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A COMPEDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON 2018-19 BUDGET ESTIMATES

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1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Environment and Natural Resources and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the 2018/19 and the medium term budget estimates for the Ministry of Water and Sanitation, Ministry of Environment and Forestry, the State Department for Mining and the State Department for Wildlife.

1.1 Committee Mandate

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

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

The subject matter of the Departmental Committee on Environment and Natural Resources are stated in the Second Schedule of the National Assembly Standing Orders No. 216 (f) as follows: climate change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.

1.2 Oversight

In executing its mandate, the Committee oversees the following Government Ministries and Departments namely:-

i. The Ministry of Environment and Forestry;
ii. The State department for Water and Sanitation;
iii. The State Department for Mining; and
iv. The State Department for Wildlife

1.3 Members of the Committee

The Committee comprises the following Members

1 The Hon Japhet M. Kareke Mbiuki, MP – Chairperson
2 The Hon. Sophia Abdi Noor, MP – Vice-Chairperson
3. The Hon Ali Wario Guyo, M P
4. The Hon Amin Deddy Mohamed Ali, M.P.
5. The Hon. Beatrice Cherono Kones, M P.
6 The Hon Benjamin Dalu Tayari, MP.
7 The Hon Benjamin Jomo Washiali, M P.
8 The Hon. Charity Kathambi Chepkwony, M.P
9 The Hon. Charles Ong'ondo Were, M P.
10. The Hon David Kangogo Bowen, M.P
11. The Hon. Francis Chachu Ganya, M P
12. The Hon. Hassan Oda Hulufo, M P.
13. The Hon. Hilary Kiplang'at Kosgei, M.P
14. The Hon. Nasri Sahal Ibrahim, M P
15. The Hon Peter Kimari Kihara, M P
16 The Hon. Paul Musyimi Nzengu, M.P.
17 The Hon. Rehema Hassan, M P
18 The Hon Rossa Buyu. M.P.
19. The Hon Said Hiribae, M P

1.4 Secretariat

The Committee is serviced by the following Members of Staff

Ms Esther Nginyo	**Clerk Assistant III**
Mr Dennis Mogare	**Clerk Assistant III**
Ms Amran Mursal	**Fiscal Analyst III**
Mr Salem Lorot	**Legal Counsel II**
Ms Winnie Kulei	**Research Officer III**

1.5 Overview of the examination of the Estimates

The 2018/19 budget estimates were submitted and tabled to the National Assembly pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act 2012 The Constitution 2010 and the Public Finance Management Act 2012 gives National Assembly the mandate to review the budget estimates and make recommendations before the budget is approved.

Standing Order No 235(3) provides that after being tabled, the budget estimates are committed to each Departmental Committee to consider according to their respective mandates The Standing Orders provide that Departmental Committees of the National

Assembly will consider the budget estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

In the exercise of its mandate of reviewing the budget estimates, the Committee scheduled a total of five (5) sittings. The process started by a briefing on 14th May, 2018 from the Parliamentary Budget Office, represented by Ms. Yunis Amran. This was in an effort to unpack for Members the estimates and equip them with the information needed to effectively scrutinize the estimates. The Committee then engaged the Ministries and the State Departments during its retreat in Nairobi from 14th to 16th May, 2018.

1.6 Summary of Committee Recommendations

The Committee having scrutinized and reviewed the 2018/19 Budget Estimates for the Environment and Natural Resources Sector observes that the sector being an enabler to the achievement of the 'Big Four Agenda', it is not adequately funded. The Committee makes the following recommendations:

State Department for Water and Sanitation

1 National Water Harvesting Authority has a national mandate of bridging the gap between the demand and supply of water which is in line with our Constitution and Vision 2030. There is therefore need to operationalize the mandate of the Authority as envisaged in the Water Act, 2016

2 In addition, the committee recommends fixing the governance issue under the Authority immediately to provide strategic direction to the Authority. Subsequently, there is need to revamp its capacity through enhanced budgetary allocation to invest in water harvesting activities.

3 An allocation of **Kshs. 500 million** towards the Maua water & drainage project to settle the pending bills.

4 An allocation of **Kshs. 500 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.

5 An allocation of **Kshs. 1 billion** towards the last mile water connectivity across the country to provide clean, safe and adequate water for kenyans.

6 There is need to have Muranga County under the jurisdiction of one Water Service Board to avoid duplication of services and overlaps of activities.

Ministry of Environment and Forestry

1 In order to disseminate weather and climate information for decision making at grass-root level, the meteorological department decentralized its service to the county and deployed County Meteorological Personnel to its field observation stations. The committee therefore recommends allocation of **Kshs. 70.5 million** for the operations of disseminating the weather products at the counties.

2 Allocate the Kenya Meteorological Department additional **Kshs. 427.8 million** to clear pending bills most of which were as a result of budget cuts. The Department further requires **Kshs. 56 million** for Maintenance of Equipment and further allocation of **Kshs. 48 million** for securing and insuring the high cost equipment the department has invested in

3 The allocation of **Kshs. 842.86 million** for the recruitment of 1,500 forest rangers as part of the implementation of the recommendations by the taskforce

4 **Kshs. 200 million** to be allocated for purchase of land for the Medical Waste and Hazardous Waste Recycling Facility. The Government of Japan may withdraw the support to the project that is to be constructed by a grant that is extended to Government of Kenya;

5 The Committee recommends additional **Kshs. 240 million** to improve tree seed production capacity at KEFRI for the FY 2018/2019 to contribute towards meeting the 10% tree cover by 2022. The Committee further recommends enhanced budgetary support to KEFRI to meet the increasing demand and considering the central role of research in development of forestry and allied natural resources.

6 The Adaptation Fund allocation for FY 2018/2019 be released to NEMA so as to facilitate projects implementation in 14 counties to respond to effects of Climate Change in sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction.

State Department for Mining

1 The committee recommends allocating adequate funds to the State Department for Mining which is expected to contribute 10% to the G.D.P before the year 2030.

2 The committee recommends unlocking the **Kshs. 2,023,508,130** donor funds to facilitate the National Airborne Geophysical Survey for mapping of the mineral resources in the country which will further enhance the state departments potential to reach the 10% contribution to the GDP before the Vision 2030 target.

