshs. 138 million; Kenya Tea Board of Kshs. 10 million.

7. The allocation for Pyrethrum Processing Company of Kenya is reduced from Kshs. 392 million to Kshs. 296 under Supplementary 11. The reduction follows the reduction in AiA of Kshs. 181 million and a provision of Kshs. 85 million from exchequer. As a result of the reduction, PPCK is underfunded by Kshs. 30 million and is not able to meet the provision for compensation of employees and operations requirements.

8. Food Security and Crop Diversification Project is a critical project supporting the BETA Agenda in the provision of seeds and seedlings to the prioritized value chains including rice, edible oil crops, and cotton seeds. The project requires additional Kshs. 500 million to enhance provision of seedling for the identified crops.

9. Tea Common User Facility is a Project meant to support tea value addition and the target of achieving 40 percent value addition of Kenyan tea by 2027. The project requires KSh. 2,400 million for the establishment of 3 tea user facilities in Kericho, Nairobi and Mombasa.

10. The Development of Agriculture Technology Innovation Centers is a critical program in the enhancement, acceleration, and adoption of innovation, research, and modern farming practices to boost agricultural productivity. This ongoing project is underfunded and requires additional Kshs. 90 million.

11. The internally generated revenue for Pesticide Control Produce Board is set to increase by Kshs. 164 million from Kshs. 150 million. The increased AiA will support surveillance on entry of unauthorized pesticides as directed by the National Security Council Committee and support equipping and operationalization of the laboratory for food safety concerns. The increased AiA was approved by the National Treasury and the Ministry, it has however not been captured in the budget books.

12. The National Value Chain Support project has a pending bill of Kshs. 35 million relating to service provider supporting e-voucher services. It is important to settle the bill to ensure continued provision of the e-voucher service messaging.

13. Under the Sugar Reforms Programme, the State Department is yet to settle worker's salary arrears of Kshs. 4.584 billion for employees in four sugar mills i.e. Chemelil, Nzoia, South Nyanza and Muhoroni. In addition, the public sugar mills are in dire need of maintenance of its machinery and requires Kshs. 800 million. This will enable the public mills to remain afloat, continue milling operations and appeal to the investors as leasing process continues.

14. The Resilience for Food & Nutrition Security Program in Horn of Africa requires additional Kshs. 450 million to provide for counterpart funding and to enhance support towards improving food and nutrition security as well as resilience of farming communities.

15. The Small-Scale Irrigation and Value Addition Project requires Kshs.480 million to provide counterpart funding and additional support to enhance agricultural productivity through irrigation intensification as well as smooth implementation towards closure, follow ups and backstopping of various infrastructural assets undertaken by the project.

PART V

5 COMMITTEE RECOMMENDATIONS

After review, consultation, and consideration of the 2024/25 Supplementary Estimates II, the Departmental Committee on Agriculture and Livestock recommends approval of the Supplementary Estimates for the State Department for Livestock and the State Department for Agriculture in line with the following recommendations.

5.1 General Recommendations

1. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet at large to ensure that there is progressive addition of resources to the agriculture sector to enhance funding of prioritized value chains and realization of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

2. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to consult the Cabinet secretary, National Treasury and Economic Planning on the way forward with regards to settling the historical pending bills of Kshs. 4 billion (State Department for Livestock Development) and Kshs. 9.035 billion (State Department for Agriculture) with a view of ensuring that they are settled within the next three Financial Years starting with FY 2025/26.

3. The Cabinet Secretary, Ministry of Agriculture and Livestock Development in consultation with the Principal Secretaries under the ministry, align the functions and resources as per the mandate of the departments. The alignment to be reflected in the 2025/2026 budget estimates.

4. On the increase in AiA revenues, the Committee recommends that each SAGA apply at least 50% of the increase in promoting the development of the relevant sector within the mandate of the SAGA.

5.2 Financial recommendations/Proposed reallocations

i. Proposed Reductions

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
DEVELOPMENT EXPENDITURE				
1.	Livestock Resources Management and Production	Livestock Value Chain Support Project	**300**	The reduction is on account of prioritization to provide for other critical interventions. The donor component did not materialize and therefore the reduction. The department targets to 100 milk coolers as opposed to the 230 planned before
SUB-TOTAL			**300**	
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
2.	General Administration Planning and Support Services	National Biosafety Authority	**60**	The Authority has recorded increased AiA by Kshs. 138 million. The reallocation is to support other priority interventions.
DEVELOPMENT EXPENDITURE				
3.	Crop Development and Management	Fertilizer Subsidy Programme	**405**	The reduction is to provide resources for other critical interventions supporting BETA agenda including seedlings, counterpart funds among others

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
SUB-TOTAL			465	
GRAND TOTAL			765	

ii. **Proposed Increments**

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Livestock Production Support Services	100	This is provide funding for supplies for production including provisions for operations (animal feed rations, fuel, and specialized supplies) to the 16 livestock breeding farms. The livestock breeding farms produce and sell improved breeds at highly subsidized prices.
2.		AHITI KABETE	30	To partly provide for the pending bills at Kshs. 140 million and complete the ongoing solarization of the model farm
SUB-TOTAL			130	
DEVELOPMENT EXPENDITURE				
3.	Livestock Resources Management and Production	Establishment of Feedlots, Fodder and Pasture	170	This is towards operationalization of feedlots including access roads. The project supports livestock value chain through cushioning livestock

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
				keepers/ pastoralists from recurrent drought for improved livelihoods
4.		Sustainable Tsetse and Trypanosomiasis free areas in Kenya (KENTTEC)	**30**	To intensify contentment towards eradication of Tsetse and Trypanosomiasis across the country and make it possible for communities to engage in profitable livestock farming. The project is underfunded and without the funding the efforts achieved will be jeopardized.
5.		Livestock Training Institute- Kitui	**50**	To enable the establishment of a middle level livestock training institute in Kitui to enhance coverage of the Easten Lowlands, Coast Region and Southern rangelands with vital curriculum for livestock improvement
SUB-TOTAL			**250**	
1169: STATE DEPARTMENT FOR CROP DEVELOPMENT				
RECURRENT EXPENDITURE				
6.	General Administration Planning and Support Services	Pyrethrum Processing Company of Kenya	**20**	To cushion the deficit in operations and employees compensation expenditure
DEVELOPMENT EXPENDITURE				
7.	Crop Development and Management	Development of Agriculture Technology Innovation centres	**90**	To support the ongoing technology centers which are essential in adoption of technology, innovation, management and practices (TIMPs)

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
8.		Food Security and Crop Diversification	**200**	To support the provision of seeds and seedlings for the prioritized value chains including sunflower, canola, cotton, and rice among others
9.		National Value Chain Support project	**35**	The programme has a pending bill of Kshs. 35 million relating to service provider supporting e-voucher services.
10.		Construction of Headquarters and Satellite Campuses for KSA	**50**	To enhance equipping and improvement of facilities to support the increased student uptake
11.		Resilience for Food & Nutrition Security Program in Horn of Africa	**70**	To provide for counterpart funding on the donor funded project which has an objective of improving food and nutrition security and increase resilience of farming communities.
12.		Development of Aggregation Centres	**60**	To promote small-holder produce aggregation for better postharvest handling towards realization of the BETA agenda
13.	Agribusiness and Information Management	Small-Scale Irrigation schemes Irrigation and Value Addition Project	**60**	To provide counterpart funding and enhance provision towards boosting agricultural productivity through irrigation intensification. In addition, the allocation will support smooth implementation towards closure, follow ups and backstopping of various infrastructural assets undertaken by the project
SUB-TOTAL			**585**	
GRAND TOTAL			**965**	

iii. Proposed AIA Increments

RECURRENT EXPENDITURE
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

1.	Livestock Resources Management and Production	AHITI Kabete	**18.5**	AIA collection for AHITI Kabete is set to increase by Ksh. 18.5 million. this is to facilitate various operations and maintenance expenses
2.		Kenya Leather Development Council	**13**	To facilitate payment of gratuity for officers whose contracts have ended
1169: STATE DEPARTMENT FOR AGRICULTURE				
3.	General Administration Planning and Support Services	Pesticide Control Produce Board	**164**	To capture the increase revenue (AiA). The increased AiA was approved by the National Treasury and the Ministry, it has however not been captured in the budget books.

5.3 UNFUNDED REQUESTS

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Directorate of Policy, Research and Regulations	**384**	The budgetary allocation will be used to fast-track finalization of the Livestock Masterplan and review of policies, strategies and legislations.
2.		Kenya Veterinary Board	**97**	To support the board's mandate on supervision and oversight over Livestock Vaccination exercise and the National Animal Breeding model.
3.		National Livestock Development Promotion Services	**200**	To facilitate initial activities to operationalize the SAGA
4.		Halal Court Award	**4,000**	To settle the long outstanding court award
SUB-TOTAL			**4,681**	

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
		DEVELOPMENT EXPENDITURE		
5.	Livestock Resources Management and Production	Livestock Value Chain Support Project	**700**	To reinstate the reduction and enable the department to meet the procurement requirements for the milk coolers
6.		Modernize Foot & Mouth Disease Laboratory for GMP standards	**150**	To support KEVEVAPI modernize the Laboratory for GMP standards, which will open up market for the institute. Modernization will also enhance production efficiencies and profitability.
7.		Leather Industrial Park - Kenanie	**400**	To support operationalization of the leather park for immediate occupation by entrepreneurs
	SUB-TOTAL		**1,250**	
		1169: STATE DEPARTMENT FOR AGRICULTURE		
		RECURRENT EXPENDITURE		
8.	General Administration Planning and Support Services	Sugar reforms	**4,584**	To settle salary workers arreas and to enable smooth implementation of intended sugar reforms
	SUB-TOTAL		**4,584**	
		DEVELOPMENT EXPENDITURE		
1.	General Administration Planning and Support Services	Sugar reforms	**800**	For the maintenance of the four public sugar factories to enable the mills to be afloat and make it attractive as the leasing process is being undertaken
2.		Mechanization of Agriculture development (ADC)	**120**	To support/increase seeds production

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
3.	Crop Development and Management	Fertilizer and seed Subsidy Programme	**13,000**	To cater for fertilizer subsidy, seed subsidy and the pending bills
4.		Tea Reforms	**2,400**	To support value addition in Tea through development of 3 common user facilities
5.		MSMEs Agricultural Credit	**1,000**	To support provision of credit facilities under AFC
6.		Strategic Food Reserve	**2,000**	To support purchase and restocking of main food staples
SUB-TOTAL			**19,320**	
GRAND TOTAL			**29,835**	

SIGNED: ..... **DATE** 11/3/2025

HON. (DR.) JOHN KANYUTHIA MUTUNGA, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK)

DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH



13TH PARLIAMENT - 4TH SESSION - 2025

DEPARTMENTAL COMMITTEE ON EDUCATION

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES II FOR 2024/25 FINANCIAL YEAR

1. STATE DEPARTMENT FOR BASIC EDUCATION
2. STATE DEPARTMENT FOR HIGHER LEARNING AND RESEARCH
3. STATE DEPARTMENT FOR TECHNICAL VOCATIONAL EDUCATION & TRAINING; AND
4. TEACHERS SERVICE COMMISSION

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CHAIRPERSON'S FOREWORD

This report of the Department Committee on Education on the 2024/25 Supplementary Estimates II is an outcome of the review, scrutiny and stakeholders engagements on the proposed budget adjustments for the Education sector. Importantly, the report contains the Committee observations and recommendations.

The Supplementary budget for the sector is mainly meant to cater for personnel emoluments shortfalls including matters to do with collective bargaining agreements, revision of the Appropriations in Aid (AIA), rationalization of the development budget, scale down in donor commitments as well as approval of expenditures granted under Article 223 to address various critical interventions where resources had not been provided.

After tabling of the Supplementary Estimates II for 2024/25, the Committee was first briefed on the key issues by the Parliamentary Budget Officer and thereafter proceeded to hold deliberations and receive submissions from the State Departments as well as their SAGAs and the Teachers Service Commission.

HON. JULIUS KIBIWOTT MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

Acknowledgement

The Committee appreciates the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the proposed 2024/25 Supplementary Estimates II.

On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Liaison Committee the Report of the Committee on its consideration of the 2024/25 Supplementary Estimates II for the Ministry of Education and the Teachers Service Commission.

1.0 PREFACE

1.0 Introduction

1. On Thursday 13th February, 2025, the Supplementary Estimates II for Financial Year 2024/2025 and the attendant documents were tabled in the House pursuant to the provisions of the Constitution, the Public Finance Management Act, 2012 as well as the Standing Orders of the National Assembly.

2. Following the tabling, the Committee deliberated on the impact of the proposed budget adjustments in the education sector on attainment of the set targets. This was aided by the presentation made by the Parliamentary Budget Office as well as insights shared by the respective State Departments and the Teachers Service Commission when they appeared before the Committee. Details of the presentations from the Parliamentary Budget Office and submissions from the respective State Departments and Teachers Service Commission are annexed in the Report.

3. In summary, the overall effect of the proposed changes to the 2024/25 budget estimates for the various votes under the Education sector is an increment of **Kshs 48.44 Billion**. This increment is apportioned to the respective State Departments and the TSC as follows;

   i.) State Department for Technical Vocational Education and Training – an increment of **Kshs 6.96 Billion;**
   ii.) State Department for Higher Education and Research- an increment of **Kshs 15.48 Billion;**
   iii.) State Department for Basic Education- an increment of **Kshs 7.57 Billion**
   iv.) Teachers Service Commission- an increment of **Kshs 18.53 Billion.**

1.1 Establishment and Committee Mandate

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

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

1.3 Committee Membership

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

Chairperson
Hon. Julius Kibiwott Melly, MP
Tinderet Constituency
UDA

Members

Hon. Dr. Christine Oduor Ombaka, MP
Siaya County
ODM

Hon. Eve Akinyi Obara, MP Kabondo
Kasipul Constituency
ODM

Hon. Nabii Nabwera Daraja, MP
Lugari Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
Nyamira County
JP

Hon. Peter Ochieng Orero, MP
Kibra Constituency
ODM

Hon. Abdul Ebrahim Haro, MP
Mandera South Constituency
UDA

Hon. (Prof.) Phylis Jepkemoi Bartoo
Moiben Constituency
UDA

Hon. Anne Muratha, MP
Kiambu County
UDA

Hon. Rebecca Noonaishi Tonkei, MP
Narok County
UDA

Hon. Clive Gisairo, MP
Kitutu Masaba, Constituency,
ODM

Hon. Timothy Toroitich, MP
Marakwet West Constituency,
IND

Hon Julius Taitumu M'Anaiba, MP
Igembe North Constituency,
UDA

Hon. Dick Oyugi Maungu, MP
Luanda Constituency
DAP-K

1.4 Committee Secretariat

6. The Committee is resources by the following secretariat comprise of: -

Mr. Douglas Katho
Clerk Assistant I / Head of Secretariat

Mr. Clive Onyancha
Clerk Assistant III

Ms. Fiona Wanjiru
Legal Counsel II

Mr. Eric Kanyi
Fiscal Analyst I

Dr. Mburu Maina
Research Officer III

Ms. Noelle Chelagat
Media Relations Officer IIII

Ms. Pauline Njuguna
Hansard Officer III

Mr. Richard Sang
Serjeant-At-Arms II

Mr. Nimrod Ochieng'
Audio Recording Officer III

Mr. Jared Onyancha
Public Communications Officer III

Ms. Christabel Naisula
Parliamentary Internship Programme

2.0 OVERVIEW OF THE 2024/25 SUPPLEMENTARY ESTIMATES II

2.1 State Department TVET

2.1.1 Changes in recurrent budget

7. The overall recurrent estimates for this Department has increased by **Kshs 8 Billion.** This is on account of adjustment of personnel emoluments for TVET trainers to reflect actual requirement and increase in Appropriation in Aid (AIA) under the Semi-Autonomous Government Agencies (SAGA's), National Polytechnics and Technical Training Institutes. The recurrent budget changes per programme is as indicated below.

Table 1: Changes in recurrent Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Technical Vocational Education	22,626	7,617	30,243
Youth Training and Development	58	-	58
General Administration, Planning and Support Services	413	399	812
Total	**23,097**	**8,016**	**31,113**

Source: National Treasury

8. The following are the key changes (major items affected) by the recurrent budget changes:

- **Directorate of Technical Education** – an increment of Kshs 1.2 Billion for employees compensation (Basic salaries, allowances and NSSF contributions);

- **Headquarters Administrative Services**– an increment of Kshs 398 Million for employees compensation;

- **Appropriations in Aid (AIA) in TTI's , National Polytechnics and other SAGA's** – an increment of Kshs 6.4 Billion **(see annex 1 for details)**

2.1.1 Changes in Development budget

9. The development estimates has been reduced by **Kshs 1.04 Billion** and this is on account of budget rationalization and reduced donor commitments. There is also some increments in some few capital projects. The development budget changes per programme is as indicated below.

Table 2: Changes in development Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Technical Vocational Education	5,112	(1,041)	4,071
Youth Training and Development	-	-	-
General Administration, Planning and Support Services	-	-	-
Total	**5,112**	**(1,041)**	**4,071**

Source: National Treasury

10. The following are the key capital projects whose allocation have been entirely revised:

- **GOK 60 TTI's equipping** - A reduction of Kshs 70 Million from an initial allocation of Kshs 90 Million;
- **Construction and equipping of TTI's** - A reduction of Kshs 85 Million from an initial allocation of Kshs 155 Million;
- **Construction of 30 TTI's**- A reduction of Kshs 30 Million from an initial allocation of Kshs 50 Million;
- **TVET infrastructure support**- A reduction of Kshs 138 Million from an initial allocation of Kshs 215 Million;
- **GOK-AfDB TTIs PHASE II (Donor)** - A reduction of Kshs 482 Million from an initial allocation of Kshs 990 Million;
- **Promotion of Youth Employment and Vocational Training in Kenya I (Donor)** - A reduction of Kshs 307 Million from the initial allocation of Kshs 950 Million;
- **Promotion of Youth Employment and Vocational Training in Kenya II (Donor)** - A reduction of Kshs 133 Million from the initial allocation of Kshs 292 Million;

- **East Africa Skills Transformation and Regional Integration (Donor)** - an increment of Kshs 360 Million from an initial allocation of Kshs 600 Million;
- **GoK- AfDB Technical, Vocational Education Training &Entrepreneurship (Donor)** - A reduction of Kshs 112 Million from the initial allocation of Kshs 1.1 Billion
- **Establishment of Eldoret Cooperative College (TVET)** - An increment of Kshs 50 Million;

`2.2 State Department for Basic Education

2.2.1 Changes in the recurrent estimates

11. The overall recurrent estimates for this Department has increased by **Kshs 1.1 Billion.** This is on account of adjustment in personnel emolument to reflect actual requirement for the year and increased allocation under the School Feeding Programme. The recurrent changes per programme is an indicated below:

Table 3: Changes in recurrent Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Primary Education	14,449	197	14,646
Secondary Education	91,534	(5,266)	86,268
Quality Assurance and Standards	6,255	5,970	12,225
General Administration, Planning and Support Services	4,609	150	4,759
Total	**116,847**	**1,051**	**117,898**

Source: National Treasury

12. The following are the major items affected by the changes in the recurrent budget

i) **Headquarters Administrative Services**- An increment of Kshs 87 to cater for compensation to employees;

ii) **School Feeding Programme** - An Increment of Kshs 900 Million from an initial allocation of Kshs 3 Million;

iii) **Directorate of Basic Education (FPE)** – an increment of Kshs 704 million under "other operating expenses' from the initial allocation of Kshs 500 Million. This allocation is meant for the examination waiver for KPSEA.

iv) **Directorate of Basic Education (FPE)** - a reduction of Kshs 704 Million from primary school capitation from the initial allocation of Kshs 9.1 Billion;

v) **Secondary and Tertiary Education HQ Administrative Services (FDSE)** – an increment of Kshs 5.2 Billion under 'other operating expenses'. This allocation is meant for examination waiver for KCSE.

vi) **Secondary and Tertiary Education HQ Administrative Services (FDSE)** – a reduction of Kshs 5.2 Billion from secondary school capitation from the initial allocation of Kshs 59.8 Billion.

vii) **Secondary and Tertiary Education HQ Administrative Services (Junior School)** – an increment of Kshs 216 million under 'other operating expenses'.

viii) **Secondary and Tertiary Education HQ Administrative Services (Junior School)** – a reduction of Kshs 216 million from Junior school capitation from the initial allocation of Kshs 30.4 Billion.

2.2.2 Changes to the Development Estimates

13. The overall development estimates have been increased by **Kshs 6.5 Billion**. The increment is due to GoK funding on school infrastructure development and increased donor commitments. The development changes per programme is an indicated below:

Table 4: Changes in development Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Primary Education	11,986	5,621	17,607
Secondary Education	2,375	900	3,275
Quality Assurance and Standards	-	-	-
General Administration, Planning and Support Services	-	-	-
Total	**14,361**	**6,521**	**20,882**

Source: National Treasury

14. The key projects whose allocation have entirely been revised is as indicated below:

i) **Primary school infrastructure** – an allocation of Kshs 100 Million;

ii) **Secondary School infrastructure improvement**- an increment of Kshs 400 Million from an initial allocation of Kshs 83 Million;

iii) **Secondary Education Quality Improvement Project (SEQIP)** - An increment of Kshs 500 Million from an initial allocation of Kshs 1.5 Billion;

iv) **Kenya Primary Education Equity in Learning Programme (KPEEL)** – an increment of Kshs 5.7 Billion from an initial allocation of Kshs 10.9 Billion;

v) **School Infrastructure in North Nyamira/ Borabu**- a reduction of Kshs 179 Million from an initial allocation of Kshs 753 Million.

2.3 State Department Higher Education and Research

2.3.1 Changes to the Recurrent Estimates

15. The recurrent estimates have been increased by **Kshs 16.1 Billion**. The increment is mainly to cater for implementation of the Universities Collective Bargaining Agreement (CBA), strategic intervention under Moi University and additional Appropriation in Aid under Public Universities.

Table 5: Changes in development Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
University Education	118,376	16,098	134,474
Research, Science and Technology	635	19	654
General Administration, Planning and Support Services	232	1	233
Total	**119,243**	**16,118**	**135,361**

Source: National Treasury

16. The key recurrent changes (major items affected) are the following:

i) **Additional GOK funding to Universities**- an increment of Kshs 6.5 Billion to various Universities **(See annex 2 for details);**

ii) **Appropriations in Aid (AIA) in Universities** – an upward revision of AIA by Kshs 9.5 Billion on a number of Universities **(see annex 3 for details);**

2.3.2. Changes to the Development Estimates

17. The overall development estimates have been reduced by **Kshs 643 Million,** from the initial allocation of Kshs 1.2 Billion to a revised figure of Kshs 577 million. This reduction is as a result of a scale down in donor commitment.

Table 6: Changes in development Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
University Education	1,220	(643)	577
Research, Science and Technology	-	-	-
General Administration, Planning and Support Services	-	-	-
Total	**1,220**	**(643)**	**577**

Source: National Treasury

18. The key capital projects affected are:

i) **Construction of Engineering Complex (University of Nairobi) (Donor funded project)-** a reduction of Kshs 792 Million from the initial approved allocation of Kshs 1.1 Billion;

ii) **Construction of Administration Block and Lecture Theatre (Koitalel University)** - an allocation of Kshs 150 Million;

2.4 The Teachers Service Commission

2.4.1 Changes in recurrent budget

19. The overall recurrent estimates have been reduced by **Kshs 18.1 Billion.** The increase in current expenditure is due to adjustment of personnel emoluments. The changes per programme is indicated below.

Table 7: Changes in recurrent Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Teacher Resource Management	337,281	17,539	354,820
Governance and Standards	1,104	300	1,404
General Administration, Planning and Support Services	9,107	289	9,396
Total	**347,492**	**18,128**	**365,620**

Source: National Treasury

20. The major recurrent estimates change is on the following:

i) **Teacher Resource Management** – an increment of **Kshs 17.4 Billion** on compensation to employees and contribution to Health insurance scheme;

ii) **Headquarters Administrative Services** – an increment of Kshs 235 Million on contribution to health insurance scheme;

iii) **Enhanced Appropriations in Aid (AIA)** - an increment of Kshs 454 Million;

iv) **Insurance costs**- an allocation of Kshs 100 Million

v) **Recruitment of Intern Teachers** - a reduction of Kshs 1.7 Billion on compensation of employees from the initial allocation of Kshs 9.4 Billion;

vi) **Training**- an additional allocation of Kshs 300 Million;

2.4.2 Changes in development budget

21. The development budget for the Commission has been increased by Kshs 400 Million. This is a result of a combination of both a scale up and scale down of donor commitments. This has affected the two donor funded projects where the allocations have been adjusted.

Table 8: Changes in development Budget (Kshs Millions)

Programmes	Approved Estimates	Supp 2	Revised Estimates
Teacher Resource Management	395	400	795
Governance and Standards	-	-	-
General Administration, Planning and Support Services	-	-	-
Total	**395**	**400**	**795**

Source: National Treasury

22. The capital projects affected are:

i) **Kenya Primary Education Equity in Learning Programme (KPEEL) (Donor Support)** – a reduction of **Kshs 3 Million** from the initial allocation of Kshs 195 Million;

ii) **Secondary Education Quality Improvement Project (SEQIP) (Donor support)** – an increment of Kshs 404 Million from an initial allocation of Kshs 200 Million;

2.5 Approvals in 2024/25 Granted Under Article 223

23. In accordance to article 223 of the Constitution, the sector was allowed to access an additional allocation of **Kshs 9.5 Billion** pending approval by the National Assembly. As indicated in the table below, the approvals relate to both GOK exchequer as well as donor funded projects.

24. Out of the granted approval only **Kshs 500 Million** has been disbursed to the concerned recipient. This means that the remaining Kshs 9 Billion which is on donor funded projects will be approved just as a normal supplementary since all article 223 approvals are included in the overall adjustments of the budget.

Table 9: Approvals granted under Article 223 for Education sector (Kshs Millions)

Vote	Project/Item	Approved Additional	Exchequer Disbursement	Disbursement Dates	Remarks
Higher Education and Research	Current Grants to Government Agencies and other Levels of Government	1,500	500	14/1/2025	Moi University-Shortfall in Personnel Emolument & Operations & Maintenance
Basic Education	School Infrastructure in North Nyamira/Borabu	1,400			Foreign Financed
	Kenya Primary Education Equity in Learning Program	6,000			Foreign Financed
	Kenya Secondary Education Quality Improvement Project	615			Foreign Financed
Total		**9,515**	**500**		

3.0 SUBMISSIONS BY THE STATE DEPARTMENTS AND THE TEACHERS SERVICE COMMISSION ON THE 2024/25 SUPPLEMENTARY ESTIMATES II

25. The three State Departments and the Teachers Service Commission led by the Principal Secretaries and the CEO respectively appeared before the Committee on Thursday 6th March 2025. The Committee was taken through the changes made to the education sector budget and the effect on the attainment of the set target for 2024/25. The Departments and the Commission submitted the documentations and relevant information as required by the letter of invitation extended to them.

26. Among other things the respective Departments as well as the Commission were able to submit the information regarding the following key issues required of them:

1. The implementation status of the Financial Year 2024/25 budget as at 31st December 2024;
2. A highlight of the variations to the MDAs approved budget for FY 204/25 by Programmes and justification for the variations;
3. A revised schedule of the outputs and performance targets;
4. Expected impact of the budget revisions on capital projects;
5. Where money has already been withdrawn per Article 223 of the Constitution, highlighting the date of first withdrawal, the purpose for which the money was spent and submission of the necessary financial documents as evidence for money spent.

27. Details of the submissions made by the respective State Departments and the Teachers Service Commission are annexed in this report.

28. During the engagements, the State Departments and the TSC also submitted critical areas which need financial interventions to ensure that the Departments run smoothly and the adjusted targets are attained. These areas are also annexed as part of the submissions.

4.0 COMMITTEE OBSERVATIONS

The Committee having reviewed the proposed 2024/25 Supplementary Estimates II as well as having held consultative meetings with the Ministry of Education and the Teachers Service Commission made the following observations:

a) State Department for Technical Vocational Education and Training

i. The State Department for Technical Vocational Education and Training has increment of Kshs 6.96 Billion. This is majorly on account of the following:

- An upward revision of AIA collected by the SAGA's within the sub-sector including the National Polytechnics and Technical Training Institutes- **Kshs 6.4 Billion**;
- A provision to cater for salaries shortfalls and statutory contributions- **Kshs 1.4 Billion;**

ii. The Committee is concerned that there is no allocation for construction of TVET institutions in the remaining 52 Constituencies despite being a BETA project. The first phase of this project has a total of 17 TTI's (see annex 1) and contracts have already been awarded. The lack of funding exposes this critical project to the risk of pending bills, court actions which shall ultimately have an impact of the completion timelines with a possibility of even stalling.

iii. The Committee also takes note that the Department has introduced a new project, that is, establishment of Eldoret cooperative college in this supplementary budget without any justification. This is against the guidelines provided for resource allocation to capital projects as well as the resolutions passed by the National Assembly on non-introduction of new capital projects in the middle of a financial year;

b) State Department for Higher Education and Research

iv. The State Department for Higher Education and Research has an increment of **Kshs 15.48 Billion.** This is mainly attributed to the following:

- upward revision of AIA in various public universities- Kshs 9.5 Billion;
- Allocation for Collective Bargaining Agreements (CBA) for public university staff – Kshs 4.3 Billion;
- Strategic support to Moi University- Kshs 1.5 Billion;
- Strategic Support to Egerton University – Kshs 489 Million;

v. The Committee notes that resources have been provided to cater for CBA's for public universities staff as well as a strategic interventions for Moi University and Egerton University. The Committee commends and support this intervention since it will assist in ensuring that the sub-sector runs smoothly devoid of industrial actions;

vi. The Committee is concerned that the Department has not had allocation for monitoring and evaluation for the past three years. This is one of the reasons why the Department finds it difficult to vouch for resources to support ongoing projects in various universities as well as address management and governance malpractices facing a number of public universities. This has resulted to arbitrary cuts in allocations to projects as well as the Department resulting to firefighting when governance challenges come to the public limelight;

vii. The Committee is concerned that there are a government sponsored students in private universities who are not adequately funded as a result of reduction in budgetary allocation. The current allocation of Kshs 500 Million cannot adequately cover these students. There is an eminent risk that the said students may drop out of the university if this situation is not addressed;

viii. The Committee notes and appreciates the government intervention in Moi University and Egerton University since it will support these institutions to be back on their feet. Progress

has been made in terms implementing the reforms including having in place new management as well as councils and payment of salary arrears. However the Committee is concerned that such intervention to only selected universities may not address conclusively the challenges facing the sub-sector since a number of the public universities have challenges which need to be addressed. This can only be comprehensively be addressed through having in place a reform strategy for all public Universities;

c) State Department for Basic Education

ix. The State Department for Basic Education **has** an increment of **Kshs 7.57 Billion.** This is mainly on account of the following;

- Provision for personal emoluments shortfalls- Kshs 100 Million;
- Additional allocation to school feeding programme- Kshs 900 Million
- Internal reallocation from capitation to cater for school examination and invigilation- Kshs 5.9 Billion
- A scale up in donor commitments (KPEEL and SEQIP projects)- Kshs 6.2 Billion;
- School infrastructure improvement – Kshs 500 Million;

x. The Committee is concerned that reallocations made from capitation funds to other areas within the sub sector may end up depriving resources to schools hence disadvantaging learners. This may negatively compromise on the quality of learning and negatively affect the desired education outcomes envisaged under the free primary and free day secondary Education flagship programmes. This reallocation should stop to ensure that capitation resources are protected for the benefit of learners and institutions;

xi. The Committee is concerned that capacity building in the sub-sector is majorly centered on classroom teachers with little consideration is given to school managers. School managers require training to equip them with competencies and skills to interpret and apply policy guidelines for school financial management and reporting. Further, currently the

auditor general audits schools directly thus the need to prepare school managers for the auditing processes.

xii. The Committee is concerned that the Assembly of Assistive devices project for special needs learners has not progressed as envisaged due to budget cuts. An allocation of Kshs 350 Million was allocated in 2023/24 upon which a contractor was engaged and the progress stands at 35%. In 2024/25 the allocation was entirely removed during supplementary budget 1. This project is critical since it is meant to ensure that SNE learners are able to receive assistive gadgets to support learning in SNE schools

xiii. The Committee is concerned that funding to examinations is done as an emergency yet it is a common knowledge that every year examinations must be undertaken. This emergency funding creates uncertainty in the sub- sector given that national examinations are a national security matter as well as forcing resources to be reallocated from other critical areas such as capitation;

xiv. The Committee is concerned that resources allocated for infrastructure for specific public primary and secondary schools are not optimally absorbed due to the bureaucratic process of requisitioning for the exchequer for each of the individual schools. This is because the schools are not considered standalone Agencies hence their capacity to initiate the requisitioning process is limited. This has resulted to low utilization of the allocated funds.

d) Teachers Service Commission

xv. Teachers Service Commission- an increment of **Kshs 18.53 Billion.** This is mainly on account of the following;

- Provision to cater for salary shortfall for teachers as well as medical cover- Kshs 17.6 Billion
- Upward revision of AIA – Kshs 454 Million
- Capacity building of Teachers – Kshs 300 Million.

xvi. The Commission has been allocated resources for capacity building of teachers. However the target in terms of the number of teachers to be trained has remained unchanged. In addition the Commission has not be able to attain the quarterly targets set in terms of these training coupled with the fact that Commission is implementing other donor supported capacity building for teachers under the KPEEL and SEQIP programmes in the current financial year. There is a risk that the Commission may not fully absorbed the additional resources provided for capacity building of teachers.

5.0 COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2024/25 Supplementary Budget Estimates as well as having held consultative meetings with the Ministry of Education and the Teachers Service Commission makes the following recommendations:

a) Financial recommendations

i) Proposed Reductions (Kshs)

Programme	Item	Proposed Allocation	Reduction		Justification
			Recc	Dev	
Primary Education	School feeding programme	900,000,000	(300,000,000)		The absorption of the additional allocation is a challenge given the structural and logistical challenges the programme is facing after transfer back to the Ministry
	Primary school infrastructure	362,000,000		(260,000,000)	Absorption challenges relating to school specific allocations under public participation
Secondary Education	Secondary school infrastructure	590,000,000		(190,000,000)	Absorption challenges relating to school specific allocations under public participation
Technical Education	Establishment of Eldoret Cooperative TVET			(50,000,000)	A new project
Governance and Standards	Capacity building of Teachers	300,000,000	(200,000,000)		The Commission has not yet attained the current set targets hence cannot be able to fully absorb this allocation.
Total			**(500,000,000)**	**(500,000,000)**	

ii) **Proposed Increments (Kshs)**

Programme	Item	Increment		Justification
		Recc	Dev	
Primary Education	Assembly of Assistive Devices project for SNE learners at KISE		150,000,000	To support this critical ongoing project which is at an advanced stage
Secondary Education	Capacity building of school managers at KEMI	120,000,000		To capacity building school managers who have been neglected in other ongoing trainings
Quality Assurance and Standards	KICD	60,000,000	100,000,000	▪ To support construction of the Education Assessment and Resource Centres ▪ Kshs 60 Million for capacity building on the CBC especially the transition to senior school
University Education	Multimedia University		30,000,000	▪ Support modernization of ICT project
Technical Education	KNQA	40,000,000		To have a system in place that captures all learners academic achievements as envisaged in the National Qualification framework Policy
	Construction of 17 TTI's under the BETA Agenda		200,000,000	To ensure progress is made in the implementation of these projects
General Administration-Basic Education	Upgrading of NEMIS	100,000,000		Upgrading of NEMIS to respond to its current inadequacies in terms of capacity
General Administration -TVET	Completion of the MIS system	50,000,000		To complete this project to have a single source of truth on TVET learners
General Administration-Higher	Monitoring and Evaluation of	150,000,000		▪ Kshs 100 Million for M& E ▪ Kshs 50 Million to have in place a MIS system to

Programme	Item	Increment		Justification
		Recc	Dev	
Education and Research	ongoing projects			manage students data at the Headquarters
Total		**520,000,000**	**480,000,000**	

The Committee recommends that the following critical areas have underfunding and urges the Committee to provide resources towards the said projects. The said projects have no allocation having been reduced during supplementary estimates I

i) Establishment of a new Kaimosi University- Kshs 50 Million
ii) University of Eldoret- Construction of Engineering complex – Kshs 100 Million;
iii) Machakos University- Construction of a tuition block- Kshs 50 Million
iv) South Eastern Kenya University- Construction of Administration Block
v) Tharaka University- Construction of Library – Kshs 50 Million;
vi) Meru University- construction of engineering- Kshs 50 Million
vii) Maseno University- Tuition and administration block- Kshs 70 Million
viii) Karatina University- construction of library- Kshs 50 Million
ix) Masinde Muliro University- Construction engineering and TVET complex
x) Pwani University- expansion of school of humanities and social sciences building-
xi) Garrisaa University- Construction of library
xii) Government sponsored students in Private Universities- Kshs 1 Billion

SIGNED _____ **DATE** 17/3/2025

HON. JULIUS KIBIWOTT MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER & IRRIGATION

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON BLUE ECONOM, WATER AND IRRIGATION

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REPORT ON THE SUPPLEMENTARY BUDGET ESTIMATES II FOR THE FY 2024/25

VOTE 1109: STATE DEPARTMENT FOR WATER & SANITATION

VOTE 1104: STATE DEPARTMENT FOR IRRIGATION

VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

March , 2025

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PART 1

1.0 PREFACE

1.1 Establishment of the Committee

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

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

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

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

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

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

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

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

   viii. *To examine treaties, agreements and conventions;*

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

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

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

1.2 Subject of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.

3. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:

   i. The State Department for Water and Sanitation

   ii. The State Department for Irrigation

   iii. The State Department for Blue Economy and Fisheries

1.3 Committee Membership

4. The Departmental Committee on Blue Economy, Water and Irrigation was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson

Hon. Bowen David Kangogo, MP - **Chairperson**
Marakwet East Constituency
United Democratic Alliance Party

Vice- Chairperson

Hon. Kemero Maisori Marwa, MP - **Vice- Chairperson**
Kuria East Constituency
United Democratic Alliance Party

Hon. Stanley Muiruri Muthama, MP
Lamu West Constituency
Jubilee Party

Hon. Tandaza Kassim Sawa, MP
Matuga Constituency
Amani National Congress

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency
United Democratic Alliance Party

Hon. William Kamket, MP
Tiaty Constituency
KANU

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency
Orange Democratic Party

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency
Wiper Democratic Party

Hon. Were Charles Ong'ondo, MP
Kasipul Constituency
Orange Democratic Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated
United Democratic Alliance Party

Hon. Nebart Bernard Muriuki,MP
Mbeere South Constituency
Independent Member

Hon. Mnyazi Amina Laura, MP
Malindi Constituency
Orange Democratic Movement

Hon. Adow Mohamed Aden, MP
Wajir South Constituency
Orange Democratic Party

Hon. Eric Wamumbi, MP
Mathira Constituency
United Democratic Alliance Party

Hon.George Gachagua, MP
Ndaragwa Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following staff

Mr. Nicodemus K. Maluki
Clerk Assistant I/Head of Secretariat

Ms. Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Principle Fiscal Analyst

Ms. Lynette Otieno
Senior Legal Counsel

Ms. Veron D. Aluoch
Research Officer III

Ms. Joyce Wachera
Hansard Officer

Mr. Allan Gituku
Sergeant-At-Arms

Ms. Fridah Ngari
Media Relations Officer

Mr. Eugene Luteshi
Audio Officer

1.5 Overview on the Examination of the Supplementary Budget I for FY 2024/2025

6. The Supplementary Estimates No.2 for the Fiscal Year 2024/25 were submitted to the National Assembly and subsequently committed to the Departmental Committees for consideration on Wednesday, 19th February 2025 Pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(B). The Committees were required to consider the Supplementary Estimates 2 for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Liaison Committee as communicated by the Speaker of the National Assembly.

7. The Departmental Committee on Blue Economy, Water and Irrigation held a sitting on Thursday, 6th March 2025 for a briefing on Supplementary Estimates 2 by the Parliamentary Budget Office and thereafter held its Sittings to scrutinize and deliberate on the Supplementary Estimates with the Ministries, Departments and Agencies under its purview.

1.6 Acknowledgement

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

9. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Blue Economy, Water and Irrigation to present the Report to the Liaison Committee pursuant to the provisions of section 37 of the Public Finance Management Act (PFM Act) and Standing Order 207 (6).

Hon. Bowen Kangogo, M.P, CBS

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET 1 FOR THE FY 2024/2025

10. The Financial Year 2024/25 Supplementary Estimates No. 2 were submitted to the National Assembly and subsequently committed to the Departmental Committees for consideration on Wednesday, 19th February 2025 Pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(B). The Committees were required to consider the Supplementary Estimates 2 for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Liaison Committee.

11. The Supplementary Estimates No. 1 for the Financial Year 2024/25 seek to rationalize the 2024/25 Budget Estimates to align to the Revised Fiscal Framework and actualize Expenditure cuts across the three arms of Government, Constitutional Commissions and independent Offices.

12. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the approved budget estimates by Kshs. 91.4 billion as shown in Table 1. It proposes to increase recurrent expenditure by Kshs. 137 billion, reduce the development expenditure by Kshs. 51.1 billion and reduce the Consolidated Funds Services (CFS) by Kshs. 5.5 billion.

Table 1: Overall Changes in the Supplementary Estimates I

	2024/25 Approved Estimates	**2024/25 Revised Estimates**	**Difference**
	Kshs. Millions		
Recurrent	1,591.6	1,728.6	137.0
Development	641.2	590.1	(51.1)
CFS	1,237.2	1,242.7	5.5
Total	**3,470.0**	**3,561.4**	**91.4**

2.1 Highlights of Supplementary Changes for MDAs under Committee's Purview

13. The Supplementary Estimates No. 2 for FY 2024/25 proposes to decrease the total expenditure for the State Department for Water and Sanitation by Kshs. 22 billion (-44.1 percent). This comprises of an increase of Kshs. 876.2 million (15.3 percent) for recurrent expenditure and a decrease of Kshs. 22.9 billion (-51.9 percent) for development expenditure. The increment in recurrent expenditure is due to an increase of Kshs. 431.2 million in GoK Exchequer funding and an increase of Kshs. 445 million in

Appropriations-in-Aid (AIA). On the other hand, the reduction in development expenditure is due to a decrease of Kshs. 1.4 billion in GoK Exchequer funding and a decrease of Kshs. 21.4 billion in donor funding.

14. The Supplementary Estimates No. 2 for FY 2024/25 proposes to decrease the total expenditure for the State Department for Irrigation by Kshs. 557.7 million (-2.7 percent).This comprises of an increase of Kshs. 207.3 million (17.6 percent) for recurrent expenditure and a decrease of Kshs. 785 million (-3.9 percent) for development expenditure. The increment in recurrent expenditure is wholly due to an increase in GoK Exchequer funding. On the other hand, the reduction in development expenditure is due to a decrease of Kshs. 1.5 billion in GoK Exchequer funding and an increase of Kshs. 715 million in donor funding.

15. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the total expenditure for the State Department for Blue Economy and Fisheries by Kshs. 2.4 billion (22.9 percent) as shown in table 6. This comprises of an increase of Kshs. 489.6 million (20.6 percent) for recurrent expenditure and an increase of Kshs. 1.9 billion (23.8 percent) for development expenditure. The increment in recurrent expenditure is wholly due to an increase in GoK Exchequer funding. On the other hand, the increase in development expenditure is due to a decrease of Kshs. 378 million in GoK Exchequer funding and an increase of Kshs. 2.3 billion in donor funding.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

16. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the SupplementaryEstimates 2 for the FY 2024/25 on Thursday, 6th March 2025 in Parliament. The MDAs included State Departments for Water and Sanitation, Irrigation and that for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 State Department for Irrigation

17. The Principal Secretary, State Department for Irrigation, Mr. Ephantus Kimotho, EBS appeared before the Committee on Thursday, 6th March 2025 and briefed on the 2024/25 Supplementary Estimates 2 as follows:

18. In the FY/2024/25 the State Department approved budget for the FY 2024/25 amounts Kshs. 21,407 million against the proposed Supplementary Estimates 2 of Kshs. 20,829 million giving a gross variance of Kshs. 578 million.
19. The Recurrent budget gross allocation grew by Kshs. 207.3 million from Kshs. 1,178 million to Kshs. 1,386million under FY 2024/25 Supplementary Estimates No. 2. This additional allocation to address Personnel Emolument shortfall for the Headquarters amounting to Kshs 26.1 million and National Irrigation Authority to Kshs 181.2 million.
20. The gross development budget has a net reduction of Kshs. 785 million from approved budget of Kshs. 20,229 million to Kshs. 19,444 million under the proposed supplementary Estimates No. 2.
21. The additional allocations in the proposed FY 2024/25 Supplementary Estimates No. 2 are as follows:
    i. Kenya Water Security and Climate Resilience Programme (KWSCRP II Mwache Dam Project Kshs. 600 million GOK for payment of the outstanding land compensation
    ii. Kshs. 700 million Loan AIA. The RCC works are expected to commence with the contractor expected to submit monthly IPCS of about Kshs 400million in March, 2025. However, the additional Kshs. 700million is not sufficient
    iii. Balich- Abdisamet Irrigation project Kshs. 100million – the project had a resource gap of Kshs 313 million to be completed by June, 2025 , additional 100million has been proposed leaving a balance of Kshs. 213 million for completion. The project upon completion will serve an estimated population of 17,800persons and 68,200 heard of cattle in ASAL of Garisa County.
    iv. Bura Irrigation Scheme Kshs 360 Million(Donor) – the additional funds will help in replacing pump with gravity intake that will create an annual saving of

Kshs. 120million per year and increase acreage under irrigation from 6,000 to 25,000 acres

22. The State Departments outputs and performance Targets for the FY2024/25 will not change as a result of this proposed Estimates No. 2 mainly because contracted capital works will continue as per the contractual obligations but it will result to cost overruns, slow work progress, pending bills and eventually court litigations.

23. The State Department did not spend under article 223 in the FY 2024/25

24. The State Department requested to be considered for additional GoK funding as under the following areas of expenditure in this proposed FY 2024/25 Supplementary Estimates No. 2.

25. Under recurrent Budget- operations and Maintenance State Department Headquarters Kshs 132 million, Contracted professionals services Kshs 56.2million, operation and maintenance Budget NIA Kshs. 306 million, Operations and Maintenance Budget NWHSA Kshs 270 million.

26. Under Development Budget: Community based Irrigation programme – Kshs 500 million, NIA Drought Mitigation projects – Kshs 910million , Lower Kuja Irrigation Project – Kshs 300milllion , extension of secondary dykes in River Nzoia Kshs 130million, Balich – Abdisamet Water and Irrigation project – Kshs 213 million, Kenya Water Security and Climate Resilience programme Kshs 100milion, Bura Irrigation Scheme Rehabilitation project Kshs 500 million , flood control project Kshs 400 million, Soin koru dam Kshs. 1 billion and Umaa Dam 500 million.

3.2 State Department for Water and Sanitation

27. The Principal Secretary, State Department for Water and Sanitation, Mr. Julius Korir, CBS appeared before the Committee on Thursday 6th March 2025 and briefed on the 2024/25 Supplementary Estimates No. 2 as follow:

28. The State Department's allocation in the Supplementary Estimates No. 2 has been revised from Kshs. 49,841 billion to Kshs 27.843 billion consisting Kshs. 6.616 billion and Kshs 21.227 billion for recurrent and development respectively.

29. The revision will result to budget reduction of Kshs. 21,997 billion which will adversely affect the implementation of water supply infrastructure and Sanitation projects due to lack of adequate funds for land compensation, acquisition of way- leaves, last mine connectivity of water and sanitation services. This will leave millions of people in urban in urban, rural and ASAL areas without reliable access to clean water and proper sanitation.

30. The recurrent expenditure has been increased by Kshs. 876million to cater for SAGAs PE shortfall and enhance AIA collection for Coast Water Works Development Agency and provide for gratuity.

31. The State Department and its SAGAs has a total PE allocation in supplementary Estimates No. 2 of Kshs 6.616 billion against requirement of Kshs 7.557 billion translating to shortfall of Kshs 941million.

32. The State Department Budget Renationalization has a far -reaching consequences, affecting conservation efforts, infrastructure development and water security. Without strategic funding allocation, critical projects will continue to face setbacks, undermining efforts towards sustainable water resource management, development and climate resilience. Some of the effects include:

i. Project implementation delays and subsequent stalling of the projects
ii. Delay in payment of projects will result interest and penalties leading to increase in project cost overrun
iii. Completion of borehole – based water projects will not be undertaken
iv. Reduced number of additional people from target of approximately 2 million to 1.4 million people served with water and sanitation services in urban, rural and ASAL areas.
v. Accrual of pending bills
vi. Lack of fulfilment of GOK commitments to various development partners.

33. There were projects which were given full access of the allocation and the State Department has fully drawn projects with over commitments affected by the budget cuts.

34. The State Department requested the Committee to consider reinstating the following:

a. **Recurrent Budget:** provision of Kshs 941million to cater for PE shortfall and other recurrent expenditures particularly board expenses, insurance, legal fees, rent contracted services.

b. Development Budget

i. Reinstatement of erroneous cuts which is already expended amounting to Kshs 541.83 million
ii. Reinstatement of counterpart funding amounting to Kshs. 1.45billion
iii. Provision of donor funds for; Thwake Kshs 1.02 billion, water and sanitation development project (WSDP) Kshs. 4.4 billion , Kenya Towns Sustainable Water Supply and Sanitation Programme Kshs. 1.5 billion , LVWATSAN Kshs. 800 million.
iv. Nairobi River Restoration Basin Programme Kshs 1.2 Billion
v. Athi WWDA GoK projects Kshs. 490million
vi. Provision for alupe dam and water supply project Kshs 460 Million
vii. Provision of Malava Water Supply project Kshs 143million
viii. Provision of Nandi Water Supply project Kshs 20million
ix. Kimatkei- Kipkoil Water Supply project Kshs 36 million
x. Tetu – Aguthi Water Project Kshs 300 million

xi. Kibunga- Kakimiti Water project 210 Kshs. million
xii. Makamini Dam Kshs 350million
xiii. Kenanie Leather Industrial Park Kshs 85 million
xiv. Masongo Top- Suwerwa Water project Kshs 200million
xv. Maralal Water Supply Kshs. 68million
xvi. Nyeri Water Supply – Githangara Mairu pipeline relocation Kshs 230million
xvii. Ijara Water Supply Kshs. 120million
xviii. Northern WAATER Works Development Agency Kshs 80million
xix. Presidential Directive amounting to Kshs 1.2 billion

35. The State Department did not withdraw any money within the confines of article 223.

3.3 State Department for Blue Economy and Fisheries

36. The Senior Chief Finance Officer, State Department for Blue Economy and Fisheries, Mr. Martin Wamwea on behalf of the Principal Secretary appeared before the Committee on **Thursday, 6th March 2025** and presented on the Departments 2024/25 Supplementary Estimates No. 2 as follow:

37. The State Department's Approved Estimates for FY 2024/25 is **Ksh. 10,341.1 Million** comprising of **Ksh. 2,448.2 Million** for recurrent expenditures and **Ksh. 7,892.9 Million** for Development. The proposed Supplementary Estimate II has increased the allocation by **Ksh. 2,368.3 Million** to **Ksh. 12,709.4 Million** comprising of **Ksh. 2,937.8 Million** for recurrent expenditures and **Ksh. 9,771.6 Million** for Development.

38. The summary of the proposed Supplementary Estimate II is shown in Table 2 ;

Table 2 : Summary of the proposed Supplementary Estimate II

Description	Approved Estimates FY 2024/25	Proposed Supplementary Estimate II FY 2024/25	Increase/ Decrease	% Increase/ Decrease
	Ksh. Million			
Recurrent	2,448.2	2,937.8	489.6	20.0
Development	7,892.9	9,771.6	1,878.7	23.8
TOTAL	**10,341.1**	**12,709.4**	**2,368.3**	**22.9**

39. The approved recurrent budget of **Ksh.2,448.2 Million** has been increased by **Ksh. 489.6 Million** to **Ksh. 2,937.8 Million.** The increase is on account of increase in Current transfers to Semi-Autonomous Government Agencies (SAGAs) as follows.

i. **Kenya Marine and Fisheries Research Institute (KMFRI)-Kshs. 322.0 Million -** The increase of **Kshs. 322.0 Million** is to cater for compensation of employees **(Kshs. 52.4 Million)** and Use of goods and services **(Kshs. 269.6 Million).** Use of goods and services include Kshs. 98.1 Million for staff insurances, Kshs. 18.3 Million for Contracted guards and cleaning services, Kshs 110.6 Million for Research Expenses, Kshs. 11.0 Million for utilities, Kshs. 9.0 Million for repairs and maintenance, Ksh. 5.0 Million for board expenses and Kshs. 17.6 Million for administration expenses.

ii. **Kenya Fisheries Service (KeFS)-Kshs. 109.3 Million** - the increase of **Kshs. 109.3 Million** is to cater for compensation of employees **(Ksh.24.3 Million)** and staff Medical cover **(Ksh.85.0 Million)**

iii. **Kenya Fishing Industries Corporation (KFIC)- Kshs. 27.8 MillioN** - the increase of **Kshs. 27.8 Million is to cater for** compensation of employees **(Kshs. 1.5 Million)** and use of goods and services **(Kshs. 26.3 Million).** Use of goods and services include general office supplies, fuel, maintenance of motor vehicle and plant equipment, Maintenance & Repair of Boats, Repair and Operationalization of Landing Sites and Ice Making Plants, Installation of Electrical Ports Security perimeter Wall and Installation of water connection to the Jetty.

iv. **Kenya Fish Marketing Authority- Kshs. 35.5 million** - the increase of **Kshs. 35.5 Million** is to be utilized on Board Expenses **(Ksh.5 Million)** and use of goods and services **(Ksh.30.5 Million).** Formalization of fisheries value chain groups, promotion of fish post-harvest management technologies and innovations, business to business fairs for market linkages, promotion of local demand for Kenyan fish, capacity building of fish marketing groups and development of standard operating procedures, marketing manual and National fish marketing strategy.

40. The approved Development budget of Kshs. 7,892.9 Million has been increased by Kshs. 1,878.7 Million to Kshs. 9,771.6 Million in the proposed Supplementary Estimate II. The projects affected include Liwatoni Ultra-Modern Fish Hub, Fish landing sites, Aquaculture Business Development Project (ABDP), Kenya Marine Fisheries & Socio-Economic Development Project (KMFSED) and Kabonyo Fisheries & Aquaculture Training Center.

41. The development GOK budget was reduced by Ksh.500.0 Million and an additional amount of Kshs. 122.0 Million provided for payment of pending bills resulting to a net reduction of Kshs. 378.0 Million in the proposed Supplementary Estimate II. The reduction affected the Liwatoni Ultra-Modern Fish Hub whose budget was reduced from Kshs. 400.0 Million to zero and Aquaculture Business Development Project (ABDP) which was reduced by Kshs. 100.0 Million counterpart funding.

42. The **Kshs. 122.0 Million** additional funding for payment of pending bills is for Fish Landing Sites in Kibuyuni (Kshs. 71 Million), Fish Landing Site in Gazi (Kshs. 27

Million), Fish Landing Site in Ngomeni (Kshs. 15 Million), Fish Landing Site in Kichwa cha Kati (Kshs. 9 million).

43 The approved budget of Kshs. 5,820.9 Million funded by loans has increased by Kshs 2,256 7 Million to Kshs 8,077 6 Million in the proposed Supplementary Estimate II The Increase is on account of increase of Kshs. 2,106.7 million for Kenya Marine Fisheries and Socio-Economic Development project (KMFSED), and Kshs 150 0 million increase for Kabonyo Fisheries & Aquaculture Training Center The increase for KMFSED budget allocation will be applied on supporting Common Interest Groups (CIGs) and interim payment certificates for infrastructure projects. The increase in Kshs 150 0 Million for Kabonyo Fisheries & Aquaculture Training Center is to clear the advance payment and settle the first certificate

44 The State Department has not spent any money under Article 223 of the Constitution. However, the State Department requested the National Treasury to utilize **Kshs. 2,106.7 Million** for Kenya Marine Fisheries and Socio-Economic Development project (KMFSED) under Article 223 of the Constitution but no feedback has been received

45. The State Department requested for **additional** funding of **Kshs. 46.0 Million** of which **Kshs. 7.0 Million** will cater for rent arrears, **Kshs. 3.0 Million** will cater for pending bill on maintenance of buildings and stations, **Kshs. 10 Million** for compensation and ex gratia payment and the balance of **Kshs. 26.0 Million**, to cater for foreign and domestic travel.

PART IV

4.0 COMMITTEE OBSERVATIONS

46. The Committee, having scrutinized the Supplementary Estimates No. 1 for FY 2024/25 for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations:

A. State Department for Blue Economy and Fisheries

47. The Committee noted that the State Department has increment in its Gross Estimates of Kshs. 2.4 billion. It comprises of an increment of Kshs. 489.6 million for recurrent expenditure and an increment of Kshs. 1.9 billion for development expenditure.

48. The Committee noted that the following key areas have not been provided adequate funding:

i. State Department (headquarters) requires an additional Kshs. 123 million comprising of Kshs. 100 million to fund the expanded mandate of the blue economy and Kshs. 23 million for payment of court awards issued to Okeno and Sons Building Contractors.

ii. Kenya Fisheries Service (KeFS) requires an additional Kshs. 98 million to cater for shortfalls in medical insurance for staff.

iii. Kenya Marine Fisheries Research Institute (KMFRI) requires an additional Kshs. 817 million comprising of Kshs. 272 million for payment of court awards and Kshs. 545 million for operationalization of the RV Mtafiti.

49. The Committee noted that the following key projects have not been provided for adequate funding:

i. Phase 1 of the Liwatoni Ultra-Modern Fish Hub requires Kshs. 1 billion.

ii. Fish Stock Assessment Project requires Kshs. 1 billion.

B. State Department for Irrigation

50. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 577.7 million. It comprises of an increment of Kshs. 207.3 million for recurrent expenditure and a reduction of Kshs. 785 million for development expenditure.

51. The Committee noted that the following key areas have not been provided adequate funding:

i. State Department (headquarters) requires an additional Kshs. 180 million for operation and maintenance.

ii. National Water Harvesting and Storage Authority (NWHSA) requires an additional Kshs. 552 million comprising of Kshs. 442 million for pension arrears, Kshs. 80 million for operations and maintenance and Kshs. 30 million for shortfalls in personnel emolument.

iii. National Irrigation Authority (NIA) requires an additional Kshs. 500 million for feasibility studies for various irrigation projects.

52. The Committee noted that the State Department the following key projects have not been provided for adequate funding:

i. Mwache Dam requires Kshs. 1.7 billion for counter-part funding to cater for compensation priority area 3.
ii. Soin-Koru Dam requires Kshs. 3 billion for Resettlement Action Plan (RAP).
iii. Umaa Dam requires Kshs. 1.9 billion to ensure the project is completed within the current timelines.
iv. National Expanded Irrigation Project requires Kshs. 1.2 billion for settlement of pending bills and rehabilitation and expansion of existing public schemes.
v. Community Based Irrigation Programme requires Kshs. 500 million to ensure irrigation projects identified under Presidential directives are completed.

C. State Department for Water and Sanitation

53. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 22 billion. It comprises of an increment of Kshs. 876.2 million for recurrent expenditure and a reduction of Kshs. 22.9 billion for development expenditure.