State Department for Wildlife

1 The Committee recommends that the National Treasury should fund the recruitment of 1,000 rangers by KWS.

2 The Committee recommends that the Department gets adequate funding to clear the outstanding money in form of compensation for human wildlife conflict. Further, the Committee recommends that a long lasting solution and more sustainable mitigation measures such as fencing of the parks be addressed as a matter of urgency.

3 Further, the Department should be funded to provide strategic water points in the rangelands to mitigate the Human Wildlife Conflict.

4 The National Treasury should provide **Kshs. 884 million** for the implementation of SRC categorization, staff annual increment and medical scheme for the Department.

Re-Allocations Schedule

Ministry of Water and Sanitation

1. Re-allocate **Kshs. 150 million** from Drilling of exploratory boreholes for Turkana and Marsabit under the Water Resource Management Programme as follows:
    i **Kshs. 110 million** to Athi Water Services Board as an additional funding towards the Nairobi City regeneration under the water and sewerage infrastructure development Programme.
    ii **Kshs. 40 million** to Lake Victoria South Water Service Board as an additional funding for the Water Harvesting Program under the Water and Sewerage Infrastructure Development

2. **Kshs. 50 million** re-allocation from Athi River Restoration Programme under the Water Resource Management Programme to Tanathi Water Service Board as an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and Sewerage Infrastructure Development Programme. This is a project that covers Kajiado and Machakos Counties and has a 200 KM pipeline length from Mt. Kilimanjaro.

Ministry of Environment and Forestry

1. Re-allocate **Kshs. 450 million** from the School Greening Program as follows:
    i. **Kshs. 100 million** to Urban Rivers Rehabilitation Project under the Environment Management and Protection Programme in the Ministry of Environment and Forestry. This is aimed at rehabilitating urban rivers to restore their former pristine nature.
    ii. **Kshs. 150 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas
    iii. **Kshs. 150 million** to Tana Water Service Board for rehabilitation of water supplies and last mile water connectivity.
    iv. Kshs. 50 million to Rift Valley Water Service Board rehabilitation of water supplies and last mile water connectivity.
    v.

2. Re-allocate **Kshs. 100 million** from the Community Livelihood Improvement Programme (CLIP) under the Forests and Water Towers Conservation Programme to Imarisha Lake Naivasha Project under the Environment Management and Protection Programme to conserve and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.

3. Re-allocate **Kshs. 50 million** from the Mitigation and Management of Soil Loss under the Forests and Water Towers Conservation Programme to Nairobi River Rehabilitation Project under the Environment Management and Protection Programme towards the objective of rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.

1.7 Acknowledgements

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.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

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

Mr. Chairman,

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

SIGNED .....

HON. KAREKE MBIUKI, MP

(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

DATE 29TH MAY 2018

2.0 BROAD OVERVIEW OF THE BUDGET ESTIMATES FOR FY 2018/2019

1. The proposed budget estimates of revenues and expenditures for the national government for the FY 2018/2019 and the medium term was submitted to the National Assembly on the 26th April 2018 and subsequently tabled to the National Assembly on Thursday 3rd May 2018. This is pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.
2. The Constitution of Kenya Article 221 and the Public Finance Management Act 2012 (Sections 38 and 39) give Parliament the mandate to review the budget estimates and make recommendations before the budget is approved. The review of budget estimates is carried out through the Budget and Appropriations Committee as well as the departmental committees of the National Assembly which analyze the budget of the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.
3. The budget estimates were committed to the Departmental Committees of the National Assembly to review and to deliberate upon according to their respective mandates in line with Standing Order No. 235 of the National Assembly.
4. Section 39(3) of the Public Finance Management Act 2012 empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere. This provision is also emphasized in Standing Order No. 240(4)

2.1 Mandate and Spending Agencies Under the Purview of the Committee

5. The Second Schedule of the Standing Orders for the National Assembly assigns the Departmental Committee on Environment and Natural Resources the mandate to consider matters related to climate Change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.
6. The following spending agencies are therefore under the purview of the Departmental Committee:
    i. Vote 1107: Ministry of Water and Sanitation
    ii. Vote 1108: Ministry of Environment and Forestry
    iii. Vote 1106: Ministry of Tourism and Wildlife (Wildlife conservation and Management Programme)
    iv. Vote 1191: State Department of Mining

2.2 Highlights of the 2018/2019 budget Estimates

7. The overall budget for the FY 2018/19 amounts to **Kshs 3,074.2 billion** up from the **Kshs 2,773.8 billion** allocated in the FY 2017/18. The allocation to the national government amounts to **Kshs 1,676.7 billion**, Judiciary – **Kshs 17.8 billion**, Parliament – **Kshs 42.6 billion**, Consolidated Fund Services – **962.6 billion**, and county Government allocation of **Kshs 374.6 billion.** The targeted revenue collection including Appropriations In Aid amounts to **Kshs. 1,923.3 billion** increasing from the **Kshs. 1,659.6 billion**.

2.3 Linking the Big Four Agenda to 2018/19 Overall Budget Estimates

8. The expenditure priorities in the 2018/19 budget and over the medium term have been realigned to the "Big four" plan. The 2018/19 and the medium term is guided by the Third Medium Term Plan (MTP III) for 2018-2022 of the vision 2030 whose theme is *Transforming Lives: Advancing Socio-Economic Development through the "Big Four"* priorities. Thus, the MTP III has prioritized the big four agenda on Health, Food security, Manufacturing and affordable housing.
9. Under the 2018/19 budget estimates, Kshs 460.2 Billion has been allocated to implement the big four agenda under both the drivers and enablers. According to the National Treasury, Kshs. 82 Billion has been allocated to the main drivers whereas Kshs 378.9 Billion has been allocated to enablers.

2.4 Comparison of the 2018/19 Budget Estimates for the sector to the Approved BPS 2018 Ceilings

10. As shown in table 1 below, a comparative analysis of the sector's proposed expenditure estimates of **Kshs. 66.52 billion** for FY 2018/2019 and the Budget Policy Statement 2018 House resolutions ceiling of **Kshs. 61.58 billion** show that the proposed estimates is above the BPS ceilings by approximately **Kshs. 4.94 billion**. The recurrent estimates have decreased by **Kshs. 438.42 million** while the development estimates has increased by **Kshs. 5,376.91 million** when compared to the BPS 2018. Table 1 shows a breakdown of the comparison of the BPS house resolutions and the proposed budget estimates for the FY 2018/2019.