54. The Committee noted that the following key areas have not been provided adequate funding:

i. Lake Victoria South Water Works Development Agency (LVSWWDA) requires an additional Kshs. 167 million for shortfalls in personnel emoluments and operations of the Agency.
ii. Water Resources Authority (WRA) requires an additional Kshs. 1 billion to cater for shortfalls in its AIA collection. There are three (3) constitutional petitions seeking to suspend implementation of some water user charges prescribed in the Water Resources Regulations, 2021. This has crippled the institution's capacity to collect its projected AIA.
iii. Kenya Water Institute (KEWI) requires an additional Kshs. 98 million for shortfalls in personnel emoluments and operations of the Institute.
iv. Water Sector Trust Fund (Water Fund) requires an additional Kshs. 414 million for shortfalls in personnel emoluments and operations of the Fund.
v. Northern Water Works Development Agency (NWWDA) requires an additional Kshs. 110 million for shortfalls in personnel emoluments and operations of the Agency.
vi. Lake Victoria North Water Works Development Agency (LVNWWDA) requires an additional Kshs. 86 million for shortfalls in personnel emoluments and operations of the Agency.

vii. Tanathi Water Works Development Agency (TANATHI) requires an additional Kshs. 123 million for implementation of the approved salary structure by SRC and operations of the Agency.

viii. Tana Water Works Development Agency (TWWDA) requires an additional Kshs. 354 million for shortfalls in personnel emoluments and operations of the Agency.

ix. Coast Water Works Development Agency (CWWDA) requires an additional Kshs. 225 million for shortfalls in personnel emoluments and operations of the Agency.

x. Hydrologists Registration Board (HRB) requires an additional Kshs. 30 million to operationalize the board since it is still at its inception stage and needs to develop the Hydrologist Bill and Regulations within FY 2024/25.

xi. North Rift Valley Water Works Development Agency (NRVWWDA) requires an additional Kshs. 46 million for shortfalls in personnel emoluments and operations of the Agency.

xii. Regional Center on Groundwater Resources (RCGWR) requires an additional Kshs. 40 million for shortfalls in personnel emoluments and operations of the Center.

55. The Committee noted that the State Department the following key projects have not been provided for funding:

i. Kenya Towns Sustainable Water Supply and Sanitation Programme requires Kshs. 3.1 billion for counter-part funding.

ii. Horn of Africa – Ground Water for Resilience Programme requires Kshs. 700 million for counter-part funding.

iii. Water Supply and Sanitation for Urban Poor requires Kshs. 807 million for counter-part funding.

iv. Mwache Dam Phase II requires Kshs. 1.4 billion for counter-part funding.

v. Itare Dam requires Kshs. 3.1 billion to be restarted after stalling at 27% since September 2018.

vi. Thwake Multipurpose Dam requires Kshs. 1.2 billion for counter-part funding.

vii. Kisumu Water Supply requires Kshs. 520 million for counter-part funding.

PART V

5.0 COMMITTEE RECOMMENDATIONS

Financial Recommendations

56. The Committee recommends that for the **State Department for Blue Economy and Fisheries**, the proposed reduction of Kshs. 2.4 billion for the FY 2024/25 comprising of an increment of Kshs. 489.6 million for recurrent expenditure and an increment of Kshs. 1.9 billion for development expenditure be approved with the following amendments as shown in Table 1.

Table 1: Proposed Committee Reallocations for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
0111000 Fisheries Development and Management	1166001101 Kenya Marine and Fisheries Research Institute (Recurrent)	1,135,900,000	(96,000,000)	Reduction due to slow absorption of funds. The monies will be allocated to KFIC and State Department Headquarters.
	1166001211 Kenya Fishing Industries Corporation (Recurrent)	75,800,000	25,000,000	Increase to fund pending bills for the Jetty and Uvuvi Fishing Boat as the entity is being dissolved.
	1166001207 Kenya Fish Marketing Authority (Recurrent)	45,690,000	25,000,000	Increase to fund pending bills for fish post harvest lossess management as the entity is being dissolved.
	1166001601 Kenya Fisheries Service (Recurrent)	754,110,000	48,000,000	Increase from additional collection of AIA collection to be used to fund the operations of 3 KeFS laboratories.
0117000 General Administration, Planning and Support Services	1166000100 Headquarters and Administrative Services (Recurrent)	135,063,078	46,000,000	Increase to fund pending bills.
Total			**48,000,000**	**Addition to be funded from AIA of KeFS**

57. The Committee recommends that for the **State Department for Irrigation**, the proposed reduction of Kshs. 577.7 million for the FY 2024/25 comprising of an increment of Kshs. 207.3 million for recurrent expenditure and a reduction of Kshs. 785 million for development expenditure be approved with the following amendments as shown in Table 2.

Table 2: Proposed Committee Reallocations for the State Department of Irrigation (Kshs.)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1015000 Water Storage and Flood Control	1104102200 Siyoi Muruny Dam (Development)	600,000,000	(300,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to flood control works to pay pending bills.
	1104102300 Umaa Dam (Development)	180,000,000	(50,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to flood control works to pay pending bills.
	1104102100 Flood Control Works (Development)	200,000,000	350,000,000	For payment of pending bills for rehabilitation of flood control works.
	National Water Harvesting and ground water Exploitation - NWHSA (Development)	-	60,000,000	For payment of pending bills.
1014000 Irrigation and Land Reclamation	1104100600 Community Based Irrigation Projects (Development)	1,000,000,000	(390,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to NIA and NWHSA projects.
	Ketut-Mokoro Irrigation Scheme – NIA (Development)	-	100,000,000	This is seed capital to start the project which is a presidential directive.
	1104100801 National Expanded Irrigation Programme (Development)	940,000,000	200,000,000	For payment of pending bills.
	Adich Gorge Dam – NIA (Development)	-	30,000,000	This is seed capital to start the project which is a presidential directive.
Total			-	

58. The Committee recommends that for the **State Department for Water and Sanitation**, the proposed reduction Kshs. 22 billion for the FY 2023/24 comprising of an increment of Kshs. 876.2 million for recurrent expenditure and a reduction of Kshs. 22.9 billion for development expenditure be approved with the following amendments as shown in Table 3.

Table 3: Proposed Committee Reallocations for the State Department of Water and Sanitation (Kshs.)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1004000 Water Resources Management	1109112700 Water and Sanitation Development Project (Development)	3,430,000,000	(500,000,000)	Reduction of donor funding due to low absorption.
	1109126000 Horn of Africa Groundwater for Resilience Project (Development)	824,000,000	(400,000,000)	Reduction of donor funding due to low absorption.
	1109128500 Kenya Water Sanitation and Hygiene (Development)	140,000,000	(100,000,000)	Reduction of donor funding due to low absorption.
	1109115200 Thwake Multipurpose Water Development Programme Phase 1 (Development)	1,326,000,000	1,000,000,000	Reinstatement of part of the donor funds reduced so as to pay pending certificates and ensure the project does not stall.
1004000 Water Resources Management	1109001500 Water Resources Authority (Recurrent)	1,849,000,000	(68,000,000)	Reduction of funding due to low absorption. The funds are reallocated to KEWI and LVNWWDA.
1001000 General Administration Planning and Support Services	1109000700 Kenya Water Institute (Recurrent)	382,000,000	46,300,000	Increase to fund PE shortfalls in KEWI.
1017000 Water and Sewerage Infrastructure Development	1109003300 Lake Victoria North WWDA (Recurrent)	207,285,800	21,700,000	Increase to fund the installation of an ERP system since its HR management is done manually.
	1109003200 Lake Victoria South WWDA (Recurrent)	203,600,000	(20,000,000)	Reduction of part of the increment so as to fund PE shortfalls in TANATHI
	1109003800 TANATHI WWDA (Recurrent)	104,800,000	20,000,000	Increase to fund PE shortfalls in TANATHI.
	1109003500 Coast WWDA (Recurrent)	1,488,400,000	(60,000,000)	Reduction of funding due to increase in AIA collection which will adequately cover it expenses. The funds are reallocated to TWWDA.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109003600 Tana WWDA (Recurrent)	170,400,000	80,000,000	Increase to fund the installation of an ERP system since its HR management is done manually.
	1109110000 West Karachuonyo Water Supply – LVSWWDA (Development)	200,000,000	(40,000,000)	Reduction of part of the increment to fund pending bills in Kegonga Cluster.
	1109127709 Kegonga Cluster Water Supply – LVSWWDA (Development)	60,000,000	40,000,000	Reinstatement of funds for the project to cater for pending certificates and ensure the project does not stall.
	1109119001 National Water Harvesting and ground water Exploitation (Development)	780,000,000	(495,000,000)	Reduction of funding due to low absorption. The funds are reallocated to TWWDA & TANATHI projects.
	1109126800 Water harvesting Projects – CWWDA (Development)	20,000,000	50,000,000	Increase to pay pending bills.
	1109127407 Aguthi Water Project - TWWDA (Development)	-	230,000,000	Increase to fund pending bills.
	1109113100 Mathira Water Supply Project – TWWDA (Development)	60,000,000	40,000,000	Reinstatement of funds for the project to cater for pending certificates and ensure the project does not stall.
	Karuiru Water Project – TWWDA (Development)	-	25,000,000	To pay for pending bills
	Kaimuguongo Water Project – TWWDA (Development)	-	80,000,000	To pay for pending bills
	Kisamis / Singiraine Earth Dam – TANATHI (Development)	-	10,000,000	To pay for pending bills
	Kwa Mutonga Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Mutyambua Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Mekilingi Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Kilombo Earth Dam– TANATHI (Development)	-	10,000,000	To pay for pending bills
	Sere Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109114600 Yamo Dam and Water Supply System (Development)	180,000,000	(52,000,000)	Reduction of funding due to low absorption. The funds are reallocated to other NWWDA projects.
	Harade Water Pan – NWWDA (Development)	-	20,000,000	This is a critical project for the water scarce region.
	Sakuno Water Pan – NWWDA (Development)	-	20,000,000	This is a critical project for the water scarce region.
	GK Memorial School Borehole – NWWDA (Development)	-	12,000,000	This is a critical project for the water scarce region.
	1109129600 Kobujoi Water Project (Development)	100,000,000	(50,000,000)	This is a new project that is unlikely to absorb all funding before end of FY 2024/25. Reduced funds will be used for payment of pending bills for other LVNWWDA projects.
	Senetwa-Kamelilo Water Project - LVNWWDA (Development)	-	10,000,000	Increase to pay pending bills.
	Kipkoil-Kimatkei water Project - LVNWWDA (Development)	-	40,000,000	Increase to pay pending bills.
	1109115800 Cross-County Bulk Water and Sanitation Improvement Project (Development)	298,000,000	(200,000,000)	Reduction of funding due to low absorption. The funds are reallocated to NWWDA & NRVWWDA.
	Turbi Borehole – NWWDA (Development)	-	25,000,000	To provide Drilling, solarization and desalination
	1109128002 Turbi Water Pan – NWWDA (Development)	-	20,000,000	To provide for Desilting of the dam
	Koipirir-Talai-Endo Community Water Project – NRWWDA (Development)	-	50,000,000	This is seed capital to start the project which is a presidential directive.
	Chepkorio Water Supply – NRVWWDA (Development)	-	50,000,000	This is seed capital to start the project which is a presidential directive.
	1109128102 Arangai Water Project – NRVWWDA (Development)	-	5,000,000	Increase to pay pending bills.
	1109128110 Losito Water Project – NRVWWDA (Development)		5,000,000	Increase to pay pending bills.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109128112 Sitoton Water Project – NRVWWDA (Development)	-	5,000,000	Increase to pay pending bills.
	Mansa Water Project – NWWDA (Development)	-	20,000,000	Increase to pay pending bills.
	Hawashow Water Project – NWWDA (Development)	-	20,000,000	Increase to pay pending bills.
	1109128700 Restoration and Conservation of Water Catchment Areas (Development)	220,000,000	(120,000,000)	
	Sidokho Dam - LVNWWDA (Development)	-	20,000,000	
	Lumiko Dam - LVNWWDA (Development)	-	20,000,000	
	Lubao Dam - LVNWWDA (Development)	-	20,000,000	
	Asega Dam - LVNWWDA (Development)	-	20,000,000	
	Mudete Dam - LVNWWDA (Development)	-	20,000,000	
	Kopsiro Water Supply - LVNWWDA (Development)	-	20,000,000	
	1109127306 Kamoi-Kapterit-Suwerwa Water Supply Project (development)	100,000,000	(50,000,000)	
Total			-	

Schedule 1: Wish List for the State Department of Irrigation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1014000 Irrigation and Land Reclamation	1104000300 National Irrigation Authority (NIA)	306,000,000		To fund operation and maintenance
	1104104310 Household Irrigation Water Harvesting project		1,000,000,000	To fast-track implementation of projects identified under the presidential directives.
	1104102000 Drought Resilience Programme in Northern Kenya		900,000,000	To establish feedlots through contruction of water storage facilities so as to support the livelohood of ASALs.
	1104101500 Lower Kuja Irrigation Scheme		300,000,000	To fast-track the completion of the project.
	1104100800 National Expanded Irrigation Programme		1,000,000,000	To fast-track implementation of projects identified under the presidential directives.
1015000 Water Storage and Flood Control	1104000700 National Water Harvesting Authority (NWHSA)	270,000,000		To fund operation and maintenance
	1104103100 Soin-Koru Dam		1,000,000,000	To cater for pending bill amonting to Kshs. 899 million and Ressetlement Action Plan (RAP) amounting to Kshs. 3 billion.
	1104102300 Umaa Dam		500,000,000	To cater for funding shortfalls and ensure the project is completed within its expected completion date of 3rd January 2026.
	1104102100 Flood Control Works		400,000,000	To complete flood control works projects that have stalled due to lack of funding in previous years.
1023000 General Administration Planning and Support Services	1104000400 Headquarters Administrative Services- Irrigation	180,000,000		To fund operation and maintenance
Total		**756,000,000**	**5,100,000,000**	

Schedule 2: Wish List for the State Department of Water and Sanitation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1001000 General Administration Planning and Support Services	1109121700 Modernization of KEWI infrastructure Phase I		1,000,000,000	To cater for pending bills
1017000 Water and Sewerage Infrastructure Development	Alupe Dam and Water Supply		460,000,000	To fast-track implementation of project identified under the presidential directives.
	Sosiani-Kosachei Water Project		250,000,000	
	Ziwa-Sirikwa Water Project		250,000,000	
	Kiligoris – Lolgorian Water Supply System Phase II		300,000,000	
	1109115500 Water for Schools BETA		500,000,000	
	1109119000 National Water Harvesting and Ground Water Exploitation		1,000,000,000	
	1109124500 Northern Water Works Development Agency - NWWA		1,000,000,000	
Total		-	**4,760,000,000**	

Schedule 3: Wish List for the State Department of Blue Economy and Fisheries

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
0111000 Fisheries Development and Management	1166001102 RV Mtafiti - KEMFRI	301,300,000		To effectively operate RV Mtafiti, to enhance Economic development-oriented fisheries Research.
0118000 Development and Coordination of the Blue Economy	1166101802 Marine Fish Stock Assessment		1,000,000,000	To facilitate completion of Phase one of Liwatoni Ultra-Modern Fish Hub
Total		**301,300,000**	**1,000,000,000**	

Signed.....

HON. BOWEN DAVID KANGOGO, MP, CBS
(CHAIRPERSON)

Date..... 10/3/2025.

THE NATIONAL ASSEMBLY

13TH PARLIAMENT - FOURTH SESSION – 2025

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION

MEMBERS ATTENDANCE SCHEDULE

DATE: 6TH MARCH 2025 START: 6:00 PM END: 6:30 PM

VENUE: COMMITTEE RM 20, 3RD FLOOR, BUNGE TOWER PARLIAMENT BUILDINGS

AGENDA: FY 2024/25 SUPPLEMENTARY ESTIMATES II ADOPTION

NO.	NAME	SIGNATURE
1.	Hon. Bowen David Kangogo, MP – Chairperson	
2.	Hon. Kemero Maisori Marwa Kitayama, MP – Vice- Chairperson	
3.	Hon. Chepkwony Charity Kathambi, MP	
4.	Hon. William Kamket, MP	
5.	Hon. Buyu Rozaah Akinyi, MP	
6.	Hon. Eng. Nzengu Paul Musyimi, MP	
7.	Hon. Eng. Tandaza Kassim Sawa, MP	
8.	Hon. Were Charles Ong'ondo, MP	
9.	Hon. Gachagua George, MP	
10.	Hon. Eric Wamumbi, MP	
11.	Hon. Dorothy Muthoni Ikiara, MP	
12.	Hon. Eng. Nebart Bernard Muriuki, MP	
13.	Hon. Eng. Muiruri Muthama Stanley,MP	
14.	Hon. Mnyazi Amina Laura, MP	
15.	Hon. Adow Mohamed Aden, MP	

Forwarded by:

Signed.....Date 6/3/2025

Mr. Nicodemus K. Maluki

First Clerk Assistant – Committee Clerk

Approved by:

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

Ms. Rose M. Wanjohi,

Senior Clerk Assistant/ Head of Department- Productive Sector

Directorate of Departmental Committees

PARLIAMENT OF KENYA
THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2025

MINUTES OF THE 11TH SITTING OF THE DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION HELD ON THURSDAY 6TH MARCH, 2025 IN COMMITTEE ROOM 20, THIRD (3RD) FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS AT 6.30 PM.

PRESENT

1. Hon. Bowen David Kangogo, MP - **Chairperson**
2. Hon. Kemero Maisori Marwa Kitayama, MP - **Vice- Chairperson**
3. Hon. Chepkwony Charity Kathambi, MP
4. Hon. William Kamket, MP
5. Hon. Eng. Nzengu Paul Musyimi, MP
6. Hon. Eng. Tandaza Kassim Sawa, MP
7. Hon. Were Charles Ong'ondo, MP
8. Hon. Gachagua George, MP
9. Hon. Dorothy Muthoni Ikiara, MP
10. Hon. Eng. Nebart Bernard Muriuki, MP
11. Hon. Eng. Muiruri Muthama Stanley, MP

APOLOGIES

1. Hon. Buyu Rozaah Akinyi, MP
2. Hon. Eric Wamumbi, MP
3. Hon. Mnyazi Amina Laura, MP
4. Hon. Adow Mohamed Aden, MP

IN- ATTENDANCE – NATIONAL ASSEMBLY
COMMITTEE SECRETARIAT

1.	Mr. Nicodemus Maluki	First Clerk Assistant
2.	Ms. Ivy Kageha	Third Clerk Assistant
3.	Dr. Benjamin Ng'imor	Principal Fiscal Analyst
4.	Ms. Lynette Otieno	Senior Legal Counsel
5.	Ms. Fridah Ngari	Media Relations Officer III
6.	Ms. Joyce Wachera	Hansard Reporter II
7.	Mr. Eugene Luteshi	Audio Assistant Officer
8.	Mr. Allan Gituku	Sergeant-at-Arms

IN- ATTENDANCE-
STATE DEPARTMENT FOR WATER AND SANITATION

1.	Mr. Julius K. Korir CBS	Principal Secretary- MoWSI- SDWS

2.	Eng. Samuel Alima	Water Secretary- MoWSI- SDWS
3.	Mr. Wamalwa Joel	CEO- LVNWWDA
4.	Mr. Edwin C. Rotich	CEO- NRVWWDA
5.	Dr. Leiro Letangule	CEO- KEWI
6.	Ms. Jackline Kemunto	CEO- LVSWWDA
7.	Mr. Andrew Rage Eysimkele	CEO- NWWDA
8.	Mr. Mohamed M. Shurie	CEO- WRA
9.	Mr. Willis Ombai	CEO- WSTF
10.	Eng. Philip Gichuki	CEO- TWWDA
11.	Mr. Douglas Murei	Ag. CEO- CRVWWDA
12.	Eng. Martin Tsuma	Ag. CEO- CWWDA
13.	Eng. FK Kyengo	Ag. CEO- TAWWDA
14.	Mr. Michael Kimotho	Director Finance- AWWDA
15.	Mr. Geoffrey Pious	Dep. Director- MoWSI- SDWS
16.	Mr. Rolex Kirui	Principal Economist- MoWSI- SDWS
17.	Mr. Philip Muraguri	Ag. Director NWR- MoWSI- SDWS
18.	Mr. Robert Osano	Senior CFO- MoWSI- SDWS
19.	Mr. Samuel Gitau	GMCS- WSTF
20.	Eng. Mary Wamaitha	DSM- MoWSI- SDWS
21.	Mr. James Mburu	MCS- WRA
22.	Mr. Stephen Kihara	S.A- SDWS
23.	Mr. Titus Chesire	M.A- NRVWWDA
24.	Ms. Janiffer Ndiba	SRM- RCGW
25.	Mr. Fred Kemboi	S.A- RCGW
26.	Mr. John Adongo	SMFRM&I- LVSWWDA
27.	Mr. Sadik Abdi	Sr. Engineer- NWWDA
28.	Mr. Fredrick Nguchi	PFO- RCGW
29.	Ms. Amina Issa H.	FAM- NWWDA
30.	Ms. Cecilia Syombua	PA- LVNWWDA
31.	Mr. Nicholas Mito	FO- MoWSI- SDWS
32.	Mr. Naboth Otao	SPFO- MoWSI- SDWS
33.	Mr. Antony Mwenje	Registrar- HRB

MIN.NO.DC/ BEW&I/055/2025: PRELIMINARIES

The Chairperson called the meeting to order at thirty- two minutes past two o'clock and prayed. He thereafter requested all present to make a self- introduction.

AGENDA:

The agenda of the meeting was presented as follows:

1. Prayers
2. Preliminaries/Introductions
   i. Adoption of the Agenda
   ii. Remarks by the Chairperson
3. Confirmation of Minutes/Matters Arising
4. **Agenda: Consideration and adoption of the Committee Report on the Supplementary Estimates No. II for the FY 2024/25**

5. Any other Business
6. Adjournment/Date of the next meeting

MIN.NO.DC/ BEW&I/056/2025: ADOPTION OF THE AGENDA

The agenda of the day was unanimously adopted by the Committee.

MIN.NO.DC/ BEW&I/057/2025: CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

This agenda item was deferred to the next meeting.

MIN.NO.DC/ BEW&I/058/2025: ADOPTION OF THE COMMITTEE REPORT ON ITS CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. 1 FY2024/25

The Committee adopted its report on consideration of the Supplementary Estimates No. 2 for FY 2024/25 with the following recommendations:

1. The State **Department for Blue Economy and Fisheries**, the proposed reduction of Kshs. 2.4 billion for the FY 2024/25 comprising of an increment of Kshs. 489.6 million for recurrent expenditure and an increment of Kshs. 1.9 billion for development expenditure be approved with the following amendments as shown in Table 1.

Table 1: Proposed Committee Reallocations for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
0111000 Fisheries Development and Management	1166001101 Kenya Marine and Fisheries Research Institute (Recurrent)	1,135,900,000	(96,000,000)	Reduction due to slow absorption of funds. The monies will be allocated to KFIC and State Department Headquarters.
	1166001211 Kenya Fishing Industries Corporation (Recurrent)	75,800,000	25,000,000	Increase to fund pending bills for the Jetty and Uvuvi Fishing Boat as the entity is being dissolved.
	1166001207 Kenya Fish Marketing Authority (Recurrent)	45,690,000	25,000,000	Increase to fund pending bills for fish post harvest lossess management as the entity is being dissolved.
	1166001601 Kenya Fisheries Service (Recurrent)	754,110,000	48,000,000	Increase from additional collection of AIA collection to be used to fund the operations of 3 KeFS laboratories.
0117000 General Administration,	1166000100 Headquarters	135,063,078	46,000,000	Increase to fund pending bills.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
Planning and Support Services	and Administrative Services (Recurrent)			
Total			**48,000,000**	**Addition to be funded from AIA of KeFS**

2. The Committee recommends that for the **State Department for Irrigation**, the proposed reduction of Kshs. 577.7 million for the FY 2024/25 comprising of an increment of Kshs. 207.3 million for recurrent expenditure and a reduction of Kshs. 785 million for development expenditure be approved with the following amendments as shown in Table 2.

Table 2: Proposed Committee Reallocations for the State Department of Irrigation (Kshs.)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1015000 Water Storage and Flood Control	1104102200 Siyoi Muruny Dam (Development)	600,000,000	(300,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to flood control works to pay pending bills.
	1104102300 Umaa Dam (Development)	180,000,000	(50,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to flood control works to pay pending bills.
	1104102100 Flood Control Works (Development)	200,000,000	350,000,000	For payment of pending bills for rehabilitation of flood control works.
	National Water Harvesting and ground water Exploitation - NWHSA (Development)	-	60,000,000	For payment of pending bills.
1014000 Irrigation and Land Reclamation	1104100600 Community Based Irrigation Projects (Development)	1,000,000,000	(390,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to NIA and NWHSA projects.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	Ketut-Mokoro Irrigation Scheme – NIA (Development)	-	100,000,000	This is seed capital to start the project which is a presidential directive.
	1104100801 National Expanded Irrigation Programme (Development)	940,000,000	200,000,000	For payment of pending bills.
	Adich Gorge Dam – NIA (Development)	-	30,000,000	This is seed capital to start the project which is a presidential directive.
Total			-	

3. The Committee recommends that for the **State Department for Water and Sanitation**, the proposed reduction Kshs. 22 billion for the FY 2023/24 comprising of an increment of Kshs. 876.2 million for recurrent expenditure and a reduction of Kshs. 22.9 billion for development expenditure be approved with the following amendments as shown in Table 3.

Table 3: Proposed Committee Reallocations for the State Department of Water and Sanitation (Kshs.)

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1004000 Water Resources Management	1109112700 Water and Sanitation Development Project (Development)	3,430,000,000	(500,000,000)	Reduction of donor funding due to low absorption.
	1109126000 Horn of Africa Groundwater for Resilience Project (Development)	824,000,000	(400,000,000)	Reduction of donor funding due to low absorption.
	1109128500 Kenya Water Sanitation and Hygiene (Development)	140,000,000	(100,000,000)	Reduction of donor funding due to low absorption.
	1109115200 Thwake Multipurpose Water Development Programme Phase 1 (Development)	1,326,000,000	1,000,000,000	Reinstatement of part of the donor funds reduced so as to pay pending certificates and ensure the project does not stall.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
1004000 Water Resources Management	1109001500 Water Resources Authority (Recurrent)	1,849,000,000	(68,000,000)	Reduction of funding due to low absorption. The funds are reallocated to KEWI and LVNWWDA.
1001000 General Administration Planning and Support Services	1109000700 Kenya Water Institute (Recurrent)	382,000,000	46,300,000	Increase to fund PE shortfalls in KEWI.
1017000 Water and Sewerage Infrastructure Development	1109003300 Lake Victoria North WWDA (Recurrent)	207,285,800	21,700,000	Increase to fund the installation of an ERP system since its HR management is done manually.
	1109003200 Lake Victoria South WWDA (Recurrent)	203,600,000	(20,000,000)	Reduction of part of the increment so as to fund PE shortfalls in TANATHI
	1109003800 TANATHI WWDA (Recurrent)	104,800,000	20,000,000	Increase to fund PE shortfalls in TANATHI.
	1109003500 Coast WWDA (Recurrent)	1,488,400,000	(60,000,000)	Reduction of funding due to increase in AIA collection which will adequately cover it expenses. The funds are reallocated to TWWDA.
	1109003600 Tana WWDA (Recurrent)	170,400,000	80,000,000	Increase to fund the installation of an ERP system since its HR management is done manually.
	1109110000 West Karachuonyo Water Supply – LVSWWDA (Development)	200,000,000	(40,000,000)	Reduction of part of the increment to fund pending bills in Kegonga Cluster.
	1109127709 Kegonga Cluster Water Supply – LVSWWDA (Development)	60,000,000	40,000,000	Reinstatement of funds for the project to cater for pending certificates and ensure the project does not stall.
	1109119001 National Water Harvesting and ground water Exploitation (Development)	780,000,000	(495,000,000)	Reduction of funding due to low absorption. The funds are reallocated to TWWDA & TANATHI projects.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109126800 Water harvesting Projects – CWWDA (Development)	20,000,000	50,000,000	Increase to pay pending bills.
	1109127407 Aguthi Water Project - TWWDA (Development)	-	230,000,000	Increase to fund pending bills.
	1109113100 Mathira Water Supply Project – TWWDA (Development)	60,000,000	40,000,000	Reinstatement of funds for the project to cater for pending certificates and ensure the project does not stall.
	Karuiru Water Project – TWWDA (Development)	-	25,000,000	To pay for pending bills
	Kaimuguongo Water Project – TWWDA (Development)	-	80,000,000	To pay for pending bills
	Kisamis / Singiraine Earth Dam – TANATHI (Development)	-	10,000,000	To pay for pending bills
	Kwa Mutonga Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Mutyambua Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Mekilingi Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	Kilombo Earth Dam– TANATHI (Development)	-	10,000,000	To pay for pending bills
	Sere Earth Dam– TANATHI (Development)	-	20,000,000	To pay for pending bills
	1109114600 Yamo Dam and Water Supply System (Development)	180,000,000	(52,000,000)	Reduction of funding due to low absorption. The funds are reallocated to other NWWDA projects.
	Harade Water Pan – NWWDA (Development)	-	20,000,000	This is a critical project for the water scarce region.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	Sakuno Water Pan – NWWDA (Development)	-	20,000,000	This is a critical project for the water scarce region.
	GK Memorial School Borehole – NWWDA (Development)	-	12,000,000	This is a critical project for the water scarce region.
	1109129600 Kobujoi Water Project (Development)	100,000,000	(50,000,000)	This is a new project that is unlikely to absorb all funding before end of FY 2024/25. Reduced funds will be used for payment of pending bills for other LVNWWDA projects.
	Senetwa-Kamelilo Water Project - LVNWWDA (Development)	-	10,000,000	Increase to pay pending bills.
	Kipkoil-Kimatkei water Project - LVNWWDA (Development)	-	40,000,000	Increase to pay pending bills.
	1109115800 Cross-County Bulk Water and Sanitation Improvement Project (Development)	298,000,000	(200,000,000)	Reduction of funding due to low absorption. The funds are reallocated to NWWDA & NRVWWDA.
	Turbi Borehole – NWWDA (Development)	-	25,000,000	To provide Drilling, solarization and desalination
	1109128002 Turbi Water Pan – NWWDA (Development)	-	20,000,000	To provide for Desilting of the dam
	Koipirir-Talai-Endo Community Water Project – NRWWDA (Development)	-	50,000,000	This is seed capital to start the project which is a presidential directive.
	Chepkorio Water Supply – NRVWWDA (Development)	-	50,000,000	This is seed capital to start the project which is a presidential directive.
	1109128102 Arangai Water Project – NRVWWDA (Development)	-	5,000,000	Increase to pay pending bills.

Programme	Head/ Project	Original Estimate	Proposed Change	Details
	1109128110 Losito Water Project – NRVWWDA (Development)		5,000,000	Increase to pay pending bills.
	1109128112 Sitoton Water Project – NRVWWDA (Development)	-	5,000,000	Increase to pay pending bills.
	Mansa Water Project – NWWDA (Development)	-	20,000,000	Increase to pay pending bills.
	Hawashow Water Project – NWWDA (Development)	-	20,000,000	Increase to pay pending bills.
	1109128700 Restoration and Conservation of Water Catchment Areas (Development)	220,000,000	(120,000,000)	
	Sidokho Dam - LVNWWDA (Development)	-	20,000,000	
	Lumiko Dam - LVNWWDA (Development)	-	20,000,000	
	Lubao Dam - LVNWWDA (Development)	-	20,000,000	
	Asega Dam - LVNWWDA (Development)	-	20,000,000	
	Mudete Dam - LVNWWDA (Development)	-	20,000,000	
	Kopsiro Water Supply - LVNWWDA (Development)	-	20,000,000	
	1109127306 Kamoi-Kapterit-Suwerwa Water Supply Project (development)	100,000,000	(50,000,000)	
Total			-	

Schedule 1: Wish List for the State Department of Irrigation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1014000 Irrigation and Land Reclamation	1104000300 National Irrigation Authority (NIA)	306,000,000		To fund operation and maintenance
	1104104310 Household Irrigation Water Harvesting project		1,000,000,000	To fast-track implementation of projects identified under the presidential directives.
	1104102000 Drought Resilience Programme in Northern Kenya		900,000,000	To establish feedlots through contruction of water storage facilities so as to support the livelohood of ASALs.
	1104101500 Lower Kuja Irrigation Scheme		300,000,000	To fast-track the completion of the project.
	1104100800 National Expanded Irrigation Programme		1,000,000,000	To fast-track implementation of projects identified under the presidential directives.
1015000 Water Storage and Flood Control	1104000700 National Water Harvesting Authority (NWHSA)	270,000,000		To fund operation and maintenance
	1104103100 Soin-Koru Dam		1,000,000,000	To cater for pending bill amonting to Kshs. 899 million and Ressetlement Action Plan (RAP) amounting to Kshs. 3 billion.
	1104102300 Umaa Dam		500,000,000	To cater for funding shortfalls and ensure the project is completed within its expected completion date of 3rd January 2026.
	1104102100 Flood Control Works		400,000,000	To complete flood control works projects that have stalled due to lack of funding in previous years.
1023000 General Administration Planning and Support Services	1104000400 Headquarters Administrative Services- Irrigation	180,000,000		To fund operation and maintenance

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
Total		756,000,000	5,100,000,000	

Schedule 2: Wish List for the State Department of Water and Sanitation

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
1001000 General Administration Planning and Support Services	1109121700 Modernization of KEWI infrastructure Phase I		1,000,000,000	To cater for pending bills
1017000 Water and Sewerage Infrastructure Development	Alupe Dam and Water Supply		460,000,000	To fast-track implementation of project identified under the presidential directives.
	Sosiani-Kosachei Water Project		250,000,000	
	Ziwa-Sirikwa Water Project		250,000,000	
	Kiligoris – Lolgorian Water Supply System Phase II		300,000,000	
	1109115500 Water for Schools BETA		500,000,000	
	1109119000 National Water Harvesting and Ground Water Exploitation		1,000,000,000	
	1109124500 Northern Water Works Development Agency - NWWA		1,000,000,000	

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
Total		-	**4,760,000,000**	

Schedule 3: Wish List for the State Department of Blue Economy and Fisheries

Programme	Head/ Project	Proposed Change		Details
		Recur.	Devt.	
0111000 Fisheries Development and Management	1166001102 RV Mtafiti - KEMFRI	301,300,000		To effectively operate RV Mtafiti, to enhance Economic development-oriented fisheries Research.
0118000 Development and Coordination of the Blue Economy	1166101802 Marine Fish Stock Assessment		1,000,000,000	To facilitate completion of Phase one of Liwatoni Ultra-Modern Fish Hub
Total		**301,300,000**	**1,000,000,000**	

MIN.NO.DC/ BEW&I/059/2025: ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at forty- five minutes past six o'clock. The next meeting will be held on notice.

Signed.....

HON. BOWEN DAVID KANGOGO, MP, CBS
(CHAIRPERSON)

Date..... 10/3/2025.

PARLIAMENT OF KENYA
THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION – 2025

MINUTES OF THE 10TH SITTING OF THE DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND IRRIGATION HELD ON THURSDAY 6TH MARCH, 2025 IN COMMITTEE ROOM 20, THIRD (3RD) FLOOR, BUNGE TOWER, PARLIAMENT BUILDINGS AT 2.00 PM.

PRESENT

1. Hon. Bowen David Kangogo, MP - **Chairperson**
2. Hon. Kemero Maisori Marwa Kitayama, MP - **Vice- Chairperson**
3. Hon. Chepkwony Charity Kathambi, MP
4. Hon. William Kamket, MP
5. Hon. Eng. Nzengu Paul Musyimi, MP
6. Hon. Eng. Tandaza Kassim Sawa, MP
7. Hon. Were Charles Ong'ondo, MP
8. Hon. Gachagua George, MP
9. Hon. Dorothy Muthoni Ikiara, MP
10. Hon. Eng. Nebart Bernard Muriuki, MP
11. Hon. Eng. Muiruri Muthama Stanley, MP

APOLOGIES

1. Hon. Buyu Rozaah Akinyi, MP
2. Hon. Eric Wamumbi, MP
3. Hon. Mnyazi Amina Laura, MP
4. Hon. Adow Mohamed Aden, MP

IN- ATTENDANCE – NATIONAL ASSEMBLY
COMMITTEE SECRETARIAT

1.	Mr. Nicodemus Maluki	First Clerk Assistant
2.	Ms. Ivy Kageha	Third Clerk Assistant
3.	Dr. Benjamin Ng'imor	Principal Fiscal Analyst
4.	Ms. Lynette Otieno	Senior Legal Counsel
5.	Ms. Fridah Ngari	Media Relations Officer III
6.	Ms. Joyce Wachera	Hansard Reporter II
7.	Mr. Eugene Luteshi	Audio Assistant Officer
8.	Mr. Allan Gituku	Sergeant-at-Arms

IN- ATTENDANCE-
STATE DEPARTMENT FOR WATER AND SANITATION

1.	Mr. Julius K. Korir CBS	Principal Secretary- MoWSI- SDWS

2.	Eng. Samuel Alima	Water Secretary- MoWSI- SDWS
3.	Mr Wamalwa Joel	CEO- LVNWWDA
4	Mr. Edwin C. Rotich	CEO- NRVWWDA
5	Dr Leiro Letangule	CEO- KEWI
6.	Ms. Jackline Kemunto	CEO- LVSWWDA
7.	Mr. Andrew Rage Eysimkele	CEO- NWWDA
8.	Mr. Mohamed M. Shurie	CEO- WRA
9.	Mr. Willis Ombai	CEO- WSTF
10.	Eng. Philip Gichuki	CEO- TWWDA
11.	Mr Douglas Murei	Ag. CEO- CRVWWDA
12.	Eng. Martin Tsuma	Ag CEO- CWWDA
13.	Eng. FK Kyengo	Ag CEO- TAWWDA
14.	Mr. Michael Kimotho	Director Finance- AWWDA
15.	Mr. Geoffrey Pious	Dep. Director- MoWSI- SDWS
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18.	Mr. Robert Osano	Senior CFO- MoWSI- SDWS
19.	Mr Samuel Gitau	GMCS- WSTF
20.	Eng. Mary Wamaitha	DSM- MoWSI- SDWS
21.	Mr. James Mburu	MCS- WRA
22.	Mr Stephen Kihara	S.A- SDWS
23.	Mr. Titus Chesire	M.A- NRVWWDA
24.	Ms Jamiffer Ndiba	SRM- RCGW
25.	Mr. Fred Kemboi	S A- RCGW
26.	Mr. John Adongo	SMFRM&I- LVSWWDA
27	Mr. Sadik Abdi	Sr Engineer- NWWDA
28.	Mr. Fredrick Nguchi	PFO- RCGW
29.	Ms Amina Issa H	FAM- NWWDA
30.	Ms. Cecilia Syombua	PA- LVNWWDA
31.	Mr. Nicholas Mito	FO- MoWSI- SDWS
32.	Mr. Naboth Otao	SPFO- MoWSI- SDWS
33	Mr. Antony Mwenje	Registrar- HRB

IN- ATTENDANCE-
STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

1.	Mr. Martin Wamwea	SCFO- SDBE&F
2.	Dr. James Mwaluma	Ag CEO- KMFRI
3.	Ms. Beatrice Akunga	Ag. CEO- FLTF
4.	Dr. Mikah O. Nyaberi	Ag CEO- KFIC
5.	Mr. Abraham Kagwima	Dir. Corporate Services- KMFRI
6.	Mr. Samwel Mukindia	Director Planning- SDBE&F
7.	Mr. Njenga G. Peter	Ass Dir. of Fisheries- FLTF
8.	Ms Jane W Macharia	DHRI&D- SDBE&F
9.	Mr John Kwanya	ADFBE- SDBE&F
10.	Mr. Isaac Barasa	ADF- KeFS

11. Mr. Ken Njagi	Senior Planning Officer- KMFRI
12. Mr. Mathew Ouko	DAG- SDBE&F
13. Ms. Agnes Bwire	SPFinance Officer- KeFS
14. Mr. Brainson Enkirisai	Finance Officer- SDBE&F
15. Ms. Amina Mohamed	Finance Officer- SDBE&F
16. Ms. Monica Nkatha	Finance Officer- KFIC

MIN.NO.DC/ BEW&I/048/2025: PRELIMINARIES

The Chairperson called the meeting to order at thirty- two minutes past two o'clock and prayed. He thereafter requested all present to make a self- introduction.

AGENDA:

The agenda of the meeting was presented as follows:

1. Prayers
2. Preliminaries/Introductions
   i. Adoption of the Agenda
   ii. Remarks by the Chairperson
3. Confirmation of Minutes/Matters Arising
4. **Agenda:**
   i. **Briefing by the Parliamentary Budget Office on the FY 2024/25 Supplementary Estimates No.2**
   ii. **Meeting with the State Department for Water and Sanitation to Consider the FY 2024/25 Supplementary Estimates No.2**
   iii. **Meeting with the State Department for Blue Economy and Fisheries to Consider the FY 2024/25 Supplementary Estimates No.2**
5. Any other Business
6. Adjournment/Date of the next meeting

MIN.NO.DC/ BEW&I/049/2025: ADOPTION OF THE AGENDA

The agenda of the day was unanimously adopted by the Committee.

MIN.NO.DC/ BEW&I/050/2025: CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

This agenda item was deferred to the next meeting.

MIN.NO.DC/ BEW&I/051/2025: BRIEFING BY THE PARLIAMENTARY BUDGET OFFICE ON THE FY 2024/25 SUPPLEMENTARY ESTIMATES NO.2 FOR THE STATE DEPARTMENT FOR WATER AND SANITATION AND THE STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

a) State Department Water and Sanitation

1. The Supplementary Estimates No. 2 for FY 2024/25 proposes to decrease the total expenditure for the State Department by Kshs. 22 billion (-44.1 percent) as shown in

table 2. This comprises of an increase of Kshs. 876.2 million (15.3 percent) for recurrent expenditure and a decrease of Kshs. 22.9 billion (-51.9 percent) for development expenditure. The increment in recurrent expenditure is due to an increase of Kshs. 431.2 million in GoK Exchequer funding and an increase of Kshs. 445 million in Appropriations-in-Aid (AIA). On the other hand, the reduction in development expenditure is due to a decrease of Kshs. 1.4 billion in GoK Exchequer funding and a decrease of Kshs. 21.4 billion in donor funding.

Table 2: Summary of Changes for Water and Sanitation

		Approved Estimates	**Revised Estimates**	**Difference**
		Kshs. Millions		
Recurrent Expenditure	GoK Exchequer	2,481.7	2,912.9	431.2
	AiA	3,258.0	3,703.0	445.0
	Sub-Total	**5,739.7**	**6,615.9**	**876.2**
Development Expenditure	GoK Exchequer	8,589.6	7,141.6	(1,448.0)
	Donor Funding	35,509.0	14,085.7	(21,423.3)
	Sub-Total	**44,098.6**	**21,227.3**	**(22,871.3)**
Total		**49,838.3**	**49,838.3**	**(21,995.1)**

2. For recurrent expenditure, the agencies that have been affected by the changes are as shown in Table 3. The following are the key effects of these changes:

i) The increase in GoK exchequer funding has been towards several entities which had witnessed major cuts in their recurrent allocations in the Supplementary Estimates No. 1 for FY 2024/25. These include the Water Resources Authority (WRA) which has an increment of Kshs. 200 million, Lake Victoria South WWDA which has an increment of Kshs. 90 million, Lake Victoria North WWDA which has an increment of Kshs. 58.3 million, Kenya Water Institute (KEWI) which has an increment of Kshs. 53.7 million, Regional Center for Ground Water Resources (RCGWR) which has an increment of Kshs. 24.2 million and the State Department Headquarters which has an increment of Kshs. 5 million.

ii) The increase in AIA has been for the Coast WWDA. At the start of the FY 2024/25, the Agency had projected a collection of Kshs. 749 million against a budget of Kshs. 1 billion thus it required GoK exchequer funding of Kshs. 294.4 million. **So, the amendment to increase its collection by 59% raises concerns on the actual potential of AIA collection by the Agency and whether the Agency really requires funding from the exchequer.**

iii) Other SAGAs which witnessed major cuts in their recurrent allocations in the Supplementary Estimates No. 1 for FY 2024/25 have not been provided any additional funding. These include the Athi WWDA, Tana WWDA, Northern WWDA, North Rift Valley WWDA, Central Rift Valley WWDA and TANATHI WWDA.

Table 3: Breakdown of Supplementary Changes on Recurrent Expenditure

Spending Agencies	2024/25 Approved Estimates			2024/25 Revised Estimates			Difference		
	Total	AIA	Gok	Total	AIA	Gok	Total	AIA	Gok
	Kshs. Millions								
WSTF	157.6	-	157.6	157.6	-	157.6	-	-	-
KEWI	328.3	205.0	123.3	382.0	205.0	177.0	53.7	-	53.7
RCGWR	62.5	-	62.5	86.7	-	86.7	24.2	-	24.2
WRA	1,649.0	1,585.0	64.0	1,849.0	1,585.0	264.0	200.0	-	200.0
WASREB	650.0	650.0	-	650.0	650.0	-	-	-	-
AWWDA	272.0	-	272.0	272.0	-	272.0	-	-	-
LVSWWDA	113.6	-	113.6	203.6	-	203.6	90.0	-	90.0
LVNWWDA	149.0	-	149.0	207.3	-	207.3	58.3	-	58.3
CWWDA	1,043.4	749.0	294.4	1,488.4	1,194.0	294.4	445.0	445.0	-
TWWDA	170.4	-	170.4	170.4	-	170.4	-	-	-
NWWDA	92.0	-	92.0	92.0	-	92.0	-	-	-
TANATHI WWDA	104.8	-	104.8	104.8	-	104.8	-	-	-
HRB	40.0	-	40.0	40.0	-	40.0	-	-	-
NRVWWDA	106.0	-	106.0	106.0	-	106.0	-	-	-
CRVWWDA	182.8	54.0	128.8	182.8	54.0	128.8	-	-	-
Headquarters	618.3	15.0	603.3	623.3	15.0	608.3	5.0	-	5.0
Total	**5,739.7**	**3,258.0**	**2,481.7**	**6,615.9**	**3,703.0**	**2,912.9**	**876.2**	**445.0**	**431.2**

3. The key development projects that have been affected by the changes include:

Increment

i. Dadantallai-Eldas-Jukala-Waradey being implemented by Northern WWDA has an increment of Kshs. 339 million in GoK exchequer funding. The project was allocated Kshs. 161 million in the approved estimates for FY 2024/25 of which Kshs. 67.1 million had been utilized as at 31st December 2024. It is a Kshs. 635 million project started in December 2021 with a completion date of December

2026. As of 30th December 2024, the project was 80 percent complete with a cumulative actual expenditure is Kshs. 267 million indicating an outstanding cost of Kshs. 368 million. **It is noted that the proposed increment is higher than the requirement to complete the project by Kshs. 93.9 million so the State Department should clarify on the actual cost of the project.**

ii. West Karachuonyo Water Supply being implemented by Lake Victoria South WWDA has an increment of Kshs. 130 million in GoK exchequer funding. The project was allocated Kshs. 70 million in the approved estimates for FY 2024/25 of which Kshs. 33 million had been utilized as at 31st December 2024. It is a Kshs. 450 million project started in July 2021 with a completion date of June 2027. As of 30th December 2024, the project was 65 percent complete.

iii. National Water Harvesting and Ground Water Exploitation being implemented by State Department Headquarters has an increment of Kshs. 120 million in GoK exchequer funding. The project was allocated Kshs. 660 million in the approved estimates for FY 2024/25 of which Kshs. 66 million had been utilized as at 31st December 2024. **However, there are no details of the projects being funded by the additional Kshs. 120 million.**

iv. Restoration and Conservation of Water Catchment Areas being implemented by State Department Headquarters has an increment of Kshs. 120 million in GoK exchequer funding. The project was allocated Kshs. 100 million in the approved estimates for FY 2024/25 of which Kshs. 14 million had been utilized as at 31st December 2024. It is a Kshs. 650 million project started in July 2024 with a completion date of August 2027. **This is a new project started in FY 2024/25 getting significant funding, but the budget performance is relatively low raising concerns on the feasibility of utilizing the additional resources.**

v. Kobujoi Water Project being implemented by Lake Victoria North WWDA is a new project with an allocation of Kshs. 100 million in GoK exchequer funding. **The State Department should provide details on this new project.**

Reductions

i. Water and Sanitation Development Project (WSDP) being implemented by State Department Headquarters has a reduction of Kshs. 4.42 billion of which Kshs. 4.4 billion is a reduction in donor funding and Kshs. 20 million is a reduction in GoK exchequer funding. The project was allocated Kshs. 7.85 billion in the approved estimates for FY 2024/25 comprising of Kshs. 7.8 billion from donor funding and Kshs. 50 million from GoK exchequer. However, no funds had been utilized as at 31st December 2024. **The challenges in implementation of the project in FY 2024/25 has been brought up by the delay in approval of the County Government Additional Allocation Bill, 2024.**

ii. Improvement of Drinking Water and Sanitation Systems in Mombasa – Mwache Dam Phase II being implemented by Coast WWDA has a reduction of Kshs. 3.43 billion of which Kshs. 3.4 billion is a reduction in donor funding and Kshs. 25

million is a reduction in GoK exchequer funding. The project was allocated Kshs. 4.05 billion in the approved estimates for FY 2024/25 comprising of Kshs. 4 billion from donor funding and Kshs. 50 million from GoK exchequer. As at 31st December 2024, only Kshs. 12.5 million of the GoK exchequer had been utilized. The project was started in June 2020 with an expected completion date of March 2029 but is currently at 10 percent completion status. **The delay in completion of the project has been brought about by repeated annual revision of donor funding thus the State Department should provide details on the challenges being faced in its implementation.**

iii. Thwake Multipurpose Water Development Programme Phase 1 being implemented by State Department Headquarters has a reduction of Kshs. 3.11 billion of which Kshs. 3 billion is a reduction in donor funding and Kshs. 110 million is a reduction in GoK exchequer funding. The project was allocated Kshs. 4.44 billion in the approved estimates for FY 2024/25 comprising of Kshs. 4.1 billion from donor funding and Kshs. 306 million from GoK exchequer. As at 31st December 2024, only Kshs. 721 million had been utilized of which Kshs. 616 million was donor funds and Kshs. 105 million was GoK exchequer. The project was started in April 2015 with an expected completion date of December 2028 and is currently 94 percent complete.

iv. Nairobi Water and Sanitation Project being implemented by Athi WWDA has a reduction of Kshs. 3.11 billion of which Kshs. 3.1 billion is a reduction in donor funding and Kshs. 10 million is a reduction in GoK exchequer funding. The project was allocated Kshs. 4.03 billion in the approved estimates for FY 2024/25 comprising of Kshs. 4 billion from donor funding and Kshs. 30 million from GoK exchequer. As at 31st December 2024, only Kshs. 769 million had been utilized of which Kshs. 761 million was donor funds and Kshs. 8 million was GoK exchequer. The project was started in December 2020 with an expected completion date of December 2026 but is currently at 22 percent completion status. **The delay in completion of the project has been brought about by repeated annual revision of donor funding thus the State Department should provide details on the challenges being faced in its implementation.**

v. Kisumu Water Supply being implemented by Lake Victoria South WWDA has a reduction of Kshs. 2.21 billion of which Kshs. 2.2 billion is a reduction in donor funding and Kshs. 10 million is a reduction in GoK exchequer funding. The project was allocated Kshs. 2.93 billion in the approved estimates for FY 2024/25 comprising of Kshs. 2.9 billion from donor funding and Kshs. 30 million from GoK exchequer. As at 31st December 2024, only Kshs. 194 million had been utilized of which Kshs. 174 million was donor funds and Kshs. 20 million was GoK exchequer. The project was started in July 2017 with an expected completion date of December 2027 but is currently at 20 percent completion status. **The delay in completion of the project has been brought about by repeated annual**

revision of donor funding thus the State Department should provide details on the challenges being faced in its implementation.

vi. Nairobi Rivers Restoration Basin Programme – Phase II being implemented by Athi WWDA has a reduction of Kshs. 1.73 billion of which Kshs. 1.68 billion is a reduction in donor funding and Kshs. 50 million is a reduction in GoK exchequer funding. The project was allocated Kshs. 2.63 billion in the approved estimates for FY 2024/25 comprising of Kshs. 2.53 billion from donor funding and Kshs. 100 million from GoK exchequer. As at 31st December 2024, only Kshs. 538 million had been utilized of which Kshs. 513 million was donor funds and Kshs. 25 million was GoK exchequer. The project was started in June 2019 with an expected completion date of December 2026 and is currently 94 percent complete.

b) State Department for Blue Economy and Fisheries

4. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the total expenditure for the State Department by Kshs. 2.4 billion (22.9 percent) as shown in table 6. This comprises of an increase of Kshs. 489.6 million (20.6 percent) for recurrent expenditure and an increase of Kshs. 1.9 billion (23.8 percent) for development expenditure. The increment in recurrent expenditure is wholly due to an increase in GoK Exchequer funding. On the other hand, the increase in development expenditure is due to a decrease of Kshs. 378 million in GoK Exchequer funding and an increase of Kshs. 2.3 billion in donor funding.

Table 6: Summary of Changes for Irrigation

		Approved Estimates	**Revised Estimates**	**Difference**
		Kshs. Millions		
Recurrent Expenditure	GoK Exchequer	2,378.2	2,867.8	489.6
	AiA	70.0	70.0	-
	Sub-Total	**2,448.2**	**2,937.8**	**489.6**
Development Expenditure	GoK Exchequer	2,072.0	1,694.0	(378.0)
	Donor Funding	5,820.9	8,077.6	2,256.7
	Sub-Total	**7,892.9**	**9,771.6**	**1,878.7**
Total		**10,341.1**	**12,709.4**	**2,368.3**

5. The agencies that have been affected by the changes are as shown in Table 7. The following are the key effects of these changes:

i) The increase in GoK exchequer funding has been towards several entities which had witnessed major cuts in their recurrent allocations in the Supplementary Estimates No. 1 for FY 2024/25. These include the Kenya Fisheries Service (KeFS) which has an increment of Kshs. 109.3 million, Kenya Fish Marketing Authority (KFMA) which has an increment of Kshs. 35.5 million, Kenya Fishing Industries Corporation (KFIC) which has an increment of Kshs. 27.8 million, and

Kenya Marine Fisheries and Research Institute (KEMFRI) which has an increment of Kshs. 322 million.

ii) The State Department Headquarters has a reduction of Kshs. 5 million despite also being affected by cuts in its recurrent allocations in the Supplementary Estimates No. 1 for FY 2024/25. **This will adversely affect its operations.**

Table 7: Breakdown of Supplementary Changes on Recurrent Expenditure

Spending Agencies	2024/25 Approved Estimates			2024/25 Revised Estimates			Difference		
	Total	AIA	Gok	Total	AIA	Gok	Total	AIA	Gok
	Kshs. Millions								
KeFS	644.8	22.0	622.8	754.1	22.0	732.1	109.3	-	109.3
KEFS Patrol Services	100.0	-	100.0	100.0	-	100.0	-	-	-
KFMA	10.2	-	10.2	45.7	-	45.7	35.5	-	35.5
FLTF	12.0	-	12.0	12.0	-	12.0	-	-	-
KFIC	48.0	28.0	20.0	75.8	28.0	47.8	27.8	-	27.8
KEMFRI	1,172.9	20.0	1,152.9	1,494.9	20.0	1,474.9	322.0	-	322.0
RV Mtafiti - KEMFRI	63.1	-	63.1	63.1	-	63.1	-	-	-
Headquarters	397.2	-	397.2	392.2	-	392.2	(5.0)	-	(5.0)
Total	**2,448.2**	**70.0**	**2,378.2**	**2,937.8**	**70.0**	**2,867.8**	**489.6**	**-**	**489.6**

6. The key development projects that have been affected by the changes include:

Increment

i. Kenya Marine Fisheries and Socio-Economic Development Project (KEMSFED) has an increment of Kshs. 2.1 billion in donor funding. The project was allocated Kshs. 3.1 billion in the approved estimates for FY 2024/25 comprising of Kshs. 2.6 billion from donor funding and Kshs. 523 million from GoK exchequer. As at 31st December 2024, Kshs. 2.8 billion had been utilized of which Kshs. 2.5 billion was donor funds and Kshs. 262 million was GoK exchequer. The project was started in July 2018 with an expected completion date of June 2027 and is currently 45 percent complete. **The project is unlikely to be completed within its timelines so the State Department should provide details on the challenges being faced in its implementation.**

ii. Kabonyo Fisheries and Aquaculture Training Center has an increment of Kshs. 150 million in donor funding. The project was allocated Kshs. 200 million in the approved estimates for FY 2024/25 of which Kshs. 200 million had been utilized as at 31st December 2024. The project was started in July 2024 with an expected completion date of June 2028 and is currently at design stage.

iii. 4 Fish Landing Sites that had a reduction in their funding in Supplementary No. 1 for FY 2024/25 have a reinstatement of their allocations. These are:

- Kibuyuni – Kshs. 71 milion. It is 100 percent complete but has a pending bill of Kshs. 71 million.
- Gazi – Kshs. 27 million. It is 30 percent complete with an outstanding cost of Kshs. 62 million.
- Ngomeni – Kshs. 15 million. It is 100 percent complete but has a pending bill of Kshs. 15 million.
- Kichwa cha Kati – Kshs. 9 million. It is 100 percent complete but has a pending bill of Kshs. 9 million.

Reductions

i. Liwatoni Ultra-Mordern Fish Hub has a reduction of Kshs. 400 million in GoK exchequer funding. The project was allocated Kshs. 400 million in the approved estimates for FY 2024/25 but no funds had been utilized as at 31st December 2024 due to ongoing legal issues.

iv. Aquaculture Business Development Project (ABDP) has a reduction of Kshs. 100 million in GoK exchequer funding. The project was allocated Kshs. 3.6 billion in the approved estimates for FY 2024/25 comprising of Kshs. 3.1 billion from donor funding and Kshs. 549 million from GoK exchequer. As at 31st December 2024, Kshs. 1.4 billion had been utilized of which Kshs. 1.1 billion was donor funds and Kshs. 274 million was GoK exchequer. The project was started in July 2018 with an expected completion date of June 2026 and is currently 57 percent complete. **The project is unlikely to be completed within its timelines so the State Department should provide details on the challenges being faced in its implementation.**

MIN.NO.DC/ BEW&I/052/2025: MEETING WITH THE STATE DEPARTMENT FOR WATER AND SANITATION TO CONSIDER THE FY 2024/25 SUPPLEMENTARY ESTIMATES NO.2

7. The Principal Secretary, State Department for Water and Sanitation, Mr. Julius Korir, CBS appeared before the Committee on Thursday 6th March 2025 and briefed on the 2024/25 Supplementary Estimates No. 2 as follow:
8. The State Department's allocation in the Supplementary Estimates No. 2 has been revised from Kshs. 49,841 billion to Kshs 27.843 billion consisting Kshs. 6.616 billion and Kshs 21.227 billion for recurrent and development respectively.
9. The revision will result to budget reduction of Kshs. 21,997 billion which will adversely affect the implementation of water supply infrastructure and Sanitation projects due to lack of adequate funds for land compensation, acquisition of way-leaves, last mine connectivity of water and sanitation services. This will leave millions of people in urban in urban, rural and ASAL areas without reliable access to clean water and proper sanitation.
10. The recurrent expenditure has been increased by Kshs. 876million to cater for SAGAs PE shortfall and enhance AIA collection for Coast Water Works Development Agency and provide for gratuity.