Table 1: Comparison of allocations for Programmes in the BPS ceilings against the Printed Estimates FY 2018/2019

	BPS House Resolutions			Printed Estimates FY 2018/19			Deviations		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
Ministry of Water and Sanitation	4,225.80	31,027.00	35,252.80	4,048.23	37,207.39	41,255.62	-177.57	6,180.39	6,002.82
Ministry of Environment and Forestry	10,377.00	6,774.00	17,151.00	9,964.39	6,169.00	16,133.39	-412.61	-605.00	-1,017.61
Ministry of Tourism and Wildlife (Wildlife	6,207.00	1,097.00	7,304.00	6,394.08	1,125.52	7,519.60	187.08	28.52	215.60
Ministry of Mining	1,139.00	736.00	1,875.00	1,103.68	509.00	1,612.68	-35.32	-227.00	-262.32
TOTAL	21,948.80	39,634.00	61,582.80	21,510.38	45,010.91	66,521.29	-438.42	5,376.91	4,938.49

Source: The National Treasury, PBO

2.5 Linking the Big 4 agenda in the BPS to the 2018/-2019 Budget Estimates for the sector MDA's

11. To boost the growth of manufacturing, the Government under the Budget Policy Statement committed to the development of industrial infrastructure such as industrial parks/zones across the country. More specifically, priority was to be given to establishment of a modern industrial park in Naivasha, apparel industrial sheds in Athi River, establishment of the Dongo Kundu SEZs and infrastructures.
12. In line with the above, in the budget estimates the National treasury has allocated **Kshs. 700 million** for the Naivasha industrial park water supply and **Kshs. 120 million** for the Dongo Kundu water supply project.

2.6 Vote by Vote Analysis

a) Vote 1107: Ministry of Water and Sanitation

13. During the medium term period 2014/15 - 2016/17 the cumulative budgetary allocation to the Ministry was KSh. 103.33 billion with an actual expenditure of KSh. 86.75 billion. This represents an absorption rate of 84%. The under absorption of the budget can be attributed to liquidity challenges due to low/delayed disbursements, slow policy formulation and realignment and slow procurement process by the Ministry.
14. The Ministry has a proposed allocation of **Kshs. 41.26 billion** for the FY 2018/2019. This is an increase of **Kshs. 2.84 billion** when compared to the **Kshs. 38.42 billion** allocated in the FY 2017/2018.
15. Out of the increase of **Kshs. 2.84 billion**, **Kshs. 673.51 million** is an increase under recurrent expenditure while **Kshs. 2.16 billion** is an increase under development expenditure.

b) Vote 1108: Ministry of Environment and Forestry

i. **Budget Performance of the Ministry for the FY 2014/15-2016/17**

16. The budgetary allocation for the Ministry over 2014/15-2016/17 MTEF period was **KSh. 17.6 billion**, **KSh.18 billion** and **KSh.20.28 billion** for the FY 2014/15, 2015/16 and 2016/17 respectively. Over the same period of time, actual expenditure was KSh.15.8 billion, **KSh. 16.9 billion** and **KSh. 20.02 billion.** The allocation for FY 2018/2018 is **Kshs. 16.13 billion** comprising of **Kshs. 9.96** for recurrent expenditure and **Kshs. 6.17** billion for development expenditure.

c) Vote 1204: State Department for Wildlife

17. The Programme has 2 sub-Programmes which are wildlife security, conservation and management and administrative services. The Programme has a total allocation of **Kshs. 7.52 billion** out of which **Kshs. 6.39 billion** is for recurrent expenditure while **Kshs. 1.13 billion** is for development expenditure.
18. Out of the total recurrent allocation of **Kshs. 6.39 billion**, **Kshs. 5.50 billion** is allocated to current transfers to government organizations which under this Programme is the Kenya Wildlife Service

d) **Vote 1192: State Department for Mining**

19. The proposed budgetary allocation for the state department for Mining the FY 2018/2019 is **Kshs. 1.61 billion** out of which **Kshs. 1.10 billion** is for recurrent expenditure and **Kshs. 509 million** is for development expenditure.

2.7 **Key Issues Arising**

1. Section 25 (8) of the Public Finance Management Act provides that the Cabinet Secretary in charge of Treasury shall take into account the resolutions passed by Parliament in finalizing the budget for the relevant financial year. However, for the period under review, 2018/2019 the Cabinet Secretary did not fully adhere to the ceilings of the BPS 2017 and the House Resolutions on the BPS 2017.

2. Under the supplementary II estimates, the Ministry had an allocation of **Kshs. 539.93 million** which was allocated for new projects which were introduced towards the end of the FY, however these projects have not been factored under the FY 2018/2019 budget (except the Thika and Githunguri water project). It is therefore unclear on whether the allocated funds under the supplementary II have been utilized, and whether they met the targets intended.

3. In the 2018/2019 budget, the Ministry of water and sanitation has new projects worth **Kshs. 6 billion**. It has also been noted that drought mitigation project which was introduced in the FY 2017/2018 and was allocated **Kshs. 534.88 million** is not in the 2018/2019 budget. It is therefore unclear on whether the targets for that project was achieved in the FY 2017/2018 and whether the new project (ending drought emergencies: support to drought risk management) which has an allocation of **Kshs. 454 million** is the same as the drought mitigation project.

4. During the processing of the Budget Policy Statement, there were several water projects that were introduced to help in the achievement of the Big four agenda, however under the budget estimates 2018/2019 it is unclear on how and if these projects have been provided for. It is also important to note that one of the new projects proposed under the 2018/2019 budget is water and sanitation development project with an allocation of **Kshs. 4.34 billion** which is donor financed and it targets to provide 33,521 people with clean water. There is however no clear indication on how this is to be achieved.

5. Further analysis also shows that there are projects which the Ministry has been undertaking but have not been financed under the 2018/19 budget. These include; Maua water drainage, Small towns & Rural Water Supply Schemes and the Nairobi Rivers Basin Restoration. The status of these projects is therefore not clear.
6. The Ministry has been undertaking the water harvesting Programme in which it targets to drill boreholes. There is need for a status report on the achievements of this project since its inception to avoid it being a moving target. Another project is

the drilling and equipping of boreholes which has been financed in this and previous budgets.

Ministry of Environment and Forestry

1. It has further been noted that projects such as the adaptation fund which is a fund established to improve livelihoods and ecosystem Resilience Building to Climate Change in Target Counties, has not been included in the FY 2018/2019 budget. Other projects not in the FY 2018/2019 include medical and hazardous waste, mercury initiatives, KEFRI/JICA on development of drought tolerant trees for adaptation to climate change in drylands of Kenya.
2. The Ministry has the National Action Plan for Artisanal Small-Scale Gold Mining as one of the projects and it has been allocated **Kshs. 19 million**. There is therefore need for the Ministry to provide details of this project.

State Department for Mining

There is need for a Status report on the National Airborne Geophysical survey which has not been budgeted for despite signing a loan with China Exim Bank.

Ministry of Tourism and Wildlife

Maintenance of Access Roads and Airstrips in Parks **(Kshs. 250 million)**-this is a new project which aims at improving park infrastructure. The project targets to rehabilitate 100 Km. of road, maintain 2,750kmof road and upgrading of 2 airstrips. The Ministry needs to inform the committee on the realism of these targets against the allocation proposed for the FY 2018/2019.

3.0 COMMITTEE REVIEW: MINISTRY BY MINISTRY

3.1 Ministry of Water and Sanitation

20. The Principal Secretary, State Department of Water and Sanitation, Mr. Joseph Irungu, CBS appeared before the Committee on Monday, 14th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department and informed it as follows, that;

21. During the medium term period 2018/19-2020/21, the Ministry is implementing key priorities under three programmes, namely:

1) General Administration, Planning and Support Services;
2) Water Resources Management; and
3) Water and Sewerage Infrastructure Development.

22. The Ministry's budget requirement in FY 2018/19 was Ksh. 165,417 Million, made up of Ksh 41,559 million for Recurrent expenditure and Ksh. 124,162 million for Development expenditure. However, the Ministry was allocated through the Evironment and Natural Resources Sector a total of Kshs 41,255 Million comprising of Kshs. 4,048 million for recurrent expenditure and Kshs 37,207 Million for Development expenditure for FY 2018/19.

3.1.1 Budget Performance Up To 3rd Quarter Of 2017/18

23. The Ministry's recurrent budget allocation for FY2017/18 decreased by **Kshs.1.080** billion from **Kshs.4. 404 billion** to **Kshs.3.324 billion**. This is mainly attributable to the loss of AIA by the Water Services Board following the enactment of the Water Act 2016. The Ministry however received **Kshs. 417** Million from the National Treasury to support Water Services Boards following the shortfall in AIA. The development Estimate grew by Kshs. 2.87 billion from Kshs. 32.25 billion to Kshs. 35.122 billion.

3.1.2 Status Report On Pending Bills in the Ministry and it's Agencies

The table 2 below gives a summary of the pending bills of the Ministry headquarters and the institutions under it.

Table 2: Summary of the pending bills

Institution	Pending bills (Ksh M)	
	Recurrent Expenditure	Capital Expenditure
1) MW & S Hqtr	7	-
2) Athi WSB	-	686.800
3) WRA	-	3,365
4) KEWI	69	94.5
5) NWCPC	746.70	1,559.34
6) Northern	-	54

7) Lake Victoria South	-	377
Total	**822.7**	**691,818.84**

3.1.3 Key Outstanding issues not catered for in the 2018/19 Budget

i) Resettlement Action Plan (RAP)

24. The Ministry made a request for funding to the National Treasury during the Supplementary Estimates 2 however no allocation was received even in the 2018/19 budget estimates. This continues to delay implementation of its projects due to lack of budgetary allocation for Resettlement Action Plan. The requirement for land compensation for these projects is per Table 3 below;

Table 3: RAP requirement

Sno	Project Name	Amount Required (Kshs.B)
1.	Mwache Dam Water Supply	2.960
2.	Kenya towns sustainable water supply and sanitation programme (28 towns)	2.100
3.	Karimenu II dam water supply	0.800
4.	Ruiru II dam water supply	1.500
5.	Nairobi Bulk Water Supply- Thika dam-Kigoro	0.1500
6.	Nairobi City Distribution Network	0.040
7.	Kiserian Sewerage	0.057
8.	Oloitoktok water supply and sanitation programme	0.053
9.	Lower Nzoia Irrigation project	1.200
	TOTAL	**8.860**

3.1.4 Budget Implementation Challenges

1. The general budget cuts and rationalization by the National Treasury experienced midstream the implementation period disorganizes the Ministry's annual work plan and affects project implementation outputs.The budget cuts on the GoK and the Donor budget derailed the achievement of the set targets and cause escalation of project cost on the specific projects.

2. Further, the Ministry is experiencing serious budgetary challenges when extreme weather events occur such as the recent floods occur.

3. The delays on timely release of the exchequer by the National Treasury delays implementation of projects and are likely to result to accumulation of Pending Bills especially those funded under Equalization funds.

4. The Water Act, 2016 repealed the requirement of remittance of revenue by the water companies to the Water Services Boards as was the case under the Water Act 2002 except for purposes of loan repayment (Water Act 2016 Sec.129 (1) and(2)). The enactment of the Water Act, 2016 denied the Water Service Boards the AIA collections revenue which previously supported their recurrent expenditure budget.

5. The GOK commitment counterpart funding for donor supported projects is in adequate thus, delaying project implementation.

6. The low provision of recurrent budget affects project implementation, supervision, Monitoring & Evaluation and a failure to meet the annual subscriptions to international agencies and organizations.

25. For the Government to achieve the Universal Water coverage by year 2030 in line with the aspirations of the SDG 6 and Vision 2030, the Government will have to grow the current allocation of **Kshs. 40Billion** annually to **Kshs.120 billion** to bridge the resource gap in the sector.This may require innovative ways of financing the Sector.

3.2 Ministry of Environment and Forestry

26. The Principal Secretary, Ministry of Environment and Forestry, Mr. Charles Sunkuli, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the Ministry and informed it as follows, that;

27. The Ministry implements the following four key programmes as detailed below

i. Environmental Management and Protection;
ii. Meteorological Services
iii.Forests and Water Towers Conservation and Management; and
iv.General Administration, Planning and Support Services.