Committee Observations

The Committee made the following observations:

1. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 577.7 million. It comprises of an increment of Kshs. 207.3 million for recurrent expenditure and a reduction of Kshs. 785 million for development expenditure.
2. The Committee noted that the following key areas have not been provided adequate funding:
    i. State Department (headquarters) requires an additional Kshs. 180 million for operation and maintenance.
    ii. National Water Harvesting and Storage Authority (NWHSA) requires an additional Kshs. 552 million comprising of Kshs. 442 million for pension arrears, Kshs. 80 million for operations and maintenance and Kshs. 30 million for shortfalls in personnel emolument.
    iii. National Irrigation Authority (NIA) requires an additional Kshs. 500 million for feasibility studies for various irrigation projects.
3. The Committee noted that the State Department the following key projects have not been provided for adequate funding:
    i. Mwache Dam requires Kshs. 1.7 billion for counter-part funding to cater for compensation priority area 3.
    ii. Soin-Koru Dam requires Kshs. 3 billion for Resettlement Action Plan (RAP).
    iii. Umaa Dam requires Kshs. 1.9 billion to ensure the project is completed within the current timelines.
    iv. National Expanded Irrigation Project requires Kshs. 1.2 billion for settlement of pending bills and rehabilitation and expansion of existing public schemes.
    v. Community Based Irrigation Programme requires Kshs. 500 million to ensure irrigation projects identified under Presidential directives are complete

MIN.NO.DC/ BEW&I/047/2025: ADJOURNMENT

There being no other business, the Chairperson adjourned the meeting at twenty minutes past twelve o'clock. The next meeting will be held on the same day at two o'clock.

Signed.....

HON. BOWEN DAVID KANGOGO, MP, CBS
(CHAIRPERSON)

Date..... 10/3/2025.

DEPARTMENTAL COMMITTEE ON ENERGY



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION, 2025

THE DEPARTMENTAL COMMITTEE
ON
ENERGY

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2024/2025 SUPPLEMENTARY ESTIMATES NO. II

Vote 1152 - State Department for Energy
Vote 1193 - State Department for Petroleum

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI **MARCH 2025**

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PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Energy of Supplementary Estimates No. II for the FY 2024/2025 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Supplementary Estimates No. II on 5th March 2025. The Committee then consolidated its recommendations for submission to the Liaison Committee.

1.2. The Mandate of the Committee

2. The Departmental Committee on Energy is one of the twenty Departmental Committees of the National Assembly established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, and estimates of the assigned ministries and departments;*
    ii. *To study the program and policy objectives of ministries and departments and the effectiveness of the implementation;*
    iii. *quarterly, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *To study, assess, and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House under the provisions of Article 254 of the Constitution; and*
    xi. *Examine any questions raised by Members on a matter within its mandate.*

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following Subjects: Fossil fuel exploration, development, production, maintenance and distribution, nuclear energy, clean energy, and regulation of energy.

4. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3. Committee Membership

5. The Committee comprises the following Members:

Chairperson
Hon. (Eng.) Vincent Musyoka Musau, CBS, MP
Mwala Constituency
UDA Party

Vice-Chairperson
Hon. Lemanken Aramat, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Mwafrika Augustine Kamande, MP
Roysambu Constituency
UDA Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Ken Chonga, MP
Kilifi South Constituency
ODM Party

Hon. Victor Koech Kipngetich
Chepalungu Constituency
CCM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

1.4. Committee Secretariat

6. The following Members of Staff service the Committee:

Mr. Fredrick O. Otieno
Clerk Assistant I/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mate
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Mr. Ambrose Nguti
Media Relations Officer II

Ms. Carolyne Musyoka
Hansard Reporter III

Ms. Lillian Aluga
Public Communications Officer

Mr. Anthony Wamae
Serjeant-At-Arms

Mrs. Rehema Koech
Audio Officer III

1.5. Overview of the Examination of the Supplementary Estimates II for FY 2024/2025

7. The Supplementary Estimates II for the fiscal year 2024/2025 were submitted and tabled in the National Assembly on Tuesday, 18th February, 2025 in line with Article 221 of the Constitution and section 44 of the Public Finance Management Act 2012. Consequently, the Supplementary Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 243.

8. The Committee held a total of three (3) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 5th March 2025 at Continental House, Parliament Buildings.

1.6. Acknowledgment

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

10. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Energy, to present its Report on consideration of Supplementary Estimates No. II for FY 2024/2025 to the Liaison Committee under the provisions of section 44 of the Public Finance Management Act (PFM Act) and Standing Order 207 (6).

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES II FOR FY 2024/2025

11. The Second Supplementary Estimates for FY 2024/2025 were submitted and tabled in the National Assembly on **Tuesday, 18th February 2025**. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

12. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

13. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

14. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the overall approved budget estimates by **Kshs. 91.4 billion**. It proposes to increase recurrent expenditure by **Kshs. 136.9 billion**, reduce the development expenditure by **Kshs. 51.1 billion** and reduce the Consolidated Funds Services (CFS) by **Kshs. 5.5 billion**, which is within the 10% allowable threshold under Article 223 of the Constitution.

15. This report focuses on the consideration of Estimates of Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: the Ministry of Energy and Petroleum.

2.1. Detailed Analysis of Supplementary II Estimates for the State Department for Energy

16. The Supplementary Estimates No. 2 for FY 2024/25 proposes to decrease the total expenditure for the State Department by Kshs. 7.6 billion (-14.1 percent) as shown in table 1. This comprises an increase of Kshs. 72.8 million (0.7 percent) for recurrent expenditure and a decrease of Kshs. 7.7 billion (-17.5 percent) for development expenditure. The increment in recurrent expenditure is due to an increase of Kshs. 72.8 million in GoK Exchequer funding. On the other hand, the reduction in development expenditure is due to an increase of Kshs. 540 million in Local AiA funding and a decrease of Kshs. 8.2 billion in donor funding.

Table 1: Summary of Changes for State Dept for Energy

		Approved Estimates	Revised Estimates	Difference
		Kshs. Millions		
Recurrent Expenditure	GoK Exchequer	907	980	73
	AiA	8,975	8,975	-
	Sub-Total	9,882	**9,955**	73
Development Expenditure	GoK Exchequer	3,360	3,360	-
	Local AiA	11,618	12,158	540
	Donor Funding	29,199	20,950	(8,249)
	Sub-Total	**44,177**	**36,468**	**(7,709)**
Total		**54,059**	**46,423**	**(7,636)**

Source: National Treasury

17. In the recurrent expenditure category, the biggest increase of Kshs.87.8 million was witnessed in NuPEA on account of salary shortfalls and is from the exchequer while a reduction was witnessed in the ministry Headquarters under the sub-programmes of the Headquarters Administrative Services, Alternative Energy Technologies and Financial Management and Procurement Services. In the three sub-programmes, the basic salaries and personal allowances were reduced by a total of Kshs.15 million, on account of budget rationalization. The summary of the changes in the recurrent expenditure category for the State Department is indicated in table 2:

Table 2: Summary of Changes for Key Recurrent Expenditures under the MDAs in Kshs. Millions in FY 2024/25 Supp II

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Ministry HQ	540	133	407	525	133	392	(15)	-	(15)
KETRACO	5,110	5,110	-	5,110	5,110	-	-	-	-
KPLC	-	-	-	-	-	-	-	-	-
REREC	2,252	2,252	-	2,252	2,252	-	-	-	-
GDC	1,480	1,480	-	1,480	1,480	-	-	-	-
NUPEA	500	-	500	588	-	588	88	-	88
KENGEN	-	-	-	-	-	-	-	-	-
Total	9,882	8,975	907	9,955	8,975	980	73	-	73

Source: National Treasury

18. An analysis of the development expenditure indicates that the bulk of the budget (96 percent) also goes to the SAGAs under the State Department. The biggest share is for Kenya Power, which accounts for 32% of the total development allocation, REREC accounts for 22%, GDC accounts for 18%, KETRACO accounts for 15%, KENGEN accounts for 9% and NUPEA accounts for 0.1%. A further analysis of the Development expenditure category indicates that increases were witnessed in KPLC, whose budget increased by 39%. GDC's budget also increased by 3%. In contrast, the reductions were witnessed in KETRACO, which got a 52% reduction in their budget, KENGEN which incurred a 50% cut in their budget, REREC witnessed a decrease of 11%, Ministry HQ got a 39% reduction and NuPEA's development budget remained unchanged as indicated in table 3:

Table 3: Summary of the Development Budget by Implementing Agency in Kshs. Millions in FY 2024/25 Supp II

Head	Approved Estimates FY 2024/25	Supp II Estimates FY 2024/25	Variance	% Change
	(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
KPLC	8,390	11,699	3,309	39%
KETRACO	11,860	5,721	(6,139)	-52%
NuPEA	50	50	-	0%
KenGen	6,309	3,124	(3,185)	-50%
GDC	6,411	6,597	186	3%
REREC	8,706	7,783	(923)	-11%
Ministry HQ	2,451	1,494	(957)	-39%
Total	**44,177**	**36,468**	**(7,709)**	**-17%**

Source: National Treasury

2.2. Detailed Analysis of Supplementary II Estimates for the State Department for Petroleum

19. Overall, The State Dept for Petroleum has been allocated Kshs. 30.8 billion which comprised of Kshs. 27.3 billion for recurrent expenditure and Kshs. 3.5 billion for development expenditure. When compared to the approved estimates for FY 2024/25 approved estimates, the proposed budget for the state Department has increased by Kshs. 19.3 million (0.1 percent increase) with the recurrent expenditure having an increase of Kshs. 19.3 million (0.1 percent increase) while the overall development expenditure remained unchanged as shown in table 4.

Table 4: Summary of Changes for State Dept for Petroleum

		Approved Estimates	Revised Estimates	Difference
		Kshs. Millions		
Recurrent Expenditure	GoK Exchequer	319	330	11
	AiA	27,000	27,008	8
	Sub-Total	**27,319**	**27,338**	**19**
Development Expenditure	GoK Exchequer	-	-	-
	Local AiA	3,500	3,500	-
	Sub-Total	**3,500**	**3,500**	**-**
Total		**30,819**	**30,838**	**19**

Source: National Treasury

20. An analysis shows that the budget cuts affected the Headquarters Administration Services which accounts for 99 percent of total recurrent expenditure and the biggest change was witnessed in a reduction of Kshs.5.0 billion in the allocation for the fuel stabilization programme which is AiA from the PDL from Kshs.27.0 billion to Kshs.21.9 billion which was then disbursed as current grants to govt agencies with KPRL getting an allocation of Kshs.3.5 billion and NOCK got an allocation of Kshs.1.5 billion, while Employer Contributions to Compulsory National Social Security Schemes got an increase of Kshs.10 million rising from Kshs.4 million to Kshs.14 million as indicated in table 5;

Table 5: Supplementary Changes under Recurrent Expenditure (Kshs. Millions)

	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters Administration Services	27,211	27,000	211	27,231	27,008	223	20	8	12
Petroleum Exploration and Distribution	55	-	55	55	0	55	-	-	-
Financial Management and Procurement Services	42	-	42	42	0	42	-	-	-
Central Planning & Project Monitoring Unit	11	-	11	11	0	11	-	-	-
Total	**27,319**	**27,000**	**319**	**27,339**	**27,008**	**331**	**20**	**8**	**12**

Source: National Treasury

21. The development expenditure for the Petroleum State Department amounts to Kshs.3.5 billion in the Budget Estimates of FY 2024/25 Supp II estimates and is largely utilized by the Oil and Gas exploration sub-programme which accounts for 58% of the development expenditure while the remaining 42% is utilized in the Distribution of petroleum and gas sub-programme.

22. Compared to the approved estimates for FY 2023/24, the allocation has remained unchanged in the budget, and the following are the key highlights under development expenditure for the Petroleum State Department;

Increments

i. LPG Distribution and Infrastructure project-The allocation to the project increased from Kshs.533 million in the approved estimates of FY 2024-25 to Kshs.633 million in the Supp II estimates of FY 2024-25 with the budget increase of Kshs.100 million being attributed to an increase in the Local AiA(PDL) however cylinders distributed reduced from 60,000 to 50,000.

Reductions

ii. The Clean Cooking Gas for Boarding Learning Institutions project- The allocation reduced from Kshs.696 million in the approved estimates of FY 2024-25 to Kshs.596 million in the Supp II estimates of FY 2024-25 and the budget cut of Kshs.30 million being attributed to a reduction in the Local AiA(PDL).

2.3. Article 223 Spending and Contingency Spending

23. According to Article 223 of the Constitution and Section 44(1) of the Public Finance Management Act of 2012, the National Government may spend money that has not been appropriated if the amount appropriated for any purpose is insufficient or a need has arisen for expenditure for which no amount has been appropriated in the case of withdrawal from the Contingencies Fund. As a result, any spending authorized by this Article must be approved by Parliament within two months of the withdrawal's initial approval. If the parliament is not sitting at the time it is supposed to approve or adjourns before the approval is sought, the approval must be completed within two weeks of the next sitting.

24 The Ministry has incurred expenditures under this clause, emanating from approving additional expenditures for Development Partners funded projects, and in the current FY they have already incurred the following as per the Article:

State Dept of Energy; Ksh 4.6 billion for donor-funded projects with the amount approved but not yet disbursed It is also critical to note that some of the expenditures incurred do not pass the unforeseen or unexpected threshold set out in the constitution under Article 223.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

25. The Departmental Committee on Energy held meetings with the Ministries, Departments, and Agencies under its purview to interrogate Supplementary Estimates II for the FY 2024/25 on Wednesday 5th March 2025. The following are the highlights of the submissions by the Ministries, Departments, and Agencies under the Committee's purview:

3.1 The State Department for Energy – Vote 1152

The Principal Secretary for the State Department of Energy, Mr. Alex Wachira, CBS made the following submissions on Supplementary Estimates II for FY 2024/2025: That;

26. The State Department financial year 2024/25 approved budget is a total of **Kshs 54 billion** consisting **Kshs 9.8 billion** Recurrent and **Kshs 44 billion** is Development. In the Supplementary Estimates No. 2, the total budget is **Kshs 46 billion** consisting of **Kshs 9.9 billion** Recurrent and **Kshs. 36 billion** development. This represents a net increase of **Kshs 72.8 million** in Recurrent and a net decrease of **Kshs 7.7 billion** in Development as illustrated in table 6 and 7 below:

Table 6: Supplementary estimates no.2 against approved estimates

(Amount kshs.)			
	Approved estimates 2024/25 FY	**SUPPLEMENTARY ESTIMATES NO II 2024/25 FY**	**Overall change**
Recurrent	9,882,118,097	9,954,918,087	72,800,000
Development	44,177,480,497	36,467,953,006	(7,709,527,491)
Vote 1152 total budget	**54,059,598,584**	**46,422,871,093**	**(7,636,727,491)**

Table 7: Recurrent Budget Analysis

	Approved Estimates (Kshs. Million 2024/25	**Supplementary Estimates No.2 (Kshs. Million) 2024/25**	**Overall change (Kshs. Million)**
Gross	**9,882,118,097**	9,954,918,087	**72,800,000**
AIA	8,975,000,000	8,975,000,000	0
Net	**907,118,087**	**979,918,087**	**72,800,000**
Compensation to Employees	341,000,000	326,000,000	(15,000,000)
Current Transfers	9,342,000,000	9,429,800,000	87,800,000
Other Recurrent (O&M)	38,791,432	38,791,432	0

27. In the financial year 2024/25, the first half allocation amounts to **Kshs 27 billion** of which **Kshs 4.9 billion** is recurrent and **Kshs 22 billion** is development estimates.

28. The total expenditure as at 31st December 2024 was **Kshs. 13.4 billion**, out of which **Kshs. 3.9 billion** is recurrent while **Kshs. 8.78 billion** is development. The total expenditure viz a viz the first half allocation represents a 52 % absorption rate.

29. Overally, there was budget rationalization which saw some project allocations reduced while others received additional funding.

30. The variations to the approved budget are shown by programmes in table 8 below:

Table 8: Variations of the approved budget

Programme	Approved estimates 2024/2025 gross (kshs.)	Supplementary II estimates 2024/2025- gross (kshs.)	Net Change (Kshs.)
0211000 General Administration Planning and Support Services	555,833,467	542,833,467	(11,000,000)
0212000 Power Generation	15,001,539,903	12,090,621,255	(2,090,621,255)
0213000 Power Transmission and Distribution	36,477,401,484	32,616,592,641	**(3,860,808,843)**
0214000 Alternative Energy Technologies	2,026,823,730	1,172,823,730	**(854,000,000)**
Total	**54,059,598,684**	**46,422,871,093**	**(7,636,727,491)**

3.1.1. Kenya Power and Lighting Company Ltd

31. Overally, KPLC has absorbed 48% of its allocated Budget for the FY20242025 as at December 2024. The procurement process under KOSAP Project took longer than anticipated. However, the contracts have now been signed, and payment of advances is expected before the fiscal year. Since the contract values are high, a substantial amount of the budget will be absorbed in the current fiscal year.

32. During the period, the exchequer transfers for Last mile and Streetlighting projects were not received which adversely affected their implementation.

Table 9: Highlight of the variations to the MDAs approved budget for FY 2024/25 by programme and justification for the variations.

Project	Approved Budget FY 2024/25	Revised Budget FY 2024/25	Variation	
1152102701 Last Mile Connectivity	3,088	4,988	1,900	To fund the planned project activities Last mile connectivity IV funded by AFD/EU/EIB which had been significantly underfunded and to regularize expenditure under article 223.
1152107201 Retrofitting of Mini-Grids	691	500	(191)	The implementation progress slowed down by unplanned departure of the project management and supervision consultant which affected the measurement of works done as mandated by the financier's disbursement guidelines.
1152108002 Kenya Off-Grid Solar Access Programme	2,050	150	(1,900)	Delays in the procurement process affected the project. However, the contracts have now been signed and implementation commenced. It is expected that mobilization advances and payment for the project management consultancy will be made during the year.
1152114300The Green Resilient and Expansion Energy Program (GREEN)	2,000	5,500	3,500	They will enable KPLC access balance of the advance disbursed by the financier but were unable to access due budgetary limitations as well as to receive disbursement for the achieved results under the program

33. KPLC got approval of Kes. 1,388 million under Article 223 for the Last mile Connectivity Project IV funded by AFD/EU.

3.1.2. Kenya Electricity Generating Company

34. In the FY 2024/2025, KenGen had a budget allocation of Kshs. 6.308 billion development estimates. As at 31st December 2024, the agency had absorbed Kshs. 2.758 billion representing 44% absorption rate.
35. Initial budget allocation was Kshs. 27 million, KenGen obtained approval to incur expenditure of Kshs. 2.2 billion under Article 223 of the Constitution.

3.1.3. Nuclear Power and Energy Agency (NuPEA)

36. Nuclear Power and Energy Agency (NuPEA) was allocated a total budget of **Ksh 920 Million** in the FY 2024/2025 printed estimates which was reduced to **Ksh 550 Million** after Supplementary No.1, budget cycle as shown in table 10 below;

Table 10: Approved Budget for FY 2024/25 (Amounts in Ksh)

	Approved Budget (Supplementary I Estimates)
Recurrent	500,000,000
Development	50,000,000
Total Revenue	**550,000,000**

37. In terms of exchequer receipts, the Agency received a total of Ksh 258,333,332 as at 31st December 2024.

38. In relation to expenditure the Agency incurred a total of Ksh 347,561,753 in actual expenditures and commitments, translating to budget absorption of 63% as at 31st December 2024.

39. During Supplementary No. 2 considerations, the Agency requested for **Ksh 133,505,000** under Recurrent Budget and **Ksh 355,000,000** under Development Budget. Of this, the Agency only received a consideration of **Ksh 87,800,000** for Recurrent, which translates to 66% of the submitted Recurrent requirement.

40. Under Development budget, the Agency did not receive any appropriation. This will heavily impact the implementation of Agency activities in FY 2024/2025 as per the Agency's mandate as follows;

    i. The Agency has an active legal suit to the tune of Ksh 160Million challenging the location which has been identified as the preferred site for Nuclear power plant. This pending bill from FY 2023/2024 remains unpaid due to budget cuts under Supplementary No. 1.
    ii. The Agency is also in its advance stages of finalizing the implementation of ERP system at a total cost of Ksh 99Million where the Agency has already made the 1st instalment of Ksh 40 Million resulting in an outstanding pending bill of Ksh 60 Million. This was provided for in the printed estimates but following budgetary cuts in Supplementary 1, the Agency is unable to pay and is appealing for consideration under Supplementary No. 2.
    iii. As a result of budgetary cuts in FY 2023/2024, the Agency has accumulated pending bills in the development budget amounting to Ksh 92 million. These should be prioritized as the first charge in the FY 2024/2025 budget. However, due to reductions under Supplementary No. 1, the Agency was unable to settle the pending bills and is now appealing for consideration under Supplementary No. 2.
    iv. The Agency is also undertaking a mandatory Environmental Impact Assessment (EIA) for the identified Nuclear Power Plant site in Kilifi County, estimated to cost Ksh 50 Million. This follows the submission of the Strategic Environmental Impact Assessment (SEIA) to NEMA, which, upon review by international experts, identified several gaps that need to be addressed. Due to the lack of budgetary allocation, the Agency is unable to proceed with the assessment and is appealing for consideration under Supplementary No. 2.

3.1.4. Geothermal Development Company (GDC)

41. The Company was allocated Ksh 7,891 million in supplementary 1budget revisions for financial year 2024-25. The budgetary allocations comprised of funds from Development partners and Local AIA of Ksh 2254 million and Ksh 5,637 million respectively.

42. For the period up to 31st December 2024, disbursements of the approved budget totalled Ksh 2,672 million. Disbursement KfW fund is Ksh 460 million while Ksh 2,212 million of Local AIA was received. Overall disbursement of allocated funds 34% as at 31st December 2024.

43. Expenditure as at 31st December 2024 was Ksh 3,375 million, representing an overall absorption of the allocated budget of 42.8%.

44. Expenditure as at 31st December 2024 on recurrent is Ksh 603 million while capital expenditure is Ksh 2,271million. This results in budget absorption for recurrent and development expenditure of 40.8% and 43.2% respectively.

45. In financial year 2024/2025, GDC projected to collect Ksh 5,637 million local AIA from sale of steam in Olkaria and Menengai geothermal fields. The projected collections were planned for development of Bogoria-Silali, Menengai and Suswa geothermal projects as well as for recurrent activities. Estimation was based on supply of steam and exchange rate of about Ksh 158 to the US Dollar.

46. During budget implementation, GDC now projects an under collection of Ksh 800 million occasioned by the following:

    i. Reduction in power evacuated to the national grid from the Olkaria geothermal Power Plants than planned
    ii. Downtime resulting from maintenance of KenGen's Olkaria 1AU power plant
    iii. Strengthening of the Kenyan Shilling against the US Dollar on which Steam Supply Agreements are denominated.

47. GDC therefore requests to revise local AIA funding of financial year 2025/26 budget by Ksh 800 million. proposed implementation of the reduction is Ksh290 million, Ksh410 million, Ksh90 million and Ksh10 million for Menengai, Bogoria-Silali, Suswa and Recurrent respectively.

3.1.5. Rural Electrification Authority and Renewable Energy Corporation (REREC)

48. The Corporation's approved budget for FY 2024/25, totals KSh.10,958 Million to finance Development Expenditure at KSh.8,706 Million and recurrent expenditure at KSh.2,252 Million respectively.

49. Supplementary II estimates reveals a total budget of KSh.10,035 Million, being Capital/Development Expenditure at KSh.7,783 Million and recurrent expenditure at KSh.2,252 Million respectively. The implication of this is a budget reduction of KSh.923 Million which has affected Development budget.

50. The budget for the Corporation for the FY 2024/25 totals Ksh.10,958 Million. Total revenue amounts to Ksh.10,958 Million with an actual collection of Ksh.1,931 Million as at 31st December 2024.

51. Recurrent expenditure budget totals Ksh.2,252 Million out of which Ksh.1,136 Million has been incurred translating to 50.4% utilization as at 31st December 2024.

52. Capital Expenditure budget totals Ksh.8,706 Million out of which Ksh.5,925 Million has been committed, signifying 68.05% as at 31st December 2024.

53. In the financial year FY2024/25 the Corporation has been allocated Ksh.8.602 Billion to implement electrification projects. This translates to a total of 782 projects (3 projects per Constituency) at an average cost of Ksh.11Million (including metering). The Corporation has been receiving numerous requests from various stakeholders including Members of Parliament. From the projection of implementing projects worth Ksh. 50 million per Constituency, the Corporation has designed a total of 2,900 project aimed at increasing energy access across the country. Therefore, the Corporation proposes to implement at least 10 No. Projects per constituency with a funding requirement of Kshs.31.9 Billion annually.

3.2 State Department for Petroleum – Vote 1193

The Chief Finance Officer State Department for Petroleum, Mr. Dismus Ogot submitted as follows on the 2024/2025 Supplementary Estimates II: That;

54. The State Department was allocated **Kshs. 30,819,209,736** in the FY 2024/25 Printed Estimates comprising of **Kshs. 27,319,209,736** for the Recurrent budget and **Kshs. 3,500,000,000** for the Development budget.

55. The Cumulative Financial Performance as at 28th February, 2025 was **Kshs. 7,179,710,498.70** reflecting 28.93%. The low absorption rate in the Distribution of Oil and Gas and the General Administration, Planning & Support Services sub-programmes is attributable to:

    i. Delays in LPG reticulation, in the commencement of implementation of affordable housing units for low-income households whose regulations and procurement process are now on course.
    ii. Lengthy procurement process of specialized equipment and consultancy services in terms of preparatory works,
    iii. Low need for Oil Market Price Stabilization on account of stable fuel prices, and
    iv. Change of Government policy on the Clean Cooking Gas programme to be private sector-driven and State Department to henceforth drive the policy regulations, monitoring and evaluation.

56. Under the Supplementary Estimates II for FY 2024/2025, there is a variance of **Kshs.18,049,090** to bridge personnel emoluments budget deficit arising from Succession Management Promotions by the Public Service Commission, new postings and appointments.

57. Further the following changes (reallocations) have been effected in the Supplementary Estimates II for the FY 2024/25 under the recurrent budget:

a) Ksh.5,050,911,634 has been reallocated from Oil Market Price Stabilization budget estimates of Ksh.27,000 Million as follows:
   i. Ksh.3,515,911,634 as a Current Grant to the Kenya Petroleum Refineries Limited to cater for settlement of legacy debts outstanding on Yield Shift and
   ii. Ksh.1,535,000,000 as a Current Grant to the National Oil Corporation of Kenya (NOCK) to cater for payment of an outstanding debt owed to Kenya Commercial Bank, (KSh.1,215million), and Ksh.320million to cater for salaries and some outstanding bills owed by NOCK.

58. The Net Budget of KSh.280,000,000 under the Development Budget is on account of reallocation from the Clean Cooking Gas (CCG) project to LPD Distribution and Infrastructure project to cater for LPG reticulation in low-income affordable housing.

59. Overall, the reallocations under the Development Budget are meant to facilitate planned activities for the Upstream Oil and Gas Exploration Programmes, support to development of regulations and policies for LPG and CCG monitoring and evaluation of Clean cooking Gas for public Learning Institutions Beta projects, and LPG support to vulnerable families.

3.2.1. Kenya Pipeline Company Limited

60. KPC received Kshs. 2,579 million in Supplementary Estimate No. 2 FY 2024/25. This comprises of Recurrent Expenditure of **Kshs. 2,425 million** and Capital/Development Expenditure of **Kshs.154 million.**

61. The most affected spending items in the rationalized budget (Kshs 2.8 billion) are summarised in Table 11 below:

Table 11 - Highlight of Variations to the FY2024/25 budget

Particulars	Proposed Budget FY 2024/25	Approved Budget (Rev1) FY 2024/25	Proposed Revised Budget (Rev2) FY 2024/25	Approved Revised Budget (Rev2) FY 2024/25	Variance
	Kshs. '000'				
Recurrent Revenue	**37,575,634**	**37,575,634**	**36,755,837**	**36,755,837**	**(819,796)**
Operating Expenditure	24,814,140	20,250,698	22,776,701	22,675,815	2,425,116
Net Profit	**12,761,493**	**17,324,935**	**13,979,136**	**14,080,023**	
Capital Expenditure	**4,297,211**	**5,783,832**	**5,968,918**	**5,937,815**	**153,983**

PART IV

4.0 COMMITTEE OBSERVATIONS

62. Based on the written and oral submissions received from the State Department for Energy and the State Department for Petroleum, the Committee made the following observations:

4.1 State Department for Energy

63. That, the allocation for the State Department for Energy has been reduced by **Kshs. 7.6 billion** comprising of an increase of **Kshs. 72.8 million** for recurrent expenditure and a decrease of **Kshs. 7.7 billion** for development expenditure.

64. That, the State Department has experienced significant budget cuts affecting development expenditures to the tune of Kshs.7.7 billion which is a reduction of 17.5% compared to the approved FY 2024/25 annual estimates. The projects affected include key ones such as the Kenya Off-grid Solar Access Programme(KOSAP) and Olkaria 1 rehabilitation.

65. That, the State Department for Energy has historically struggled with low absorption rates of foreign-sourced funds, with the situation aggravated by the lack of timely delivery of counterpart funding to cater for wayleave acquisition.

66. That, the lack of accurate and up-to-date data on electrification rates across various constituencies in the country by Kenya Power and REREC makes it challenging to identify underserved and unserved areas, allocate resources efficiently, and develop targeted strategies to improve electricity access hence resulting in many remote and marginalized communities remaining without reliable electricity access.

4.2 State Department for Petroleum

67. That, the allocation for the State Department for Petroleum has increased by **Kshs. 19.3 million** comprising of an increase of **Kshs. 19.3 million** for recurrent expenditure and no overall change for the development expenditure.

68. That, **Kshs.5.0 billion** has been reallocated from the Oil Market Stabilization Budget of Kshs.27.0 billion with **Kshs.3.5 billion** being allocated to Kenya Petroleum Refineries Limited(KPRL) to cater for settlement of legacy debts outstanding on yield shift. However, the Committee noted that the documentation provided lacked critical details regarding the identities of the beneficiaries and the specific amounts owed.