3.2.1 Overview of Resource Allocation

28. The total budgetary allocation for the Ministry is Kshs. 16.13 billion comprising of Kshs. 9.96 billion for recurrent expenditure and Kshs. 6.17 billion for development.

29. The allocation to Programme Based Budget (PBB) in the Financial Year 2018/19 comprises of Kshs. 322 million for General Administration, Planning and Support Services, Kshs. 2,858 million for Environment Management and Protection, Kshs. 2,156 million for Meteorological Services and Kshs. 10,797 million for Natural Resources Management Protection.

30. The Development Allocation is Kshs. 6.17 billion as detailed in annex 1 on the status of programmes/projects.

3.2.2 Budget Alignment with the Big 4 Agenda

31. The Ministry of Environment and Forestry is a key enabler to the "Big 4" agenda items outlined by the Government. With the impact of climate change and environmental degradation therefore, the threats to food security, manufacturing sector, and public health is dire. The weather outlook has seen frequent drought, which has depleted. Without deliberate intervention the impact may erode economic gain of Kenya. To address this challenge, the Ministry has taken the following measures:

- **i** Modernization of weather forecasting equipment to enhance accuracy of weather and climate data.
- **ii** Expand Forest surveillance and using high technology and communication systems.
- **iii** Expand forestation programme in the Country.
- **iv** Curb pollution through introduction of emission testing.
- **v** Compact encroachment into wetlands
- **vi** Protection of Water Towers
- **vii** Control polythene materials.
- **viii** Strengthening licensing system
- **ix** Support in the development and investment of private forests.
- **x** Enhance effectiveness of enforcement of environmental regulations.
- **xi** Upscale monitoring of environmental impact assessment
- **xii** Implement air quality emission testing to curb respiratory diseases.

3.2.3 Challenges in Budget Implementation

32. The allocation as provided for, in the Budget Estimates for the FY 2018/2019 Budget and the Medium Term Budgets, is not commensurate to the required funding of **Kshs.30Billion** for key priority areas the Ministry intends to implement as highlighted earlier. This is likely to pose a challenge in fulfilling the requirements of Article 69 of the Constitution. The Article provides for the protection and conservation of the natural resources. The Ministry sought for additional funding to bridge the funding gap of **Ksh.13.87Billion.**

3.2.4 Priority Activities and Resource Gaps of the Ministry: Resource Requirements:

1. Kenya Forestry Research Institute (KEFRI)

(a) Production of 360 Million Seeds Per Year.

33. The President while launching the National Tree Planting Day 2018, emphasised that the country must meet the 10% tree cover by 2022. In 2016/2017 financial year, the KEFRI produced approximately 12,000 kg seeds from which about 200 million seedlings could be raised. Assuming that a seedling is approximately Kshs 25, the seedling production contributed approximately Kshs 3.25 billion into the economy thus creating thousands of green jobs.

34. However the current seed production is below the expected 360 million per year required to raise tree cover to 10% by 2022 The low production is attributed to
    - Inability to plan for expansion of tree seed source establishment Most of the sources are on KFS land and sometimes the KEFRI has lost valuable seed sources through felling without consultation,
    - Fluctuating weather patterns that reduce seed production potential of most tree species;
    - Loss of superior mother trees through poaching of trees for charcoal production among other uses,
    - Inadequate personnel for seed production, collection, processing The institute has 27 seed collectors and only 9 are fully trained in tree seed collection,
    - Inadequate equipment for seed testing and certification;
    - Inadequate seed collection gears One seed collection gear costs about Kshs 1 million,
    - Inadequate storage facilities in the centres,
    - Inadequate transport facilities and weak seed distribution systems; and
    - From the above, it is clear that KEFRI will need to expand its capacity to collect process and distribute tree seeds.

(b) Logistical challenges facing tree seed distribution at KEFRI

35. There is only one tree seed distribution Centre which is based at Muguga. The centre is inaccessible to a majority of stakeholders. In many instances, seeds are lost during transport in addition to loss of viability due to fluctuation of temperatures over long distances thus resulting in poor germination
36. In order to improve accessibility of tree seeds within the country, KEFRI has initiated a project on construction of seed collection and processing facilities in its 14 centres country wide. The centres include Muguga, Nyeri, Gede, Kibwezi, Kitui, Londiani, Maseno, Turbo,
37. In order to meet the 360 million required to raise the tree cover to 10%, it is inevitable that there is need to;
    - Access more forest land to establish seed sources,
    - Expand seed production (establishment of seed orchards and seed stands),
    - Purchase of seed collection gears,
    - Construct /repair seed drying beds and other processing facilities,
    - Purchase modern fast seed testing equipment and double cab pickups for the centres,
    - Install basic cold room facilities to maintain seed viability centres;
    - Construct greenhouses to improve seed drying in colder areas such asLondiani and Nyeri Centres; and
    - Construct new processing units inTaitaTaveta, Migori, Turkana, Baringo and Lamu Centres

38. The most critical budgetary item that will hinder KEFRI from achieving the Presidential agenda of **1.6 billion tree seedlings** in four years is inadequate funds for seed production, collection, processing and distribution which is Kshs 670 million. In the Financial Year 2018/2019, the Institute will require additional funding of **Kshs. 240 Million** for this activities

(2) Kenya Forest Services (KFS)

(1) Recommendation of Task Force

39. The Ministry constituted a Task Force to inquire into forest resources management and logging activities in Kenya. The task force concluded there report and gave recommendations which require to be addressed in the 2018/2019 financial year budget. Some of the activities that the Ministry require to undertake are as follows:

1. **Forest Protection -Recruitment of forest rangers**
   The international recommended ratio of Forest Ranger to forest area is 1:400 ha. However in Kenya due to various reasons such as retirement, natural attrition, staff movements the ratio has reduced to 1:1000 ha, making it difficult for effective forest protection. There is therefore need to recruit 1,500 Forest Rangers at annual cost of **Ksh842,857,500**/-.
2. **Modernizing the Forest Protection and security force**
   i. The staff entrusted with forest protection, Forest Rangers have by nature of their work live in the forest in camps together with their families. The existing semi-permanent camps were build several decades and have since gone into disrepair. KFS is seeking an additional amount of **Kshs 300,000,000**/- next financial year for rehabilitation of their camps to make it habitable and provide for security of the firearms.
   ii. In addition, KFS is seeking to improve the work environment of the rangers who are also part of the National Police force by procuring uniforms and related items at and additional cost of **Ksh.215,000,000/-.**
   iii. Further for the rangers to be effective in their work they need appropriate fire arms, ammunitions and bullet proof jackets at an estimated cost of **Kshs 450,000,000/-**
   iv. The security function requires constant surveillance using the appropriate technology. This will require procurement of aero plane, helicopter, drones, vehicles, night vision equipment at an estimated cost of Kshs1,500,000,000/- next Financial year.
3. **Competency Skills Gap**
   In order to keep pace with the new technologies, professionalism and best practices KFS has identified various skills gaps across the entire staff establishment. This will require an additional Kshs189,000,000/- next financial year to cover various cadres of staff.
4. **Forest boundary realignment**
   One of the strategies of forest protection is to have clear forest boundaries. Over time the boundaries have been interfered with and there is need to survey, realign, put permanent marks and map 700 km of forest boundary at a cost Ksh60,000,000/-.
5. **Gazettement of new forest areas**
   KFS has been discussing with various County Governments, communities and other stakeholders with a view towards gazzeting critical forest areas for conservation. In this regard 10,000 ha will be gazzeted next year at a cost **of Kshs. 40Million**. The activities include consultation, surveying, mapping and registering the land for gazettement.
6. **Forest Fire Management**

Forest fires when they occur can be very devastating and the consequences totally disastrous, socially, economically and will release huge amounts of carbon in the atmosphere leading to negative effects of climate change. In this regard KFS is seeking additional support of Ksh 150,000,000 to procure forest fire equipment and establishment, maintenance of forest fire breaks.

7. **Forest Product tracking system**

Forest products originate from different sources namely Private land, community land, County Government land and Central Government Land. While some of the forest products have been restricted to avoid possible extinction, others need to be controlled to avoid illegal access and movement. KFS is aiming to introduce a new and appropriate system for identifying, tracking and monitoring forest products movement. This will require registering farmers with trees and forest, locating with Global Positioning System (GPS) and using bar codes on forest products for monitoring and identifying the products. To operationalize this proposal KFS requires 30,000,000/- to set up the system, create capacity and maintain the system.

(2) Directive to Produce 360 Million Tree seedlings every year

(i)Tree seedlings production

The President while launching the National Tree Planting Day 2018, directed that the Ministry produce 360 million tree seedlings every year as a contribution towards achieving the 10% tree cover by the year 2022. Arising from this, the Kenya Forest Services wish to undertake a robust tree seedling production to meet this demand.

KFS thus requires and additional **Kshs 1.9 Billion** to ensure sufficient seedlings production in conjunction with various stakeholders across the country

(ii) Farm and Dryland Forest Development

The potential for achieving and maintaining 10% tree and forest cover lies in the farm and dryland, since government land is limited. In this regard KFS will implement various strategies such as partnering with County Governments, farmers, youths, groups, Community Forest Associations, private companies, schools, institutions and civil societies to ensure trees have been planted and maintained. The cost of establishing forest in this area will be kshs. 2,000/- per ha. Thus next financial year KFS will aim to have 150,000 ha established at a total cost of **Kshs 300,000,000/-**

(3) Kenya Meteorological Department

i. Development: Pending Bills

40. The Kenya Meteorological Department is implementing several projects under modernization of meteorological services. The instruments and equipment are specialized and are custom- made at factory on request. The budget cuts across financial years has contributed to the pending bills. The Department carried forward from FY 2016/2017 bills amounting to **Kshs. 792.8 Million**. In the 2017/2018 Supplementary II Budget, the Department was allocated **Ksh. 365 Million** towards settlement of the pending bills. There is still an outstanding pending bill of **Ksh. 427. 8 Million**.

ii. Recurrent Expenditure

41. The government has invested a lot on the modernization, and the equipment and systems require regular maintenance. The Department will require **Kshs. 56 Million** for Maintenance of Equipment in the 2018/2019 financial year. In addition, given the high cost of the equipment, systems and the infrastructure, there is need that they be secured and insured. Towards this end, the KMD requests for additional funding of **Kshs. 48 Million** under Insurance of equipment in the 2018/2019 Budget. The Department will therefore require a total additional funding of **Ksh. 531.8 Million.**

(4) Nairobi River Restoration Program

42. The government has committed itself on a number of service delivery targets under the Nairobi Regeneration Program. Under the Thematic area of Environment Water and Sanitation which is headed by the Ministry, rehabilitation of Nairobi Rivers is a key result area. Towards this objective of rehabilitating the rivers, the ministry has committed itself to rehabilitate 20 KM stretch of the river to near pristine conditions. The Ministry is working in collaboration with the County Government, Nairobi water and Sewerage department, Water Resources Authority, Athi Water Service Board and Nairobi Water and Sewerage Company to deliver on this result area which should be realized within six months period.

43. The money requested is to be utilized to carry out the following activities that are important for achieving this noble objective of rehabilitating 20 Km stretch of Nairobi river; Clearing the riparian area, enforcement, public sensitization, engagement of youths, procurement of indigenous seedlings and growing of the seedlings.

44. The Ministry has already mobilized equipment and personnel from KDF, NYS and National Police Services to assist in the rehabilitation initiative. The Ministry requests for an additional allocating **Kshs. 6.82 Billion** to the key projects off the Ministry. This will enable us implement activities and recommendations in the task force and the Presidential Directive on tree planting.

3.3 State Department for Mining

45. The Principal Secretary, State Department for Mining, Mr. John Omenge, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department and informed it as follows, that;

46. The Mining agenda is focused on the implementation of the Mining Act of 2016 which is part of the policy instruments for the realisation of the Kenya Vision 2030 and Medium Term Plan II (MTP II) 2013 - 2017.

47. The following are the **three priority programs** and their objectives:

- **General Administration, Planning and Support Services**:- to provide policy and legal framework for efficient and effective management of Mineral and Geo- Information data.
- **Resource surveys and Remote Sensing**:- to generate Geo Spatial data and information for sustainable development.