PART V

5.0 COMMITTEE RECOMMENDATIONS

69. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. II for the FY 2024/2025, the Committee recommends the following:

5.1 NON-FINANCIAL RECOMMENDATIONS

5.1.1 State Department for Energy

70. That, the Principal Secretary for Energy in conjunction with the Principal Secretary for the National Treasury ensure that the amounts owed for project wayleave compensation are incorporated as a component of future loan agreements with foreign development partners within six months upon adoption of the 2024/25 Supplementary II Budget Estimates Report by the National Assembly. This approach will ensure that sufficient funds are allocated upfront for wayleave compensation, thereby preventing delays in project implementation.

71. That, the Cabinet Secretary for Energy and Petroleum in collaboration with the CEO of Kenya Power and REREC ensures there is the establishment of a comprehensive data collection and management system within six months upon adoption of the 2024/25 Supplementary II Budget Estimates Report by the National Assembly. This system should gather and maintain accurate, real-time data on electrification rates across all constituencies while utilizing advanced technologies such as GIS and remote sensing, and partnering with local authorities and Members of Parliament, in order to enable targeted resource allocation, strategy development, and effective monitoring to improve electricity access for underserved and unserved areas.

5.1.2 State Department for Petroleum

72. That, the Cabinet Secretary for Energy and Petroleum in collaboration with the CEO of KPRL submits a comprehensive report to the National Assembly by 1st April 2025 that should include the names of all beneficiaries and specific amounts owed to each. This report should also include a clear timeline for disbursements and information on the verification process undertaken to authenticate the claims.

5.2 FINANCIAL RECOMMENDATIONS

73. The Committee recommends THAT:

a) For the **State Department for Energy**, the proposed changes in the Supplementary Estimates No. II for the FY 2024/2025 comprising an increase in recurrent expenditure amounting to **Kshs. 72.8 million,** and a reduction in development expenditure amounting to **Kshs. 7.7 billion be approved with the following amendments;**

Reductions

i. Reduce the allocation for the Kamburu-Embu-Thika Transmission Line Project by Kshs.50 million.

ii. Reduce the allocation for the Loiyangalani-Marsabit Transmission Line Project by Kshs.50 million.
iii. Reduce the allocation for the Electrification of Dongo-Kundu SEZ project by Kshs.20 million.
iv. Reduce the allocation for the National System Control Centre & Makindu SS project by Kshs.50 million.
v. Reduce the allocation for the Rabai-Bamburi-Kilifi transmission line project by Kshs.20 million.
vi. Reduce the allocation for the Critical Rural Access Last Mile connectivity project by Kshs.200 million.
vii. Reduce the allocation for the Marsabit-Isiolo Transmission Line Project by Kshs.50 million.
viii. Reduce the allocation for the Kenya Power Transmission Expansion Project by Kshs.10 million.
ix. Reduce the allocation for the Energy Efficiency Programme Project by Kshs.20 million.
x. Reduce the allocation for the Installation of wind masts & data loggers and rehabilitation Project by Kshs.10 million.
xi. Reduce the allocation for the Refurbishment of Kawi House Project by Kshs.20 million.
xii. Reduce the allocation for the Hydro dams Water catchment re-afforestation Project by Kshs.30 million
xiii. Reduce the allocation for the Pilot programme on Domestic household biogas digesters project by Kshs.20 million.
xiv. Reduce the allocation for the Solar PV installation on Institutions and or community boreholes by Kshs.20 million.

Increments

i. Increase the allocation for the electrification of public facilities by Kshs.350 million.
ii. Increase the allocation for the installation of transformers in the constituencies project by Kshs.100 million.
iii. Increase the allocation to the Nuclear Power Plant Siting project by Kshs.10 million.
iv. Increase the allocation to the Strategic Environmental and Social Assessment project by Kshs.10 million.
v. Increase the allocation to the Publicity and Advocacy project by Kshs.30 million.
vi. Increase the allocation to the Resource development for nuclear programme by Kshs.50 million.
vii. Increase the allocation to the Nuclear Policy & Legislation by Kshs.20 million.
viii. Increase the AiA from the sale of electricity ceiling of KETRACO by Kshs.690.0 million to cover the following projects: Mariakani Substation project(Kshs.510.0 million) and the Sondu-Homabay Ndhiwa Awendo project(Kshs.180.0 million).

ix. Increase the AiA from the Royalties on Geothermal Development ceiling of the State Department for Energy HQ by Kshs.50.0 million to cover the Monitoring and Evaluation of Energy Project.

b) For the **State Department for Petroleum**, the proposed changes in the Supplementary Estimates No. II for the FY 2024/2025 comprising of an increase of **Kshs. 19.3 million** for recurrent expenditure and no overall change for the development expenditure **be approved without amendments.**

5.3 REQUESTS FOR ADDITIONAL FUNDING

74. Further, the Committee requests that the Liaison Committee consider the following budgetary needs for funding key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA):

a) Additional allocation of Kshs.200 Million for the Electrification of public facilities project.

b) Additional allocation of Kshs.200 Million for the Installation of Transformers in Constituencies project.

c) Additional funding for the street lighting project of Kshs.100 million.

SIGNED ..... :

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, CBS, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

DATE..... 10/03/2025 .....

Schedule 1:Departmental Committee Recommendations on Reallocations within the Purview of the Committee for FY 2024-25 Supp II

Programme	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Sources of Funding	Justification
				Increases	Decreases			
Vote 1152 State Department for Energy								
Power Transmission	1152108100 220KV Kamburu - Embu - Thika Transmission Line	1,919.8	120.8	-	(50.0)	70.8	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152109500 Loiyangalani-Marsabit 400 KV Transmission Line	612.7	112.7	-	(50.0)	62.7	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152108700 Rabai - Kilifi Transmission Line	376.8	257.8	-	(20.0)	237.8	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152110300 220kV Marsabit - Isiolo Transmission Line	612.7	112.7	-	(50.0)	62.7	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152109003 Dongo Kundu SEZ	1,564.4	164.4	-	(20.0)	144.4	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152110400 National System Control Centre & Makindu SS	4,189.4	2,489.4	-	(50.0)	2,439.4	GoK exchequer	under-absorption challenges constraining the project.
Power Transmission	1152114000 Critical Rural Access Last Mile Connectivity	200.0	200.0	-	(200.0)	-	GoK exchequer	Transfer of the funds from Kenya Power to REREC which should be the implementing agency for rural electrification projects.

Programme	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Sources of Funding	Justification
				Increases	Decreases			
Power Transmission	1152107900 Kenya Power Transmission Expansion Project	530.1	30.1	-	(10.0)	20.1	GoK exchequer	under-absorption challenges constraining the project.
Alternative Energy Technologies	1152105900 Energy Efficiency Programme (Investment Grade Audits)	50.0	50.0	-	(20.0)	30.0	AiA from the PDL	under-absorption challenges constraining the project.
Alternative Energy Technologies	1152105800 Installation of wind masts & data loggers and rehabilitation	30.0	30.0	-	(10.0)	20.0	AiA from the PDL	under-absorption challenges constraining the project.
General Administration	1152108500 Refurbishment of Kawi House	40.0	40.0		(20.0)	20.0	AiA from the PDL	under-absorption challenges constraining the project.
Alternative Energy Technologies	1152105400 Hydro dams Water catchment re-afforestation	80.0	80.0	-	(30.0)	50.0	AiA from the PDL	under-absorption challenges constraining the project.
Alternative Energy Technologies	1152105500 Solar PV installation on Institutions and or community boreholes	50.0	50.0		(20.0)	30.0	AiA from the PDL	under-absorption challenges constraining the project.
Alternative Energy Technologies	1152106100 Pilot programme on Domestic household biogas digesters	120.0	120.0	-	(20.0)	100.0	AiA from the PDL	under-absorption challenges constraining the project.
Power Transmission	1152104400 Electrification of Public Facilities	2,802.3	3,078.5	350.0	-	3,428.5	GoK exchequer	essential in achieving universal access to electricity by 2030

Programme	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Sources of Funding	Justification
				Increases	Decreases			
Power Transmission	1152106900 Installation of Transformers in Constituencies	1,536.0	1,536.0	100.0	-	1,636.0	GoK exchequer	key in enhancing electricity access and connectivity by opening up the rural areas
Power Generation	1152105100 Nuclear Power Plant Siting	50.0	50.0	10.0	-	60.0	AiA from the PDL	key in forestalling litigation costs arising from pending works completed and related costs
Power Generation	1152105200 Strategic Environmental Assessment	-	-	10.0	-	10.0	AiA from the PDL	key in completion and approval of the assessment by NEMA
Power Generation	1152108300 Nuclear Policy and Legislation	-	-	20.0	-	20.0	AiA from the PDL	key in the payment of outstanding litigation costs arising from an active lawsuit by activists
Power Generation	1152107500 Resource Development for Nuclear Programme	-	-	50.0	-	50.0	AiA from the PDL	cater for an ERP system which the agency commenced implementation in the last financial year
Power Generation	1152110200 Publicity and Advocacy	-	-	30.0	-	30.0	AiA from the PDL	Cater for community engagements and education including stakeholders' engagement.
Total				**570.0**	**(570.0)**			

Schedule 2: The Expansion in AiA ceilings

Programmes	Project	Approved Estimates(Kshs. Millions)	Revised Estimates (Kshs. Millions)	Committee Recommendation (Kshs. Millions)		Committee Revised Estimates 2024/25(Kshs. Millions)	Source of Funding	Justification
				Increases	Decreases			
Vote 1152 State Department for Energy								
Power Transmission	1152100300 Sondu Homabay Ndhiwa Awendo Electrification Project-BETA	373.8	373.8	180.0	-	553.8	AiA from the sale of electricity	Fast-track the BETA priority project that is critical for the western region.
Power Transmission	1152103700 Mariakani Substation-BETA	275.0	-	510.0	-	510.0	AiA from the sale of electricity	Critical project that is an essential part of the 482km 400/220kV Mombasa – Nairobi transmission line as it steps up the power to ensure it is transmitted over long distances (over 400km) thus reducing transmission losses.
General Administration	1152108400 Monitoring and Evaluation of Energy Projects	140.0	140.00	50.0	-	190.0	AiA from the Royalties on Geothermal Development	Cater for the effective undertaking of M&E activities on projects undertaken by the State Dept and its SAGAs
Total				**740.0**				

Schedule 3: The Departmental Committee's request for additional funding to the Liaison Committee

Programme	Description	Amount (Kshs. Millions)	Reason for Additional Funding
0213000 Power Transmission and Distribution	1152104400 Electrification of Public Facilities	200.0	Request for additional allocation of Kshs.200 million towards the project that is critical in providing universal access to electricity for the citizens.
0213000 Power Transmission and Distribution	1152106900 Installation of transformers in constituencies project	200.0	Request for additional funding of Kshs.200 million for the installation of transformers in constituencies project which is key in enhancing electricity access and connectivity by opening up the rural areas through supply of essential power for economic activities, facilitation of business opportunities, and enhanced security.
0213000 Power Transmission and Distribution	1152103500 Street-lighting	100.0	Request for additional allocation of Kshs.100 million towards the project that is critical in the achievement of a 24-hour economy as well as extending business hours.
Total		**500.0**	

Annex 1: PBO brief on the Supplementary Estimates II for FY 2024/25
Annex 2: MDA's submissions
Annex 3: Minutes of the Committee sittings
Annex 4: Adoption List

REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION, 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON ENERGY

ADOPTION OF THE REPORT ON THE 2025/26 BUDGET POLICY STATEMENT FOR THE MINISTRY OF ENERGY AND PETROLEUM

We, the undersigned Honorable Members of the Departmental Committee on Energy toda Thursday, 6th March 2025 do hereby affix our signatures to this **Report on the consideration c the Supplementary Estimates No.2 For FY 2024/2025** for the following agencies to affirm our approv and confirm their accuracy, validity, and authenticity:

a. **State Department for Energy**
b. **State Department for Petroleum**

NO.	NAME	SIGNATURE
1.	The Hon. (Eng.) Vincent Musyoka, MP- **Chairperson**	
2.	The Hon. Lemanken Aramat, MP- **Vice Chairperson**	
3.	The Hon. Charles Gimose, M.P.	
4.	The Hon. Julius Musili Mawathe, M.P.	
5.	The Hon. Richard Ken Chonga, M.P.	
6.	The Hon. Walter Owino, M.P.	
7.	The Hon. Elisha Odhiambo, M.P.	
8.	The Hon. Tom Mboya Odege, M.P.	
9.	The Hon. Simon King'ara, M.P.	
10.	The Hon. George Omera Aladwa, M.P.	
11.	The Hon. Mwafrika Augustine Kamande, M.P.	
12.	The Hon. Victor Koech Kipngetich, M.P.	
13.	The Hon. Geoffrey Ekesa Mulanya, M.P.	
14.	The Hon. Cecilia Asinyen Ngitit, M.P.	
15.	The Hon. Barongo Nolfason Obadiah, M.P.	

THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION, 2024
DIRECTORATE OF DEPARTMENTAL COMMITTEES

MINUTES OF THE 7TH SITTING OF THE DEPARTMENTAL COMMITTEE ON ENERGY HELD ON WEDNESDAY, 5TH MARCH 2025 IN COMMITTEE ROOM, FOURTH FLOOR CONTINENTAL HSE AT 10.00AM.

PRESENT.

1. **The Hon. (Eng.) Vincent Musyoka Musau, MP – Chairperson**
2. **The Hon. Lemanken Aramat, MP - Vice Chairperson**
3. The Hon. Walter Owino, MP
4. The Hon. Elisha Odhiambo, MP
5. The Hon. Richard Ken Chonga, MP
6. The Hon. Tom Mboya Odege, MP
7. The Hon. Simon King'ara, MP
8. The Hon. George Aladwa Omwera, MP
9. The Hon. Victor Koech Kipngetich, MP
10. The Hon. Barongo Nolfason Obadiah, MP
11. The Hon. Cecilia Asinyen Ngitit, MP
12. The Hon. Mwafrika Augustine Kamande, MP

APOLOGY

1. The Hon. Geoffrey Ekesa Mulanya, MP
2. The Hon. Julius Musili Mawathe, MP
3. The Hon. Charles Gimose, MP

IN-ATTENDANCE:
COMMITTEE SECRETARIA

1.	Mr. Fredrick Otieno	-	Clerk Assistant I
2.	Mr. Salim Athuman	-	Clerk Assistant III
3.	Mr. Brian Njeru	-	Fiscal Analyst III
4.	Mr. Ambrose Nguti	-	Media Officer
5.	Ms. Rehema Koech	-	Audio Officer
6.	Ms. Carolyne Musyoka	-	Hansard Officer
7.	Ms. Mariana Nyagol	-	Intern Officer

STATE DEPARTMENT OF PETROLEUM

1. Mr. Dismas Ogot	- Senior Chief Finance Officer
2.Mr. Joseph Wafula	-State Department for Petroleum
3.Mr. Pius Mwendwa	-Kenya Pipeline Corporation
4.Mr. Antony Ndegwa	-Kenya Pipeline Corporation
5.Mr. Anthony Gatehi	-National Oil Corporation
6. Mr. Micah Origa	- The National Treasury
7.Mr. Marona Cheplel	-EPRA
8.Mr. Cyprian Nyakundi	- Director, Epra

AGENDA:

1. Prayers
2. Preliminaries/Introductions
    i. Adoption of the Agenda
    ii. Remarks by the Chairperson
3. **Meeting with the State Department of Petroleum on consideration of the Supplementary Estimates No.2 for FY 2024/25**
4. Any other Business
5. Adjournment/Date of the next meeting

MIN. NO. NA/ENERGY/2025/025: PRELIMINARIES

The Chairperson called the meeting to order at ten O'clock followed by a prayer from the chair. The agenda of the meeting was read as listed above. Thereafter, self-introductions were made.

MIN. NO. NA/ENERGY/2025/026: MEETING WITH THE STATE DEPARTMENT OF ENERGY ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO.2 FOR FY 2024/25.

The Senior Chief Finance officer, Mr. Dismas Ogot, and the Chief Executive Officers/Managing Directors of the SAGAs under the State Department appeared before the Committee on Wednesday, 5th March 2025 and submitted as follows on the FY 2025/2026 Budget Policy Statements: That;

a. The **Kshs.18,049,090** is to bridge personnel emoluments budget deficit arising from Succession Management Promotions by the Public Service Commission, new postings and appointments.
b. **Ksh. 5,050,911,634** has been reallocated from Oil Market Price Stabilization budget estimates of **Ksh. 27,000 Million** as follows;
    I. **Ksh. 3,515,911,634** as a Current Grant to the Kenya Petroleum Refineries Limited to cater for settlement of legacy debts outstanding on Yield Shift and
    II. **Ksh. 1,535,000,000** as a Current Grant to the National Oil Corporation of Kenya (NOCK) to cater for payment of an outstanding debt owed to Kenya Commercial Bank, (KSh. 1,215million), and **Ksh.320million** to cater for salaries and some outstanding bills owed by NOCK.
c. The Net Budget of **KSh. 280,000,000** under the Development Budget is on account of reallocation from the Clean Cooking Gas (CCG) project to LPD Distribution and Infrastructure project to cater for LPG reticulation in low-income affordable housing.
d. Overall, the reallocations under the Development Budget is meant to facilitate planned activities for the Upstream Oil and Gas Exploration Programmes, support to development of

regulations and policies for LPG and CCG monitoring and evaluation of Clean Cooking Gas for public Learning Institutions Beta projects, and LPG support to vulnerable families.

e. The changes reflected under LPG Distribution and Infrastructure and Clean Cooking Gas for Boarding Learning Institutions projects are in line with planned activities on the projects.

MIN. NO. NA/ENERGY/2025/027: CONCERNS AND RESOLUTION

f. The issue of LPG cylinders was raised as members wanted to know detailed information on the utilization of the budgets allocated over the years. The Committee ordered the Ministry to provide all the information on the same.

g. The issue of COSAP report by Epra was raised and how its being used in determining the prices of the fuel in the country. The Committee directed Epra to provide report within 24hrs.

h. The issue of petroleum development levy was raised with concern and how its being utilized and the subsidy in the Ministry. The Committee resolved to invite the Ministry, National Treasury on the same.

MIN. NO. NA/ENERGY/2025/028: ADJOURNMENT

There being no other business, the meeting was adjourned at one O'clock. The next meeting is to be held on notice.

Signed..... **Date**..10/03/2025.....

(HON. ENG. VINCENT MUSYOKA MUSAU, M.P. CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25:

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1135: The State Department for Youth Affairs

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

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NAIROBI

March 2025

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PART I

1 PREFACE

1.1 Introduction

1. The Supplementary Budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose are insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at programmes level.

2. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Social Protection the mandate to consider matters in relation to *social welfare and security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*

3. In that regard, the Committee is mandated to analyze, scrutinize and approve the Supplementary estimates for the following government agencies under its purview:
    i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
    ii. Vote 1212: The State Department for Gender and Affirmative Action
    iii. Vote 1135: The State Department for Youth Affairs and Creative Economy
    iv. Vote 1213: The State Department for Public Service (NYS)
    v. Vote 1241: The National Gender and Equality Commission (NGEC)

1.2 Mandate of the Committee

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

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

5. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.

6. In executing its mandate, the Committee oversees the following State Departments under different Ministries;
   i. State Department for Social Protection and Senior Citizen Affairs;
   ii. State Department for Gender and Affirmative Action;
   iii. State Department for Youth Affairs and Creative Economy;
   iv. State Department for Public Service (National Youth Service); and
   v. National Gender and Equality Commission (NGEC).

1.3 Committee Membership

7. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Alice Wambui Ngángá, MP
Thika Town Constituency
UDA Party

Vice-Chairperson
Hon. Hilary Kiplang'at Koskei, MP
Kipkelion West Constituency
UDA Party

Members

Hon. (Dr.) James Wambura Nyikal, M.P.
Seme Constituency
ODM PARTY

Hon. Timothy Wanyonyi Wetangula, M.P.
Westlands Constituency
ODM PARTY

Hon. (Dr.) Lilian Achieng Gogo, M.P.
Rangwe Constituency
ODM PARTY

Hon. Mark Ogolla Nyamita, M.P.
Uriri Constituency
ODM PARTY

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency
WDM-K PARTY

Hon. Betty Njeri Maina, M.P.
Murang'a County
UDA PARTY

Hon. Michael Wambugu Wainaina, M.P.
Othaya Constituency
UDA PARTY

Hon. Sulekha Hulbale Harun, M.P
Nominated Member
UDM PARTY

Hon. Amina Abdullahi Dika, M.P
Tana River County
KANU PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency
UDA PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County
TSP PARTY

Hon. Agnes Mantaine Pareiyo, M.P
Narok North Constituency
JUBILEE PARTY

Hon. Linet Chepkorir, M.P
Bomet County
UDA PARTY

1.4 Committee Secretariat

8. The Committee is facilitated by the following Secretariat:

Mr. Finlay Muriuki
Committee Lead Clerk/ Head of Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Ms. Grace Maneno
Research Officer III

Mr. Adan Ahmed Abdi
Fiscal Analyst I

Mr. Cosmas Akhonya
Audio Officer

Mr. Derrick Kathurima
Media Relations Officer III

Mr. Benjamin Ochutsi
Hansard Officer

Ms. Naomi Onsomu
Public Communications Officer

Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Supplementary Estimates No. II for FY 2024/25

9. The Supplementary Estimates No. II for FY 2024/25 were submitted to the National Assembly on Tuesday, 18th February 2025 and subsequently referred to Departmental Committees for consideration.

10. The National Assembly is required to scrutinize the Supplementary Estimates and the programmes that the State Departments under the purview of the Committee are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and their agencies to consider their Supplementary Estimates No. II for FY 2024/25.

12. The Committee held a total of five (5) sittings to consider the Supplementary Estimates No. II for FY 2024/25.

1.6 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. II for FY 2024/25.

14. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the state Department for Gender and Affirmative action; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service; the National Gender and Equality Commission as well as their agencies for the useful contributions they made towards the preparation and production of this report.

15. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Liaison Committee.

THE HON. ALICE WAMBUI NGÁNGÁ, CBS MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2 OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2024/25

16. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the approved budget estimates by Kshs. 91.4 billion. It proposes to increase recurrent expenditure by Kshs. 137 billion, reduce the development expenditure by Kshs. 51.1 billion and reduce the Consolidated Funds Services (CFS) by Kshs. 5.5 billion.

17. The major changes in recurrent expenditure include increments for the Teachers Service Commission of Kshs. 18.1 billion; increments for State Department for Higher Education and Research of Kshs. 16.1 billion; increments for National Treasury of Kshs. 13.4 billion; and increments for State Department for Medical Services of Kshs. 12.3 billion.

18. The major changes in development expenditure include a reduction for National Treasury of Kshs. 16.9 billion; reduction for State Department for Housing and Urban Development of Kshs. 13.7 billion; and reduction for the State Department for Water and Sanitation of Kshs. 22.9 billion.

19. The major changes in CFS expenditure include reductions for public debt interest payments of Kshs. 14.1 billion; and an increase for payments of guaranteed debt of Kshs. 19.7 billion.

20. A summary of how the three State Departments under the purview of the Committee, the NYS and the National Gender and Equality Commission are affected in the changes is as indicated below;
    i. State Department for Social Protection– a net increase of Kshs 192,500,000;
    ii. State Department for Gender – a net reduction of Kshs 565,150,596;
    iii. State Department for Youth Affairs- a net reduction of Kshs 31,548,224
    iv. National Gender and Equality Commission- a net increase of Kshs 20,000,000.
    v. The National Youth Service- a net increase of Kshs 220, 900,000.

PART III

3. SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Departments appeared before the Committee on 6th March, 2025 and submitted as follows:

3.1 THE STATE DEPARTMENT FOR SOCIAL PROTECTION AND SENIOR CITIZENS AFFAIRS

As at 31st December 2024, the State Department for Social Protection and Senior Citizens Affairs had utilized Kshs. 25.60 Billion out of a Total Allocation of Kshs. 36.41 Billion. This translates to an absorption level of 70.31%. The high absorption level was due to full year access under Development Budget, of the Kenya Social Economic Inclusion Programme (KSEIP I) that was ending in December 2024 as well as 3rd Quarter access of the Inua Jamii Programme under the Recurrent Budget. Details of the Vote's absorption levels by Programme and Sub-Programme are indicated herein.

As at 31st December 2024, the State Department was able to achieve the following key performance indicators;

a) Mobilized and registered 32,626 Community groups
b) Resolved 100% group conflict and grievances
c) Sensitized 6,312 community groups on Community Group Registration Act, 2022
d) 1,074 parents and caregivers taken through positive parenting training groups sessions
e) 1,293 parents/ caregivers provided with psychosocial support and referral services
f) 825 People with Disabilities (PWD) trained in Vocational Rehabilitation Centres (VRCs)
g) 218 PWD Self Help Groups (SHGs) Linked to Funding Opportunities.
h) 2,350 PWDs provided with assistive & supportive devices and services
i) 7,073 Persons with Autism and related developmental disorders provided with therapy services
j) 39,564 children in need of care including those at risk of and already separated with their parents and caregivers provided with support, care and protection and reintegration
k) 14,500 Orphans and Vulnerable Children (OVCs) supported with Presidential Bursary
l) 88,256 children who have experienced violence, abuse exploitation and neglect reached with protective services
m) 62,276 children provided with psychosocial support
n) 50,361 children in schools affected by emergencies facilitated with complementary education materials
o) 1,758, 735 Households with vulnerable persons supported through Cash Transfer Monthly
p) 2,426 street persons rescued
q) 3,863 street persons provided with psychosocial support services
r) 2,016 street persons reintegrated to families and the community

The 1st half of the FY 2024/2025 faced a lot of budget constraints as a result of the cuts in Operations and Maintenance during the 1st Supplementary Estimates FY 2024/2025. This

significantly affected the State Department in delivering its mandate. The Gross Approved Estimates for the State Department in the FY 2024/2025 amount to Ksh.36.41 Billion out of which Ksh.33.26 Billion is under Recurrent Budget and Ksh.3.15 Billion is under Development Budget.

3.2 THE STATE DEPARTMENT FOR GENDER AND AFFIRMATIVE ACTION

The State Department for Gender and Affirmative Action requested for allocations as follows;

(i) Pending Bills -Kshs. 24,076,526

The State Department had a pending bill of Kshs. 12,000,000 for payment of Multi-sectoral working group on the two-thirds gender principal carried from FY 2024 that arose due to non-exchequer issue. Further a carryover of O&M bills of Kshs. 12,076,526 had not been cleared due to lack of budget which was reduced in Supplementary Estimate I.

(ii) Directorate of Social Economic Empowerment -Kshs. 57,000,000

The Directorate requires the additional funds to develop, finalize and print three policies; Participate in the Expo 2025 OSAKA, Kansai, Japan; Undertake Social Economic Empowerment training.

(iii) Directorate of Policy Research and Documentation -Kshs. 71,725,950

Funds are required for compliance to International and Regional Treaties and Obligations (69th) session of the UN Commission for Status of Women (CSW69), Convention on Elimination of all Discrimination Against Women and East African Community Treaty), Gender Policy Management and Knowledge Management.

(iv)Directorate of Anti-Gender Based Violence -Kshs. 34,130,000

Funds required for printing and launch of reviewed national policy on prevention and response to GBV, development of legal frameworks on Gender Based Violence Protection centres, development of a multi-sectoral County Action plan for the elimination and prevention of GBV and FGM, development of a framework for regulating operations of GBV toll free help lines, capacity building of grass root women on alternative justice systems, mediation and digital peace building and development of KNAP III.

(v) Directorate of Gender Mainstreaming -Kshs. 45,742,000

The funds are required for Gender Mainstreaming in MDAs, development of male engagement and inclusion strategy, constitute and operationalize Male Engagement and Inclusion subcommittee of gender sector working groups in 15 counties, commemorate the International Women's Day.

(vi) General Administration and Planning Services -Kshs. 25,520,000

The amount is required for Intra-government and Extra-governmental communications, preparation of Ministerial strategic plan, tracking and reporting of SDG Gender indicators, coordination and reporting of tree growing.

(vii) Anti FGM Fund -Kshs. 39,175,244.56

The amount is required to cater for deficit in staff basic salaries and other related staff costs.

(viii) National Government Affirmative Action (NGAAF) -Kshs. 461,278,969

The National Government Affirmative Action Fund was allocated **Kshs. 940,000,000** for procurement and distribution of sanitary towels to public primary schools. However, **Kshs. 461,278,969** was used to clear pending bills from the previous Financial Year as first charge and the amount is required to implement the programme.

The State Department highlighted that due to inadequate budgetary provision the it would not be able to conduct the following activities;

(i) **Compliance to gender related international and regional conventions and treaties.** The commemoration of the 30th anniversary of the Beijing Declaration and Platform for Action and 69th Session of the United Nations Commission on the Status of Women (CSW69), United Nations General Assembly Special Session (UNGASS), preparation of reports on CEDAW, Maputo Protocol, AU SDGEA, EAC and other international activities will be difficult to participate in.

(ii) **Gender Responsive Policies**: The National Policies on Gender and Development and elimination of Female Genital Mutilation, 2019 that are due for review to align with BETA agenda and capture emerging issues in the gender agenda. The Draft National Affirmative Action Policy, 2024 that is under development in line with Executive Order No.2 of 2023, to enhance diversity, fairness in selection procedures, compensation for past discrimination and remedial purpose to enhance social justice will not be achieved.

(iii) **Enhanced Gender knowledge:** The need to produce relevant and quality gender data to monitor gender equality and women empowerment will not be achieved with the budget reduction.

(iv) Capacity building on Gender Mainstreaming and subsequent reporting to give an account of mainstreaming across Government will not be undertaken.

(v) The reduction of boards and conferences item allocation will affect the scheduled consultative forums and stake holders' engagement on the development of legal framework for operationalization of gender protection centers which is a presidential directive as guided by the executive order NO 2 of 2023.

(vi) The development of the KNAP III which is a global commitment on implementation of UNSCR 1325 will not be possible with reduced allocation on boards conferences and travelling cost which was to be utilized during consultative forums and stakeholders' engagement.

(vii) Traveling to the communities to engage the duty bearers, elders and opinion leaders, women and girls, men and boys, Anti GBV champions, NGAOs and also GBV survivors in the campaign against GBV and Distribution of dignity kits will not be possible with proposed budget cuts.