- **Mineral Resource Management** - to develop and manage geological and mineral resources database.

3.3.1 Budget Performance For The F.Y 2017/2018 State Department Of Mining

48. The State Department of Mining approved draft budget for the Financial Year 2017/18 was **Kshs 2,720,785,646** which was further reduced to **Kshs 1,618,415,691** in the Supplementary Estimates No 1 and a slight increase to **Kshs 1,760,377,850** in the Supplementary Estimates No II of the Financial Year 2017/18.

3.3.2 Pending bills as at June 2017

49. The pending bills incurred as at 30th June 2017 is **Kshs 51,484,152,** arising out of late delivery of invoices by suppliers and lack of liquidity (exchequer) especially in the 4th Quarter of the Financial Year 2016/17
50. Out these pending bills, **Ksh. 22,168,108.00** worth of bills have been cleared pending **KSh. 29,316,044** which is in various stages of payment, expected to be finalised by close of F.Y 2017/18 in June 2018

3.3.3 Financial Year 2017/18 Utilization (Kshs 1.152,194.790)

51. The current overall budget absorption for the Department as at 30th April 2018 is 67% with a budget utilization of **Kshs 1,152,194,790** in both the Recurrent and Development vote, out of an allocation of **Kshs 1,724,056,421** from the Exchequer (G O.K) However this is expected to change by closure of the Financial Year on account of payment of the May and June 2018 salaries, Gratuity to the immediate former Cabinet and Principal Secretaries and other operational costs to be incurred by end of June 2018

3.3.4 FY 2018/2019 Budget Estimates For The State Department of Mining

52. The State Department Mining has been given a Gross budgetary allocation of **Kshs 1.61 billion** for the financial year 2018/19. The Recurrent vote for the Financial Year 2018/2019 is **Kshs 1.10 billion and the** G O K Development allocation is **Kshs 509,000,000**

3.3.5 Development Partners funded Project Shortfall

53. The Loan AIA from the China Exim Bank to fund the Nationwide Airborne Geo-physical survey amounting to **Kshs 2,023,508,130** has not been factored in the 2018/19 Estimates by the Resource Mobilisation Department of the National Treasury.

3.3.6 Major Budget shortfalls for the F.Y 2018/19 (Ksh 3,900,199,770)

54. The State Department of Mining total budget requirement both recurrent and development was **Kshs 5,715,699,770** against an allocation from the National Treasury of **Kshs 1,815,500,000** This resulted in a budgetary shortfall of **Kshs 4,105,199,770.**

3.3.6 Prioritization of Projects/Activities For The Financial Year 2018/19

The following are priority activities for the Financial Year 2018/19 for the State Department:

Table 4

Activity	Requirements 2018/19	Allocation 2018/19	Shortfalls for the F.Y 2018/19	Justifications/Remarks
National Airborne Geo-Physical Survey	6,500,000,000 (China Exim Bank Loan)	0	2,023,508,130	Funds are payment for the 1st Instalment to the consultant (Geological Exploration Technical Institute of China) which is 30% of the contract price to be paid 30 days after coming into effect of the contract signed in December 2016.
National Airborne Geo-Physical Survey	740,000,000 (G.O.K)	0	39,400,000	Funds required to pay the independent supervisor, a joint venture between IGS Ltd of UK and PGW of Canada. A further Kshs 5 Million is required for the project launch by H.E the President.
Staffing	584,300,000	451,983,607	132,316,393	Funds needed to fast track recruitment of Technical staff eg Geologist, Inspectors of mines & explosives in line with the expanded mandate in the Mining Act 2016
Purchase of Motor Vehicles	70,000,000	25,000,000	45,000,000	Operations in Regional offices is hampered by lack of transport to facilitate movement
Mineral Rights Board	110,000,000	3,600,000	107,000,000	The Board is incapacitated in terms of lack of staff, office space and vehicles. The board has since accumulated several operational

				pending claims (Sitting allowance)
Refurbishment of Madini House	65,000,000	30,000,000	35,000,000	The Funds are for payment of ongoing contracted civil works at Madini House, Nairobi
Acquisition of Specialised Equipment	545,000,000	345,000,000	200,000,000	Funds are for procurement of technical equipment eg Hyper-spectral Sensor, Laboratory and Survey equipment. Lack of this equipment's means it is not able to collect and analyse data to advice Government for decision making.
Exploration and Research	1,000,000,000	17,000,000	326,000,000	The state department is mandated to do Geo-exploration of Minerals and Natural Resources and share the information with other sectors of the Economy for planning and early warnings.5 Teams will be dispatched to different regions to undertake the exploration
Total G.O.K Deficit			**834,716,393**	
Total Donor Deficit			**2,023,508,130**	
TOTAL BUDGETARY DEFECIT			**2,582,224,523**	

3.3.7 Challenges in the Mining Sector.

a) Delayed establishment of the Institutions provided for under the Mining Act 2016 making it difficult for the Mining sector to operate smoothly.

b) There is budgetary constraint coupled with late release of exchequer caused by unpredictable revenue streams especially for development vote as a result of budgetary cuts/austerity measures.

c) Outdated Geological data and information in the country that hamper effective decision making coupled with Highly dynamic technological changes which renders already acquired expensive mining and geological equipment obsolete.

d) Inadequate specialised survey, remote sensing and Laboratory equipment needed for resource surveys, remote sensing and Geo – exploration.

e) Shortage of Technical and specialised staff (Geologists, Geophysicists, Geochemists, Mining Engineers & Mineral Marketers) coupled with high staff turnover.

f) Inadequate transport. The Ministry has not bought any field utility vehicle since its establishment in 2013, to serve the field/regional offices.

g) Inadequate office space. The Ministry has only three floors in the Works Building in Community Area, Nairobi. This is not enough for the growing numbers of staff

h) Inadequate engagement and underfunding by weak institutions eg Mineral Rights Board and the Geological Registration Board.

3.4 State Department for Wildlife

55. The Cabinet Secretary, Ministry of Tourism and Wildlife, Hon. Najib Balala, EGH, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department of Wildlife and informed it as follows, that;

56. The State Department for Wildlife has two programmes: Wildlife Conservation and Management and General Administration, Planning and Support Services.

57. The total State Departments budget for 2018/19 FY is **Ksh. 7,519 Million** comprise of **Ksh. 6,393 Million** for Recurrent Expenditure and **Ksh. 1,126 Million** for Capital Expenditure.

58. **75%** of the recurrent expenditure is utilized for salaries for both the State Department and SAGAs as illustrated:

Table 5

Details	Printed Estimates FY 2017/18	Requirement FY 2018/19	Allocation FY 2018/19	Remarks
1. HQs	96	124	124	Fully provided for
2.KWS	4,359	5,243	4,763	A Shortfall of Kshs. 884 Million to implement SRC categorization. Staff annual increment and medical scheme
3.WCK	25	27	0	A shortfall of Kshs. 27 million for salary.
Total	**4,480**	**5,394**	**4,887**	

59. The 2018/19 FY allocations for Capital Expenditure is **Kshs. 1,126 Million comprising of Kshs. 881 million from GOK and Kshs. 245 million as grant..**

3.4.1 Wildlife Conservation Project List

60. The following is the Wildlife Conservation Project list as illustrated in Table 6 below:

Table 6

Project Code & Project Title		Approved Estimates 2017/18		Requirements 2017/18		Allocations 2018/19	
		Foreign	GoK	Foreign	GoK	Foreign	GoK
1	Modernization of Anti-poaching Technology	0	143	0	600	0	150
2	Human Wildlife Conflict Mitigation Programme (Fences)	0	117	0	400	0	260
3	Ranger Housing Programme	0	84	0	300	0	100
4	Conservation of Biodiversity of Northern Kenya (AFD)	555	15	250	166	245	66
5	Wildlife Resource Centres	0	17	0	70	0	20
6	Kenya Wildlife Conservation Project (KWPC-USAID)	0	0	88	25	0	20
7	Digital Radio	30	0	0	0	0	0
8	Maintenance of Access Roads in National Parks	0	0	0	538	0	250
9	Refurbishment of NSSF Building	0	5	0	0	0	14.5
	Total	**585**	**381**	**338**	**2,099**	**245**	**881**

3.4.2 Priority areas in MTEF that require urgent funding:

1. Salaries and Remuneration Commission (SRC) categorization, staff annual increment and medical scheme- KWS requires **Ksh.884M** to implement these;
2. **Implementations of Presidential directives**:
    a) Claims payable to human wildlife conflict victims amounting to **Ksh.6 Billion**.
    b) Solving of boundary disputes between Kenya Wildlife Service (KWS) and local communities neighboring Tsavo Conservation Area. It is estimated to cost **Ksh.57 Million**

c) Human Wildlife Conflict Mitigation in Taita-Taveta County **Ksh.250 Million ,** Kajiado County **Ksh.250 Million,** Ijaara **Ksh. 25 Million and** Meru National Park Fencing **Ksh.60 Million.**

3. Establishment of compensation scheme for victims of human wildlife Conflict at approximately **Ksh. 2 Billion**
4. Construction of Wildlife Research & Innovation Centre- **Ksh.500 Million**
5. Beach Management Programme **Ksh. 250 Million**
6. Establishing roan & sable antelopes Sanctuary, restocking from other countries **Ksh. 50 Million**
7. Implementation of Indian House Invasive Programme **Ksh. 30 Million**
8. Restoring Ecological Integrity of Key Parks (Tsavos, Nairobi, Nakuru, Shimba hills, Abadare, Mt. Kenya and Meru **Ksh. 500 Million**
9. Kenyans for Wildlife and Wildlife for Kenyans education and awareness programme **Ksh. 100 Million**
10. Enhancing security operations in parks and reserves **Ksh. 100 Million**

3.4.3 Pending Bills and commitments Status

i. The total pending bills for the State Department is **Ksh. 12 million**
ii. It relates to refurbishment of NSSF building for State Department for Natural Resources (20th & 21st floors)
iii. The pending bill was occasioned by budget cut due to austerity measures.

4.0 COMMITTEE OBSERVATIONS

i. Ministry of Water and Sanitation

1. The water sector is funded heavily by donors; however donors look at conditions such as pay-back period, net positive value e.t.c before financing the projects, hence the concentration of water projects in towns and urban areas. The government therefore needs to enhance funding towards rural water projects which do not attract donor financing
2. The National Water Harvesting Authority is undertaking only two projects for the FY 2018/2019 However, its mandate includes spearheading dam construction for water supplies and developing new, retaining existing and expanding bulk water supply service. It is observed that with the prevailing rainy season, the Authority has not demonstrated much activity in harvesting rain water. The Authority has also been experiencing governance issues as there is no Board in place and the CEO has been in acting capacity
3. The Drilling of Exploratory Boreholes under the Water Resources Management Authority targets to drill boreholes in Turkana and Marsabit This has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It further duplicates the ground water mapping project being implemented in the same area of Turkana.
4. The Athi River Restoration Programme started in 2015 to be completed in 2020, the programme has a total cost estimate of **Kshs. 2.5 billion** of which expenditure as at March 2018 is **Kshs. 27 million** However, the Committee noted that the allocation for the project is not in tandem with the project targets, and the minimal allocation towards it is likely to lead to low output and missed targets.
5. Maua Water & Drainage Project started in 2015, and has been completed. However, there is a pending bill of **Kshs. 500 million** which needs to be completed to ensure that the benefits of the project reach the targeted objective.
6. Flood Control and Mitigation project has an actual expenditure of **Kshs. 357 million** against a total cost estimate of **Kshs. 1.65 billion** Due to erratic climatic conditions, there needs to be sufficient allocation towards construction of dykes in various parts of the country to mitigate against floods
7. Northern Water Board is covering a large area of the North Eastern, parts of Rift Valley and upper Eastern Since it does not attract donor funding for its projects, there is need to support the last mile connectivity (water) and model it up to cater for the rural parts of the country
8. Water being one of the main enabler for the attainment of "Big Four Agenda' and in line with Article 43 (1)(d) of the Constitution, there is need for the National Treasury to allocate adequate funds towards the last mile water connectivity across the country
9. Athi and Tana Water Service Boards both cover Muranga County It has been noted that the two boards are not aligning their projects to avoid duplication of services

ii. Ministry of Environment and Forestry

1. The recommendations by the taskforce set up to look into forest management resources and logging in the country require to