(viii) Sensitization of matatu transport operators and boda riders on GBV issues in 10 counties, hold community dialogues with women and girls, Moran and boys in the campaign against GBV, Teenage pregnancies and child marriages, sensitization. Sensitization on reviewed GBV policy, teenage pregnancies and child marriages that are currently at alarming levels and sensitization of stakeholders and gender focal persons on the treaties and conventions that Kenya is signatory to, will not be carried out with the proposed budget cuts.

(ix) The amount disbursed to affirmative action projects including students benefiting through bursaries and women group will be affected including those supported to undertake businesses.

3.3 THE STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY

The State Department for Youth Affairs and Creative Economy submitted the Implementation Status of the FY 2024/25 Budget as at 31st December, 2024 as follows;

i. Recurrent Budget

The Gross budget for the first half of the FY 2024/25 was **Kshs. 938,423,261** against an expenditure of **Kshs. 936,045,495** representing an overall absorption rate of 99.7%.

ii. Development Budget

The gross expenditure for the first half was **Ksh. 211,040,000** against a budget of **Ksh. 467,242,245** representing a **45%** of the allocation.

Withdrawal of money as per Article 223 of the Constitution

i. The date of the first withdrawal of the money

The National Treasury granted a budget to Vijana Vuka na Afya (VIVA) Project which is financed through a grant AIA. from the Federal Republic of Germany. All the payment documents were processed by December 2024 and forwarded to the National Treasury. Actual payment was effected on 17th January, 2025.

ii. The purpose for which the money was spent

The State Department expended **Kshs.66.38Million** in respect of the Vijana Vuka na Afya (VIVA) project out of the **Kshs.500Million** that was granted under Article 223. Funds were paid to the consultant and various public hospitals involved in the project.

JUSTIFICATION FOR ADDITIONAL FUNDS UNDER SUPPLEMENTARY ESTIMATES NO. II FRAMEWORK FY 2024/25

The State Department had requested additional budget of **Ksh.692million** under the Recurrent vote and **Ksh. 386Million** under the Development Vote to support the implementation of the under listed programmes and activities:

Recurrent Budget

a. Implementation of Presidential Directive

His Excellency the President, on 1st September, 2023, issued a directive for support from the National Treasury for budgetary provision for youth development activities. Youth development activities encompass increased youth social development, encouraging the youth to volunteer in community service, and training youth on climate change and how to mitigate the same. The Directive further seeks to expose the youths to leadership and mentorship opportunities and formulating the youth development index in addition to mainstreaming, operationalizing and coordinating community youth SACCOs, internships, training youth on life skills, cognitive skills in business, and market technical skills.

To Implement the above directive, the department requires **Kshs. 2.9Billion** over a period of two financial years. However, we are requesting for a provision of **Kshs.200Million** to roll-out the realization of the envisaged goals for the remainder of this fiscal period.

b. Transfers to Semi-Autonomous Government Agencies (SAGAs)

1. YOUTH ENTERPRISE DEVELOPMENT FUND (YEDF)

The YEDF, has an allocation of Kshs.**187.52Million** in FY 2024/25. This includes an AIA projection of **Kshs.62.50Million. Despite the additional funding of Ksh.50M in the supplementary Estimates,** the Agency is still grossly underfunded to enable it pay for contractual l obligations including rent, medical insurance, group life cover, cleaning services, internet, and WAN services. The Fund is therefore in urgent need of **Kshs.150Million** to function effectively.

2. PRESIDENT'S AWARD KENYA:

The Agency requires **Kshs.100Million** which comprises of **Kshs.60Million** for increasing enrollments and participation of young people in the award programme, Capacity building of

participants and adult helpers to the young people and conferring awards to the young people who have successfully completed the programme, **Kshs.15Milion** for office rent and relocation following an eviction notice and the PA-K Gold award presentation which has a cost implication of **Kshs.25Million.**

3. NATIONAL YOUTH COUNCIL

The National Youth Council (NYC) has an allocation of Kshs.**68 Million in** FY 2024/25 and has not received an additional allocation in the supplementary estimates. The NYC which is mandated to be the youth voice, needs an additional **Kshs.141.83Million** to facilitate the National Youth Council election National Steering Committee, pay an outstanding court award, settle a projected gratuity payout, undertake the coordination of youth-serving organizations, youth voices, leadership, governance and civic engagement, youth peace and security initiatives, youth climate action & operationalization of Youth connect Kenya Chapter, among others as detailed below:

Table 1: Comparison between Approved Estimates and Requirements for the NYC FY 2024/25

items	**Approved Estimates FY 2024/25**	**Requirement**	**Deficit**	**Remarks**
Gross	**68,000,000**	**209,832,400**	**141,832,400**	
AIA	-	-	-	
NET	**68,000,000**	**209,832,400**	**141,832,400**	
Of Which:				
Compensation to Employees	30,996,948	30,996,948	-	
Other Recurrent				
Insurance	3,100,000	3,100,000	-	
Rent	6,740,000	6,740,000	-	
Gratuity	-	17,995,452	17,995,452	Gratuity due for the contractual employees
Board Expenses	10,000,000	20,000,000	10,000,000	Expense for board
Other expenses	17,163,052	35,000,000	17,836,948	Expenses for utilities, office supplies ,fuel and maintenance
Court Case	-	6,000,000	6,000,000	Court award

Youth Advisory Board	-	20,000,000	20,000,000	Gazette notice and appointment letters
National Election Steering Committee	-	25,000,000	25,000,000	Gazette notice
Core Mandate	-	25,000,000	25,000,000	To conduct civic education on NYC Elections regulations, Capacity built 500,000 youth in civic responsibility, national vales and leadership, Sensitize over 5,000 youth on empowerment initiatives during Youth Africa Summit, Engage over 4,000 youth in intercommunal peace exchange programs to promote peaceful coexistence, Enhance Collaboration and coordination with 2,500 YSO and youth groups in the country
ERP System	-	20,000,000	20,000,000	Automate HR, Procurement and Finance and Accounts functions
Total	**68,000,000**	**209,832,400**	**141,832,400**	

4. KENYA NATIONAL INNOVATION AGENCY

The Kenya National Innovation Agency, having outgrown its current premises due to an expended workforce, is relocating to a new office. This requires **Kshs.100million**. The funds will be used for partitioning the new offices and acquisition of office equipment including furniture. The CEO's official car also needs replacement since it is an old vehicle prone to frequent breakdowns.

Development Budget

1.Vijana Vuka na Afya (VIVA) Project: This project is jointly funded by the KfW and the GoK and has two components. Component A enhances access of youth friendly sexual reproductive health services to 60,000 youth by demand creation through information, appropriate age peer sexual reproductive services and sporting activities. A consultant supports the delivery of this component. Component B supports the delivery of overall project objectives through IT system

where all the beneficiaries and peer educators are boarded. The project has also boarded health facilities, TVET institution and master craftsmen key in the project implementation.

The GoK funds guarantee the quality and effectiveness of services and training provided. However, the project has **nil GoK** counterpart allocation and this has affected the delivery of some activities that requires weekly monitoring like apprenticeship training as well as the prompt validation of invoices for payments to both consultants Master craft persons and health facilities, leading to low absorption rate of the project. To this end, the state department seeks additional **Kshs. 25Million** up to June 2025.

2. Youth Empowerment Centres: The project requires **Ksh.11Million** to settle the outstanding **pending bill** in the current FY 2024/25.

3. Youth Enterprise Development Fund: The Fund requires **Kshs.350million** to finance the in-demand ***Kazi Majuu*** migration loan for youths who have been placed for jobs abroad but cannot travel due to funding for airfare, visa processing fee and other related costs.

3.4 THE STATE DEPARTMENT FOR PUBLIC SERVICE (NATIONAL YOUTH SERVICE)

The National Youth Service (NYS) received recurrent exchequer from the National Treasury for the first half of FY 2024/2025 amounted to **KShs. 3,889,271,430** and raised **Kshs. 149,991,440** as A-in-A. However, the Service is expected to receive recurrent exchequer amounting to **Kshs. 4,698,169,665** during the period under review therefore leaving a deficit of **Kshs. 808,898,235.**

There was under achievement in the A.I.A collection in the first half of the F/Y 2024/25 is as a result of unpaid debts of **Kshs 481 Million** from various government entities.

The Service approved budget for FY2024/25 is **Ksh 10,352,576,923** comprising of **Ksh 9,396,339,330** in recurrent grant and **Ksh 956,237,593** as A.I.A while the Development budget was cut to zero in Supplementary No. I.

The Service submitted a request of **Kshs. 3.2 Billion** to the National Treasury for consideration in Supplementary Estimates II. This was to assist the service in meeting expenditures for Presidential directive of recruiting 20,000 youth and different programs that had been underfunded in the approved budget as well as correct the supplementary 1 cut on development.

The National treasury considered in supplementary estimates No. II an additional **Kshs 220,900,000** for the **Service** in Recurrent to cater for the enhanced staff salaries as per the implementation of recommendation of the Maraga taskforce leaving a deficit of **Ksh 2.9 Billion**

The Service has implemented the Presidential directive on recruitment of 20,000 youths who were being admitted at the NYS paramilitary training institutions from 26th February 2025. The FY 2024/2025 budget allocation to NYS was for the recruitment of 10,000 youth. An additional 10,000 youth were recruited with the expectation that the request for additional funding to support the extra 10,000 will be considered in the supplementary II. However, since this was not considered, NYS urges the committee to urgently intervene for the Service to be provided with the additional funds to avoid the risk of accumulating pending bills.

The number of NYS students in external TVET institutions has increased significantly. Now, 16,629 students in these institutions need Ksh 144,700 each, amounting to **Kshs. 2,406,216,300**. However, this FY 2024/25 budget is only Kshs. **895,000,000,** resulting in a shortfall of **Kshs 1,511,216,300**. Despite the growing student numbers, the tuition fee allocation hasn't changed, leading to accumulated bills because of under-funding.

Expected impact of budget revision on capital projects

Capital projects for the Service is provided under Construction of Buildings and other infrastructure in NYS. The Service requirement for the capital projects amount to **Kshs. 487,790,499** to facilitate construction of essential infrastructure to cater for the increased intake of youths from 10,000 to 20,000.

The development budget for the Service has been maintained at zero despite the Service request of **Kshs 110 Million** in Supplementary II. This will notably affect the funding of essential infrastructure geared towards accommodating an increased number of youths recruited within the NYS programs. It's worth noting that payment of ongoing projects, especially rehabilitation and upgrading of sewer line at NYS Paramilitary Academy Gilgil, payment of completed classrooms at NYS Institute of Business Studies and construction of classrooms and workshop at NYS Engineering Institute, now face the risk of stalling.

The general infrastructure and facilities at NYS require urgent intervention since the current ones are overstretched, dilapidated and generally pose a health risk both to the servicemen/women (SM/W) and the general public. It is worth noting that projects aimed at upgrading training facilities and improving essential amenities will be delayed or down-scaled. This will directly impact the ability of the NYS to provide a conducive environment for training and development, thereby affecting the overall quality and reach of its programs.

The setback outlined above will also hamper the implementation of the NYS Re-Engineering Agenda, which is integral to aligning NYS operations with the broader goals of the BETA. The constrained financial environment underscores the need for serious resource mobilization to ensure that NYS continues to play a pivotal role in driving the Bottom-Up Economic Transformation Agenda forward.

3.5 THE NATIONAL GENDER AND EQUALITY COMMISSION

The implementation status of the Financial Year 2024/25 budget as at 31st December 2024 comprising.

The Commission had an average absorption of 97% for the first half of the FY 2024/2025. The table below provides the cumulative financial performance for the Commission for the 2024/2025 financial year budget as of 31st December 2024;

S/No		Printed Estimate	Approved Estimates	Total Payments and Commitments	Balance	% Absorption
		Kes	Kes	Kes	Kes	
1	Domestic travel	13,125,000	6,562,500	6,562,500	0	100
2	Gratuity	2,000,000	1,905,000	1,904,000	1,000	100
3	Training	6,700,000	5,360,000	5,355,302	4697	100
4	Hire of transport	500,000	500,000	497,700	2,300	100
5	Foreign travel	0	2,300,000	2,286,983	13,017	99
6	Salaries	149,350,000	149,350,000	148,239,149	1,110,851	99
7	Contracted services	500,000	400,000	395,000	5000	99
8	Advertising, awareness and publicity	250,000	50,000	49,169	831	98
9	Insurance	20,250,000	20,250,000	19,828,429	421,571	98
10	National celebrations	175,000	87,500	85,505	1,995	98
11	Rents and rates	22,500,000	19,500,000	18,995,872	504,128	97
12	Motorvehicle	1,625,000	1,625,000	1,582,062	42,938	97

	expenses					
13	Boards committees	1,250,000	625,000	598,204	26,796	96
14	Refined fuels and lubricants	1,875,000	1,875,000	1,777,427	97573	95
15	Courier & postal services	50,000	40,000	37,660	2,340	94
16	Publishing and printing	250,000	250,000	230,150	19,850	92
17	Trade shows and exhibitions	175,000	125,000	115,000	10,000	92
18	Legal dues	2,000,000	2,000,000	1,737,134	262,866	87
19	Contracted guards and cleaning services	900,000	750,000	609,720	140,280	81
20	General office supplies	625,000	375,000	301,600	73,400	80
21	Catering	1,250,000	625,000	486,819	138181	78
22	Maintenance of computers	562,500	437,500	292,600	144,900	67
23	Internet Connections	1,200,000	3,410,000	2,184,999	1,225,001	64
24	Green energy	1,850,000	1,205,000	668,300	536,700	55
25	Electricity	1,200,000	1,200,000	365,820	834,180	30
26	Sanitary and cleaning materials	75,000	75,000	20,000	55,000	27
27	Licensing fees	187,500	150,000	21,299	128,701	14
	GRAND TOTAL	**235,117,500**	**221,165,000**	**215,291,273**	**5,873,727**	**97**

The revised schedule of outputs and performance targets were as follows;

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Revised Targets for FY 2024/2025	Remarks
SP1. Legal Compliance and Redress	Field Services	Technical Support Services on gender and inclusion to both levels of government	No. of treaties/conventions monitored for compliance	1	2	3	The 69 commission on status of women and 2025 UN open ended working group on aging
			No. of legal, policy and administrative instruments reviewed for inclusion for National and County Government	40	30	40	
			% complaints processed	100	82	100	
		Litigation services	No. of public interest litigation court cases	1	1	1	
		Oversight Services	No. of counties and institutions audited for compliance with requirements for	2			

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Revised Targets for FY 2024/2025	Remarks
			participation of SIGs in the development agenda (Including the two thirds)		7	2	
			No. of status reports on gender and inclusion	1	2	1	
SP2. Mainstreaming and Coordination	Field Services	Gender Equality and Inclusion promotion services	No. of Coordination and consultations forums on equality & inclusion	20	18	20	
			%. of government agencies complying with not more than two thirds requirements	100	-	100	
			%. of government agencies complying with 5% requirements for PWD	100	-	100	

Sub-Programme	Department / Delivery Unit	Key Outputs	Performance Indicator	Annual Target for FY 2024/25	Actual Achievement as at 31st Dec, 2024	Revised Targets for FY 2024/2025	Remarks
						-	
SP3. Public education, advocacy, and research	Field Services	Research and advocacy services	No. of research conducted	-	-		
			No. of fora on public awareness on equality and inclusion held	5	17	12	Additional 8 forums are GBV related.
			No. of advisories issued on uptake of green energy	1	-	1	
SP4. General Administration Planning and Support	Headquarters	Administrative Services	No. of existing offices operationalized	-	-	1	Operationalization of Isiolo regional Office.
			No. of new regional offices established	-	-		

PART IV

4 COMMITTEE OBSERVATIONS

During engagements and deliberations between the Committee and the various Ministries, Departments and Agencies on the Supplementary II for FY 2024/25, the following observations were made:

i. Following the Presidential directive to upscale the **Inua Jamii Programme**, approximately 500,000 beneficiaries have been enrolled from June 2024, and thus the total number of beneficiaries has increased to 1.76 million beneficiaries. This leaves a funding gap of **Kshs 16.958 billion** in the remaining four months to the financial year and the coming financial year. If this funding gap is not addressed through this Second Supplementary Estimates, **the elderly persons, orphans, vulnerable children and persons with severe disabilities under Inua Jamii will not receive any cash transfers from March to June 2025**.

ii. Under the project Vijana Vuka na Afya (VIVA), funds totalling to **Kshs 66.38 million** out of the allocated **Kshs 500 million** were granted under Article 223. However, the project requires **Kshs 25 million** as counterpart-funding to unlock the remaining amount.

iii. The State department for Youth Affairs require **Kshs 11 million** to settle pending bills of projects done at the Constituency level in respect of Youth Empowerment Centres.

iv. The National Youth Council require an additional **Kshs 141.83 million** to facilitate the long-overdue and critical NYC elections at the grass root level among other commitments.

v. Under a Presidential directive the Kenya National Innovation Agency (KENIA) was directed to undertake commercialization of start-ups and undertake a youth-led innovation in the country to create employment for the Youth.

vi. The National Youth Service (NYS) requires funding for essential infrastructure geared towards accommodating an increased number of youths recruited into the NYS program. The rehabilitation of boreholes and sewer lines requires **Kshs 45 million**. The Service has also a budget allocation for infrastructure improvements in its barracks provided for in the State Department for Housing but availing the Fund to undertake urgent and critical works have become a challenge.

vii. The Kenya Social and Economic Inclusion Project (KSEIP) was given authority to spend **Kshs 1.24 billion** loan revenue under Article 223 of the Constitution. KSEIP is a donor funded project through World bank/IDA and was set for completion in December 2024.

viii. The construction of Safe Houses for victims of defilement in Kajulu area, Kisumu and Taita Rescue Centre in Bura may not be achieved between now and the end of the financial year due to complexities around public participation on allocation of land.

PART V

5. COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations/Proposed Reallocations

i. Proposed Committee reduction in the Supplementary Estimates II, FY 2024/2025

S/ No.	Vote/State departments	Programme/ Area / item	Proposed Reduction (Kshs)	Justification
1.	State Department for Gender and Affirmative Action	Community Development	20,000,000	This is a reduction on the *National Government Affirmative Action Fund (NGAAF) development budget* for the construction of safe houses in Kajulu area, Kisumu and Bura. The State Department for Gender has informed the Committee that construction of these houses cannot be attained in this financial year due to complexities surrounding identification of lands in the proposed project areas.
2.	State Department for Social Protection & Senior Citizens Affairs	Social Development and Children Services	75,000,000	This is a reduction in the *Community Mobilization and Development* recurrent allocation under the *Social Development and Children Services Programme* of the State Department for Social Protection. The Committee was not fully convinced of attainment of targets to be achieved and the realizable outputs under mobilization and registration of community groups, which was reported by the State Department as being below 38%. Full allocations will be resumed in subsequent funding upon demonstration of ability to meet key performance indicators and targets by the State Department.
	Total Reductions **Ksh 95,000,000**	**Development Kshs 20,000,000** **Recurrent Ksh 75,000,000**		

ii. Proposed Committee increases in the Supplementary Estimates II, FY 2024/2025

S/No.	Vote/State departments	Programme/ Area/ item	Proposed Reduction (Kshs)	Justification
1.	State Department for Gender and Affirmative Action	General Administration, Planning and Support Services	10,000,000	~~This is an increase on the State Department's recurrent expenditures to undertake policy matters including legal framework centers, Affirmative Action Policies, and Women in leadership policy.~~
2.	State Department for Social Protection & Senior Citizens Affairs	Social Development and Children Services	45,000,000	This is a recurrent allocation towards the Child Welfare Society of Kenya for emergency food support.
2.	State Department for Youth Affairs & Creative Economy	Youth Development Services	40,000,000	This is an increase on recurrent expenditure towards Kenya National Innovation Agency (KENIA) for the commercialization of Start-ups and other current expenditures.
Total Increase Ksh 95,000,000		**Recurrent Kshs 95,000,000**		

This is an increase on the State Department for Gender and Affirmative Action Recurrent Expenditure to off-set Pending bills for the Multi-sectoral working Group on the Two-Thirds Gender Rule.

5.2 Request for Additional Funding under the Proposed Supplementary Estimates II

S/No.	Vote/State departments	Programme/ Area/ item	Proposed Increases (Kshs)	Justification
1.	National Gender and Equality Commission (NGEC)	Legal Compliance and Redress	7,000,000	This is a recurrent allocation towards the **National Gender and Equality Commission** to undertake compliance with International Treaties and Conventions including Convention on the Elimination of All Forms of Discrimination against Women, and treaties on welfare and rights of the aged.

2.	National Gender and Equality Commission (NGEC)	Public education, advocacy, and research	40,000,000	This is a recurrent allocation towards the **National Gender and Equality Commission** to undertake development of a comprehensive and substantive legal framework on gender equality and non-discrimination, the lack of which currently hampers the Commission's work substantially.
3.	National Gender and Equality Commission (NGEC)	General Administration Planning and Support	7,700,000	This is a recurrent allocation towards the **National Gender and Equality Commission** to undertake operationalization of regional offices including the furnishing of the Isiolo Regional Office as well as payment of medical cover for new Commissioners, and purchase of laptops and furniture to equip the NGEC Head Office.
4.	State Department for Youth Affairs & Creative Economy	Youth Development Services	500,000,000	This is a recurrent allocation towards the **Kenya National Innovation Agency** to undertake a presidential directive on commercialization of start-ups and to meet its operational shortfalls.
5.	State Department for Youth Affairs & Creative Economy	Youth Empowerment Services	25,000,000	The amount is a development counterpart funding for the project **Vijana Vuka na Afya (VIVA)** which has been allocated Kshs 500 million in these Supplementary estimates II.
6.	State Department for Public Service	National Youth Service	500,000,000	This is an increase on the **National Youth Service (NYS)** recurrent budget to support an extra 10,000 NYS recruits who are attending NYS paramilitary training institutions since February 2025 to date with the hope that this will be catered for in the Supplementary estimates II.
7.	State Department for Social Protection & Senior Citizens Affairs	Social Development & Children Services	200,000,000	This will be an increase in recurrent allocation towards the Child Welfare Society of Kenya for emergency food support for vulnerable children.
	Total Increment		**Recurrent Kshs 1,279,700,000**	

5.4 Other Recommendation

Following the Presidential directive to upscale the **Inua Jamii Programme**, approximately 500,000 additional beneficiaries have been enrolled from June 2024, and thus the total number of beneficiaries has increased to 1.76 million beneficiaries. This leaves a funding gap of **Kshs 16.958 billion** in the remaining four months to the financial year and the coming financial year. If this funding gap is not addressed through this Second Supplementary Estimates, the elderly persons, orphans, vulnerable children and persons with severe disabilities under Inua Jamii will not receive any cash transfers from March to June 2025. The Committee therefore recommends intervention of the National Executive on this matter.

SIGNED: ..... **DATE**..6th March 2025.....

THE HON. ALICE WAMBUI NGÁNGÁ, CBS, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

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DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON:

THE CONSIDERATION OF
THE SUPPLEMENTARY ESTIMATES NO. II FOR THE F.Y. 2024/2025

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MARCH 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

CAJ	-	Commission on Administrative Justice
CBS	-	Chief of the Order of the Burning Spear
CFS	-	Consolidated Fund Services
CWR	-	County Women Representative
EACC	-	Ethics and Anti-corruption Commission
FY	-	Financial Year
IEBC	-	Independent Electoral and Boundary Commission
IFMIS	-	Integrated Financial Management System
KNCHR	-	Kenya National Commission on Human Rights
MP	-	Member of Parliament
OAG	-	Office of the Attorney General
ODM	-	Orange Democratic Movement Party
ODPP	-	Office of the Director of Public Prosecutions
ORPP	-	Office of the Registrar of Political Parties
UDA	-	United Democratic Alliance Party
WDM-K	-	Wiper Democratic Movement-Kenya Party



CHAIRPERSON'S FOREWORD

The Proposed Supplementary Estimates II for the Financial Year 2024/2025 was submitted in the National Assembly on Tuesday, 18th February 2025 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

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

The Committee held a total of two (2) sittings scrutinizing the Supplementary Budget Estimates before adopting its report. All agencies under the Committee's oversight appeared before the Committee on Thursday, 6th March 2025 and made submissions concerning the proposed supplementary budget. The Committee considered and unanimously adopted its report on Monday, 10th March 2025.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed Supplementary Estimates II for the FY 2024/2025 successful. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction, and the Committee Secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Justice and Legal Affairs, it is my pleasant privilege and duty to present to the Liaison Committee a report of the Committee on its consideration of the Supplementary Estimates II for the Financial Year 2024/2025.

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

PART 1

1.0 PREFACE

1.1. Introduction

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

1.2. Mandate of the Committee

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

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

1.3. Committee Membership

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

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

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

Members

Hon Maalim Farah, MP
Dadaab Constituency
WDM-K

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

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

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

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

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

Hon. Siyad Amina Udgoon, MP
Garissa (CWR)
Jubilee Party

Hon Onyiego Silvanus Osoro, MP
South Mugirango
UDA Party

Hon. Junet Mohamed, MP
Suna East
ODM Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok
UDA Party

Hon. Muriu Wakili Edward, MP
Gatanga Constituency
UDA Party

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

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

1.4. Committee Secretariat

5. The Committee secretariat is as follows:

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

Mr. Ronald Walala
Senior Legal Counsel

Mr. Abdikafar Abdi
Clerk Assistant III

Mr. Omar Abdirahim
Fiscal Analyst I

Ms. Jael Kilaka
Clerk Assistant III

Mr. Isaac Nabiswa
Legal Counsel II

Ms. Vivienne Ogega
Research Officer III

Ms. Calvin Karungo
Media Relations Officer

Mr. Kevin Sakani
Audio Officer

Ms. Mary Kamande
Public Communications Officer

Mr. John Nduaci
Serjeant-at-arms

1.5. Overview of the Examination of the Estimates

6. The Committee held two (2) sittings in examining the estimates. Both sittings took place on Thursday, 6th March 2025 where the Committee was briefed on the proposed Supplementary Estimates by the Parliamentary Budget Office before interacting with the State agencies.

7. Subsequently, the Committee met with the officials from the State agencies that include; the Judiciary, Judicial Service Commission, State Department for Correctional Services, Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR), the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Office of the Director of Public Prosecutions, the Commission on Administrative Justice (CAJ), Office of the Registrar of Political Parties (ORPP), and Witness Protection Agency. The last sitting was held on Monday, 10th March 2025 where the Committee met and adopted its report.

1.6. Acknowledgements

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the Supplementary Estimates II for the FY 2024/2025.

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

10. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs, to submit its Report on the scrutiny and consideration of the Supplementary Estimates II for the FY 2024/2025.

PART 2

2.0 INTRODUCTION

11. The Supplementary Estimates II for FY 2024/2025 was submitted in the National Assembly on Tuesday, 18th February 2025. The Justice and Legal Affairs Committee oversees all matters relating to constitutional affairs, the administration of law and justice, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In its oversight function, the Committee oversees the following Agencies:
    i. State Law Office & Department of Justice
    ii. The Judiciary
    iii. State Department for Correctional Services
    iv. Ethics & Anti-Corruption Commission
    v. Office of the Director of Public Prosecutions
    vi. Office of the Registrar of Political Parties
    vii. Witness Protection Agency
    viii. Kenya National Commission on Human Rights
    ix. Independent Electoral & Boundaries Commission
    x. Judicial Service Commission
    xi. Commission on Administrative Justice

2.1 Highlights of Supplementary Estimates II for FY 2024/25

12. The Supplementary Estimates No. 2 for FY 2024/25 proposes to increase the approved budget estimates by **Kshs. 91.4 billion** as shown in Table 1. It proposes to increase recurrent expenditure by **Kshs. 137 billion,** reduce the development expenditure by **Kshs. 51.1 billion** and increase the Consolidated Funds Services (CFS) by **Kshs. 5.5 billion.**

Table 1: Overall Changes in the Supplementary Estimates II

	2024/25 Approved Estimates	2024/25 Revised Estimates	Difference
	Kshs. Billions		
Recurrent	1,591	1,728	137
Development	641	590	(51.1)
CFS	1,237	1,242	5.5
Total	**3,470**	**3,561**	**91.4**

Source: Supplementary II Estimates, National Treasury

13. The major changes in recurrent expenditure include increments for the Teachers Service Commission of Kshs. 18.1 billion; increments for State Department for Higher Education and Research of Kshs. 16.1 billion; increments for National Treasury of Kshs. 13.4 billion; and increments for State Department for Medical Services of Kshs. 12.3 billion.

14. The major changes in development expenditure include a reduction for National Treasury of Kshs. 16.9 billion; reduction for State Department for Housing and Urban Development of Kshs. 13.7 billion; and reduction for the State Department for Water and Sanitation of Kshs. 22.9 billion.

15. The major changes in CFS expenditure include reductions for public debt interest payments of Kshs. 14.1 billion; and an increase for payments of guaranteed debt of Kshs. 19.7 billion.

2.2 Overview of Supplementary Estimates II for FY 2024/25

16. The Justice and Legal Affairs sub-sector gross approved budget for the financial year 2024/25 is Kshs 78.1 billion, which is comprised of Kshs 76.97 billion for recurrent expenditure and Kshs 1.1 billion for development expenditure respectively. This forms the baseline for Supplementary II Budget Estimates for the Financial Year 2024/25.

17. The gross approved budget for the MDAs under the sector has been revised to Kshs 80.0 billion which comprises of Kshs 78.9 billion for recurrent expenditure and Kshs. 1.1 billion for development expenditure translating to an increase of 2.5%.

2.2.1 The Judiciary

18. The Approved Revised Estimates for the Judiciary for the FY 2024/25 amounts to Kshs. 21,845.0 million. This comprises Kshs. 21,018.4 million for recurrent expenditure and Kshs. 826.6 million for Capital expenditure respectively.

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

Ministries/ Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
Judiciary	Recurrent	21,018.4	350.7	21,369.1	(1.7%)
	Development	826.6	-	826.6	(0.0%)
	Total	**21,845.0**	**350.7**	**22,195.7**	**(1.6%)**

Source: Supplementary II Estimates, National Treasury

19. The Approved Estimates have been adjusted to Kshs. 22,195.7 million under Supplementary Estimates No. II, comprising of Kshs. 21,369.1 million for recurrent expenditure and Kshs. 826.6 million for Capital expenditure. The changes are on account of increased provision of Kshs. 350.7 million to cater for staff salaries and employer staff benefits contribution.

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

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

Projects	Approved Estimates	Supplementary Estimates	Revised Estimates
The Judiciary Transformation Support Project 2013-2016	-	8.0	8.0
Construction of Non-Residential Buildings	215.6	(21.5)	194.1
Refurbishment of Supreme Court Headquarters	35.4	30.5	65.9
Construction of Court of Appeals (COA)	15.0	5.0	20.0
Judiciary Automation	300.0	42.5	342.5
Construction of Takaba Kadhi's Court (Mandera West)	85.0	(50.0)	30.0
Construction of Kwale Law Courts	48.0	(29.5)	18.5

Projects	Approved Estimates	Supplementary Estimates	Revised Estimates
Construction of Mukurweini Law Courts	-	15.0	15.0

Source: Supplementary Estimates II, National Treasury

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

2.2.2 Judicial Service Commission

22. The Approved Revised Estimates for the Judicial Service Commission for the FY 2024/25 amounts to Kshs 660.1 million for recurrent expenditure. The Approved Estimates have been revised to Kshs. 759.1 million reflecting a net increase of Kshs. 98.98 million under Supplementary Estimates II on account of additional budgetary provision to cater for personnel emoluments shortfall and other operations.

Table 4: Summary of the Supplementary Budget Estimates Kshs million

Ministries/ Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
Judicial Service Commission	Recurrent	660.1	98.98	759.1	14.99%
	Development	-	-	-	-
	Total	**660.1**	**98.98**	**759.1**	**14.99%**

Source: Supplementary II Estimates, National Treasury

23. The changes are on account of revision of the following budget items, including: Basic Salaries and Allowances - Kshs 77.5 million, Refurbishment of Buildings - Kshs 13.3 million, Domestic Travel and Subsistence, and Other Transportation Costs – Kshs 7.7 million, and Purchase of Office Furniture and General Equipment Kshs 0.5 million.

2.2.3 The State Law Office and Department of Justice

24. The Approved Revised Estimates for the State Law Office and Department of Justice for the FY 2024/25 amounts to Kshs. 5,429.0 million. This comprises of Kshs. 5,272.0 million for recurrent expenditure and Kshs. 157.0 million for Capital expenditure.

Table 5: Summary of the Supplementary Budget Estimates Kshs million

Ministries/ Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
State Law Office	Recurrent	5,272.0	115.95	5,388.0	2.2%
	Development	157.0	-	157.0	0%
	Total	**5,429.0**	**115.95**	**5,545.0**	**2.2%**

Source: Supplementary II Estimates, National Treasury

25. The Approved Estimates have been adjusted to **Kshs. 5,545.0 million** comprising of Kshs. **5,338.0 million** for Recurrent Expenditure and **Kshs. 157.0 million** for Capital expenditure. The recurrent budget was revised upwards by **Kshs 115.95 million.** The changes are on account of revision of the following budget heads: Kenya Law Reform

Commission – Kshs 70 million, Directorate of Legal Affairs – Kshs 6.9 million, Civil Litigation Department - Operating Expenses (Kshs 22.0 million), Registration Services – Kshs – 72.0 million, Victims Compensation Fund (Kshs 10.0 million), Victim Protection Board – Kshs 3.0 million, Treaties and Agreement Department (Kshs 28.0 million) and Headquarters Administrative (Kshs 27.1 million). The net effect on the department budget is an increase of Kshs 115.95 million as shown in the table below.

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

No.	Description	Approved Estimates	Amendments	Revised Estimates
1.	Kenya Law Reform Commission	237.98	70.0	308.98
2.	Directorate of Legal Affairs	61.5	6.9	68.4
3.	Civil Litigation Department	775.8	(21.98)	753.8
4.	Registration Services	502.4	72.0	574.4
5.	Headquarters Administrative Services	608.8	(27.1)	581.8
6.	Treaties and Agreement Department	245.2	(28.0)	217.2
7.	Victims Compensation Fund	10.0	(10.0)	0.0
8.	Victim Protection Board	20.4	3.0	23.4

Source: Supplementary II Estimates, National Treasury

2.2.4 The State Department for Correctional Services

26. The Approved Revised Estimates for the State Department for the FY 2024/25 amounts to Kshs. 34,429.7 million. This comprises Kshs. 34,389.7 million for recurrent expenditure and Kshs. 40.0 million for Capital expenditure respectively.

Table 7: Summary of Supplementary Estimates - Kshs Million

Departments	Details	Approved Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
State Department for Correctional Services	Recurrent	34,389.7	1,332.3	35,722.0	3.9%
	Development	40.0	-	40.0	0.0%
	Total	**34,429.7**	**1,332.3**	**35,762.0**	**3.87%**

Source: Supplementary II Estimates, National Treasury

27. The Approved Estimates have been adjusted to Kshs. 35,762.0 million under Supplementary Estimates No. II reflecting a net increase of Kshs 1,332.3 million on account of shortfall on personnel emolument occasioned by salary adjustments for Prison Officers – Kshs 1,084.2 million and Probation & After Care Services - Kshs 248.1 million.

28. The recurrent budget for the following departments has been revised as follows; Prisons Staff Training College - Kshs 47.4 million, Probation Hostels - Kshs 4.1 million, Sub-County Probation Services - Kshs 252.2 million, Regional Commands Prisons - Kshs 1,030.2 million, Maximum and High-Risk Prisons (Kshs 46.3 million) and Medium and Other District Prisons Kshs 53.0 million.

2.2.5 The Independent Electoral & Boundaries Commission (IEBC)

29. The Approved Revised Estimates for the Independent Electoral and Boundaries Commission for FY 2024/25 is Kshs. 3,817.7 million which is specifically for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures.

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

Ministries/ Departments	Details	Approved Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
The Independent Electoral & Boundaries Commission	Recurrent	**3,817.7**	(120.0)	3,697.7	3.14%
	Development	-	-	-	-
	Total	**3,817.7**	**(120.0)**	**3,697.7**	**3.14%**

Source: Supplementary II Estimates, National Treasury

30. The Approved Estimates have been adjusted to Kshs. 3,697.0 million under Supplementary Estimates No. II reflecting a decrease of Kshs. 120 million translating to a percentage decrease of 3.14%. The changes are on account of reallocation of funds and a reduction of Kshs. 120 million on personnel emoluments to reflect the actual requirement for the year ending June, 2025.

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

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

Head/ Description	Approved Estimates	Changes	Revised Estimates
2031000500 Voter Registration	67.7	(6.7)	61.0
2031001200 Regional Election Coordination Services	1,873.1	(91.9)	1,781.3
0617040 Information and Communication Technology	485.3	(59.7)	425.6
2031000100 Secretariat	1,068.9	66.3	1,135.2
0618010 Voter Education	43.5	(7.4)	36.0

Source: Supplementary II Estimates, National Treasury

2.2.6 The Office of Director of Public Prosecutions

32. The Approved Revised Estimates for the Office of the Director of Public Prosecutions for the FY 2024/25 amounts to Kshs. 3,985.0 million. This comprises of Kshs. 3,959.0 million for recurrent expenditure and Kshs. 26.0 million for Capital expenditure respectively.

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

Ministries/ Departments	Details	Approved Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
Office of the Director of Public Prosecutions	Recurrent	3,959.0	215.4	4,174.4	5.4%
	Development	26.0	-	26.0	0.0%
	Total	**3,985.0**	**215.4**	**4,200.4**	**5.4%**

Source: Supplementary II Estimates, National Treasury

33. The Approved Estimates have been adjusted to Kshs. 4,200.4 million under Supplementary Estimates No. II for FY 2024/25. This comprises of Kshs. 4,174.4 billion for recurrent expenditure and Kshs. 26.0 million for Capital expenditure. The change is on account of enhanced allocation of Kshs 215.4 million for personnel emoluments, operations and enhancement of appropriations in aid.

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

2.2.7 The Commission on Administration Justice

35. The Gross Approved Estimates for the Commission on Administrative Justice for FY 2024/25 is Kshs. 636.5 million for recurrent expenditure. The Approved Estimates have been revised to Kshs. 622.5 million reflecting a net decrease of Kshs. 14.0 million under Supplementary Estimates II due to budget rationalization across departments.

Table 11: Summary of Supplementary Estimates II FY 2024/25 – Kshs Million

Department	Details	Approved Revised Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
The Commission on Administrative Justice	Recurrent	636.5.0	(14.0)	622.5	(3.9%)
	Development	-	-	-	-
	Total	**636.5**	**(14.0)**	**622.5**	**(3.9%)**

Source: Supplementary II Estimates, National Treasury

36. The changes are on account of downward revision of the following budget items; Personnel Emolument – (Kshs 16 million) and other operating expenses Kshs 2.0 million.

2.2.8 The Ethics and Anti-Corruption Commission (EACC)

37. The Approved Revised Estimates for the Commission for FY 2024/25 is Kshs. 4,143.6 million comprised of Kshs 4,113.6 million for recurrent expenditure and Kshs 30.0 million for development expenditure. The Approved Estimates has been adjusted to Kshs. 4,179.4 million under Supplementary Estimates II. The change is on account of enhancement of the personnel emolument's allocation by Kshs 35.8 million to cater for promotion of staff.

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

Ministries/ Departments	Details	Approved Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
The Ethics and Anti-Corruption Commission	Recurrent	4,113.6	35.8	4,149.4	0.87%
	Development	30.0	-	30.0	-
	Total	**4,143.6**	**35.8**	**4,179.4**	**0.87%**

Source: Supplementary II Estimates, National Treasury

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

2.2.9 Witness Protection Agency

39. The Approved Revised Estimates for the Agency for FY 2024/25 is Kshs. 697.1 million which is for recurrent expenditure. The Approved Estimates have been adjusted to Kshs. 703.1 million under Supplementary Estimates II. This reflects an increase of Kshs. 6.0 million (0.86%) resulting in revision of the following budget heads; personal emoluments Kshs 5.3 million and Employer Contributions to Compulsory National Social Security Schemes Kshs 0.7 million.

Table 13: Summary of Supplementary Budget Estimates - Kshs Millions

Ministries/ Departments	Details	Approved Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
Witness Protection Agency	Recurrent	697.1	6.0	703.1	0.86%
	Development	-	-	-	-
	Total	**697.1**	**6.0**	**703.1**	**0.86%**

Source: Supplementary II Estimates, National Treasury

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

2.2.10 Kenya National Commission on Human Rights (KNCHR)

41. The Approved Revised Estimates for the Commission for FY 2024/25 is Kshs. 478.1 million for recurrent expenditure. The Approved Estimates has been adjusted downwards to Kshs. 465.1 million under Supplementary Estimates II. This reflects a decrease of Kshs. 13.0 million translating to a percentage decrease of 2.7%. The reduction is on account of reduction of the personnel emoluments by KShs.13 million, to reflect actual requirement to the year ending June, 2025.



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

Ministries/ Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimates	Revised Estimates	% Change
The Kenya National Commission on Human Rights	Recurrent	478.1	(13.0)	465.1	(2.7%)
	Development	-	-	-	-
	Total	**478.1**	**(13.0)**	**465.1**	**(2.7%)**

Source: Supplementary II Estimates, National Treasury

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

2.2.11 Office of the Registrar of Political Parties

43. The approved revised allocation for the Office of the Registrar of Political Parties for the FY 2024/25 is Kshs. 1,927.8 million which comprises of Kshs 488.2 million for office operations and Kshs 1,428.3 million for Political Parties Fund which is shared amongst the political parties as per the provisions of Section 25 of the Political Parties Act and Kshs 11.3 million for the Political Parties Liaison Committee. The Approved Estimates has been adjusted downwards by Kshs. 4.0 million (0.2%) on account of reduction of personnel emoluments under Supplementary Estimates II.

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

Ministries/ Departments	Details	Approved Gross Estimates	Amendments under the Supplementary I Estimates	Revised Estimates	% Change
Office of the Registrar of Political Parties	Recurrent	1,927.8	(4.0)	1,923.0	(0.2%)
	Development	-	-	-	-
	Total	**1,927.8**	**(4.0)**	**1,923.0**	**(0.2%)**

Source: Supplementary II Estimates, National Treasury

PART 3

3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

3.1 OBSERVATIONS

3.1.1 Judiciary

44. The Approved Revised Estimates for the Judiciary for the FY 2024/25 amounts to **Kshs. 21.845 billion** comprising of **Kshs. 21.018 billion** for recurrent expenditure and **Kshs. 0.827 billion** for capital expenditure respectively.

45. The Approved Estimates have been adjusted to **Kshs. 22.196 billion** under Supplementary Estimates No. II, comprising of **Kshs. 21.369 billion** for recurrent expenditure and **Kshs. 0.827 billion** for capital expenditure. The changes are on account of increased provision of **Kshs. 350.7 million** to cater for staff salaries and employer staff benefits contribution.

46. The proposed increase of **Kshs 350 million** under the recurrent vote will fund the following areas: **Kshs 258.1 million** for implementation of phase 2 of the Judicial Officers' remuneration and benefits for State Officers; and **Kshs 92.6 million** for reinstatement of five (5) officers as per the Court of Appeal Judgement of 8th November 2024.

47. The Committee has also observed that the department's Actual expenditure as at 31st December 2024 is **Kshs 11.35 billion** comprised of **Kshs 10.95 billion** for recurrent expenditure and **Kshs 394.2 million** for development expenditure translating to an absorption rate of 52% and 47.7% for recurrent and development respectively.

48. The Committee noted that the Judiciary has a budget deficit of **Kshs 0.42 billion** in the FY 2024/25 on personnel emolument. The Committee has observed the need to rationalize the Judiciary's development budget to realize funds that will cater for the deficit in the recurrent vote as prioritized, based on the critical needs.

49. The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, inadequate and delayed exchequer especially for development vote which in turn delays implementation of projects.

3.1.2 Judicial Service Commission

50. The Approved Revised Estimates for the Judicial Service Commission for the FY 2024/25 amounts to **Kshs 660.1 million** for recurrent expenditure. The Approved Estimates have been revised to **Kshs. 759.1 million** reflecting a net increase of **Kshs. 98.98 million** under Supplementary Estimates II on account of additional budgetary provision to cater for personnel emoluments shortfall and other operations.

51. The changes are on account of revision of the following budget items: Basic Salaries and Allowances - Kshs 77.5 million, Refurbishment of Buildings - Kshs 13.3 million, Domestic Travel and Subsistence, and Other Transportation Costs – Kshs 7.7 million, and Purchase of Office Furniture and General Equipment Kshs 0.5 million.

52. The Committee has also observed that the department's Actual expenditure as at 31st December 2024 is **Kshs 411.0 million** comprised of **Kshs 139.2 million** for compensation to employees and **Kshs 271.9 million** for operations and maintenance translating to an absorption rate of 64% and 61% respectively.

3.1.3 State Law Office and Department of Justice

53. The Approved Revised Estimates for the State Law Office and Department of Justice for the FY 2024/25 amounts to Kshs. 5,429.0 million. This comprises of Kshs. 5,272.0 million for recurrent expenditure and Kshs. 157.0 million for capital expenditure.

54. The Approved Estimates have been adjusted to **Kshs. 5,545.0 million** comprising of Kshs. **5,338.0 million** for recurrent expenditure and **Kshs. 157.0 million** for capital expenditure. The recurrent budget was revised upwards by **Kshs 115.95 million.**

55. The changes are on account of revision of the following budget heads: Kenya Law Reform Commission (Kshs 70 million), Directorate of Legal Affairs (Kshs 6.9 million), Civil Litigation Department - operating expenses (Kshs 22.0 million), Registration Services (Kshs 72.0 million), Victims Compensation Fund (Kshs 10.0 million), Victim Protection Board (Kshs 3.0 million), Treaties and Agreement Department (Kshs 28.0 million) and Headquarters Administrative (Kshs 27.1 million). The net effect on the department budget is an increase of Kshs 115.95 million.

56. The Actual expenditure for the State Law Office as at 31st December, 2024 is **Kshs 2.35 billion** against an approved budget of **Kshs 5.43 billion** for FY 2024/25 translating to an absorption rate of 43%.

57. During the Supplementary Estimates No. I for FY2024/25, the Office was subjected to a budget cut of **Kshs 1.55 billion** in recurrent expenditure which has largely affected the budget for the SAGAs under the State Law Office. The exchequer support for a number Agencies i.e. Kenya School of Law and Council of Legal Education, among others, were removed thereby affecting the operations of the Agencies.

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

3.1.4 State Department for Correctional Services

59. The Approved Revised Estimates for the State Department for the FY 2024/25 amounts to **Kshs. 34.43 billion**. This comprises **Kshs. 34.39 billion** for recurrent expenditure and **Kshs. 40.0 million** for Capital expenditure respectively.

60. The Approved Estimates have been adjusted to **Kshs. 35.76 billion** under Supplementary Estimates No. II reflecting a net increase of **Kshs 1.33 billion** on account of shortfall on personnel emolument occasioned by salary adjustments for Prison Officers - **Kshs 1.084 billion** and Probation & After Care Services - **Kshs 0.248 billion.**

61. The recurrent budget for the following departments has been revised as follows: Prisons Staff Training College - **Kshs 47.4 million**, Probation Hostels – **Kshs 4.1 million,** Sub-

County Probation Services - **Kshs 252.2 million**, Regional Commands Prisons - **Kshs 1,030.2 million,** Maximum and High-risk prisons - **Kshs 46.3 million** and Medium and Other district prisons - **Kshs 53.0 million.**

62. The Actual expenditure for the State Department as at 31st December, 2024 is **Kshs 17.37 billion** comprised of **Kshs 17.33 billion** for recurrent expenditure and **Kshs 37.5 million** for development expenditure.

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

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

3.1.5 Independent Electoral and Boundaries Commission

65. The Approved Revised Estimates for the Independent Electoral and Boundaries Commission for FY 2024/25 is **Kshs. 3.818 billion** which is specifically for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures.

66. The Approved Estimates have been adjusted to **Kshs. 3.697 billion** under Supplementary Estimates No. II reflecting a decrease of **Kshs. 0.12 billion,** translating to a percentage decrease of 3.14%. The changes are on account of a reduction of **Kshs. 0.12 billion** on personnel emoluments to reflect the actual requirement for the year ending June, 2025.

67. The Actual expenditure for the Commission as at 31st December, 2024 is **Kshs 1.782 billion** against an approved budget of **Kshs 3.82 billion** translating to an absorption rate of 47%.

68. The Committee observed that the Commission has pending bills accumulated over the years amounting to **Kshs 3.895 billion** of which legal fees accounts for **Kshs 2.6 billion**, election logistics - Postal Corporation of Kenya - **Kshs 0.499 billion** and other pending bills – **Kshs 0.796 billion.**

69. The Committee cognizant of its oversight mandate has also directed the Commission to submit before the Committee primary documents in support of the pending bills especially on the legal bills for verification and scrutiny.

70. The Committee was also concerned about the Kshs 6.7 billion meant for replacing the KIEMS Kit and has tasked the Commission to submit an expert report on the usability and salvage value of the 45,000 KIEMS kits.

3.1.6 Office of the Director of Public Prosecutions

71. The Approved Revised Estimates for the Office of the Director of Public Prosecutions for the FY 2024/25 amounts to **Kshs. 3.985 billion**. This comprises of **Kshs. 3.959 billion** for recurrent expenditure and **Kshs. 26.0 million** for capital expenditure respectively.

72. The Approved Estimates have been adjusted to **Kshs. 4.20 billion** under Supplementary Estimates No. II for FY 2024/25. This comprises of **Kshs. 4.17 billion** for recurrent expenditure and **Kshs. 26.0 million** for capital expenditure. The change is on account of enhanced allocation of **Kshs 215.4 million** for personnel emoluments, operations and enhancement of appropriations in aid.

73. The Actual expenditure as at 31st December, 2024 is Kshs 1.987 million comprised Kshs 1.97 billion for recurrent expenditure and Kshs 0.017 billion for development expenditure.

74. The Committee further observed that the Office is a key player towards improving national security, strengthening good governance and fight against corruption, and therefore requires increase in resource allocation to enable the Office execute its mandate. In particular, the office requires additional funding of **Kshs 30 million** to support the roll out of the *Uadilifu Case Management System* in all the forty-seven (47) counties to enhance its digitization programme.

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

3.1.7 Commission on Administrative Justice

76. The Gross Approved Estimates for the Commission on Administrative Justice for FY 2024/25 is **Kshs. 636.5 million** for recurrent expenditure. The Approved Estimates have been revised to **Kshs. 622.5 million** reflecting a net decrease of **Kshs. 14.0 million** under Supplementary Estimates II due to budget rationalization across departments.

77. The changes are on account of downward revision of the following budget items: Personnel Emolument - **Kshs 16 million,** and other operating expenses - **Kshs 2.0 million.**

78. As at 31st December 2024, the Commission had utilized **Kshs 291.2 million** out of the **Kshs 636.5 million** allocated for the FY 2024/25, which translates to absorption rate of 46%.

79. The Commission has requested the Committee to consider and reinstate its budgetary allocation for the FY 2024/25 and allocate an additional allocation of **Kshs 3.3 million** to enhance its budget for operations and maintenance. However, the Committee has urged the Commission to appreciate the tight fiscal space the country is faced with and consider adopting cost cutting measures.

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

3.1.8 Witness Protection Agency

81. The Approved Revised Estimates for the Agency for FY 2024/25 is Kshs. 697.1 million which is for recurrent expenditure. The Approved Estimates has been adjusted to Kshs. 703.1 million under Supplementary Estimates II.

82. This reflects an increase of Kshs. 6.0 million (0.86%) resulting in revision of the following budget heads: Personal Emoluments at Kshs 5.3 million, and Employer Contributions to Compulsory National Social Security Schemes Kshs at 0.7 million.

83. The actual expenditure for the Agency as at 31st December 2024 is **Kshs 353.3 million** against an approved budget of **Kshs 697.1 million**, translating to an absorption rate of 50.7%.

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

85. The Agency is currently facilitating a total of 88 witnesses with a total dependent population of 149 as at 31st January 2025 under the Witness Protection Programme. The objective of the programme is to protect threatened, vulnerable and intimidated witnesses from harm because of cooperating with the prosecution and law enforcement agencies.

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

3.1.9 Kenya National Commission on Human Rights

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

88. The Approved Estimates has been adjusted downwards to **Kshs. 465.1 million** under Supplementary Estimates II. This reflects a decrease of **Kshs. 13.0 million**, translating to a percentage decrease of 2.7%. The reduction is on account of reduction of the personnel emolument by **KShs.13 million,** to reflect actual requirement to the year ending June, 2025.

89. As at the end of 31st December 2024, the Commission's total actual expenditure was **Kshs 283.7 million** which translates to 59% of the overall approved allocation of **Kshs 478.0 million.**

90. The Committee requested for an additional allocation of **Kshs 18 million (Recurrent)** to support the Commission's core mandate of resolving human rights complaints, enhancing public awareness and understanding of human rights.

3.1.10 Ethics and Anti-Corruption Commission

91. The Approved Revised Estimates for the Ethics and Anti-Corruption Commission in the FY 2024/2025 amounts to **Kshs 4.144 billion,** comprising of **Kshs 4.114 billion** and **Kshs 0.03 billion** for recurrent and capital expenditures respectively.

92. The Approved Estimates has been adjusted to **Kshs. 4.179 billion** under Supplementary Estimates II. The change is on account of enhancement of the personnel emolument allocation by **Kshs 35.8 million** to cater for promotion of staff.

93. During the period ending 31st December 2024, the Commission's total actual expenditure was **Kshs 2.2 billion** which comprised of **Kshs 2.17 billion** for recurrent expenditure and **Kshs 29.99 million** expenditure respectively.

94. The Committee has also observed the Commission has a pending certificate amounting to **Kshs 7.7 million** in the FY 2024/25 relating to the refurbishment of Integrity Centre. In addition, the Commission also requested for an allocation of **Kshs 17.0 million** for the acquisition of automatic generators for its headquarter.

3.1.11 Registrar of Political Parties

95. The gross revised allocation for the Office of the Registrar of Political Parties for the FY 2024/25 is **Kshs. 1.928 billion** which comprises of **Kshs 0.488 billion** for office operations, and Kshs **1.428 billion** for Political Parties Fund which is shared amongst the political parties as per the provisions of Section 25 of the Political Parties Act and **Kshs 0.0113 billion** for the Political Parties Liaison Committee.

96. The Approved Estimates has been adjusted downwards by Kshs. 4.0 million (0.2%) under Supplementary Estimates II. The variation has affected the item on compensation to employees which it proposes to reduce by **Kshs 4 million** from the approved budget of **Kshs 254.6 million** to a revised budget of **Kshs 250.6 million.**

97. The Committee observed the need to rationalize the budget for the Political Parties Fund to accommodate agencies with more pressing needs in the sector that are not adequately funded.

98. Inter and intra political parties' conflicts leading to legal suits. The Office is frequently enjoined in matters filed in Courts and in the Political Parties' Dispute Tribunal arising from inter and intra political parties' disputes. This affects the office in terms of legal fees and time used in defending cases.

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

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

3.2 RECOMMENDATIONS

3.2.1 Proposed Reductions

101. The Committee recommends a reduction of **Kshs 200 million** from the allocations of the vote stated below:

Vote	Programme	Proposed Reduction	Justification
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties.	Reduce **Kshs 200 million** from the Political Parties Fund under the **Programme of Registration, Regulation and Funding of Political Parties.**	The Committee recommends a reduction of **Kshs 200 million (Recurrent)** from the approved allocation for the Political Parties Fund for FY 2024/25 (**Kshs 1,428.3 million).** The Committee recommends the budget for the Office of the Registrar of Political Parties to be rationalized to accommodate agencies with more pressing needs in the sector that are not adequately funded.

3.2.2 Proposed Increases

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

Vote	Programme	Proposed Increase	Justification
State Law Office	Programme of Governance, Legal training and Constitutional affairs	Increase **Kshs 100 million** for the Programme of Governance, Legal training and Constitutional affairs	The proposed additional allocation of **Kshs 100 million** will cater for the following: i. **Kshs 50 million (Recurrent)** for the Kenya School of Law as exchequer support. The school's budget of **Kshs 151 million** in terms of exchequer support was entirely removed during the approval of the Budget Estimates for the FY 2024/25. The Committee therefore recommends a partial reinstatement of the school's exchequer budget to enhance the budget for its operations and delivery of its core mandate. ii. **Kshs 50 million (Recurrent)** for the Council for Legal Education to enable the Council execute its mandate of administering the ATP Examination, regulating legal education and catering for non-discretionary expenditures including rent, insurance and utilities.

Vote	Programme	Proposed Increase	Justification
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Programme	Increase the allocation for the Programme of Ethics and Anti-Corruption by **Kshs 24.7 million.**	The Committee recommends an increase of **Kshs 24.7 million (Development)** to cater for pending certificates in the FY 2024/25 amounting to **Kshs 7.7 million** and purchase of Automatic Generators for the Integrity Center at **Kshs 17.0 million.**
Office of the Director of Public Prosecutions	Public Prosecution Services	Increase the allocation for the Programme of Public Prosecution Services by **Kshs 20 million.**	The Committee recommends an additional allocation of **Kshs 20 million (Development)** for the refurbishment of the ODPP Offices; in particular, the office space hosting the Uadilifu Central Case Intake, file registration and Case registry.
Kenya National Commission on Human Rights	Protection and Promotion of Human Rights	Increase the allocation for the Programme of Protection and Promotion of Human Rights by **Kshs 18 million.**	The Committee recommends an additional allocation of **Kshs 18 million (Recurrent)** to support the Commission's core mandate of resolving human rights complaints, enhancing public awareness and understanding of human rights.
Witness Protection Agency	Witness Protection Programme	Increase the allocation for the Witness Protection Programme by **Kshs 20 million.**	The Committee recommends an additional allocation of **Kshs 20 million (Recurrent)** to enhance the Commission's budget for operations and maintenance.
Commission on Administrative Justice	Promotion of administrative Justice	Increase the allocation for the Promotion of Administrative Justice by **Kshs 17.3 million.**	The Committee recommends an additional allocation of **Kshs 17.3 million (Recurrent)** to enhance the Commission's budget for operations and maintenance.

3.2.2 Proposed Reallocations

103. The Committee recommends the reallocation of **Kshs 125 million** to various Programmes as shown in the table below:

Vote	Programme	Proposed Reallocation	Justification
Judiciary	Dispensation of Justice	Reallocate **Kshs 55 million** from the Development Vote of the Judiciary to its Recurrent Vote.	The Reallocated **Kshs 55 million** will cater for the following areas: i. **Kshs 30 million** for the recruitment of 110 interns for various departments. ii. **Kshs 25 million** for outstanding PE deficit.
State Law Office and Department of Justice	Legal Services	Reallocate **Kshs 70 million** from the following Agencies under the following two programmes: i. **Kshs 50 million** from the budget of Asset Recovery Agency under the Programme of Legal Service.	The proposed reallocation of **Kshs 70 million** will be allocated to the National Council for Law Reporting under **Programme of Governance, Legal training and Constitutional Affairs** to facilitate the following: i. **Kshs 27 million** to facilitate Systems upgrades and annual maintenance of the Kenya Legislation and Case Law databases. ii. **Kshs 22.4 million** to settle Rent arrears and service charge for NCLR Office and warehouse. iii. **Kshs 20.6 million** for Collection of legal information and printing of Kenya Law Reports.
	Governance, Legal training and Constitutional Affairs	ii. **Kshs 20 million** from the budget of the Kenya Law Reform Commission under the Programme of Governance, Legal training and Constitutional Affairs.	

SIGNED.....**DATE**.....10·3·025·

HON. GEORGE OITONGA MURUGARA, CBS, MP

(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS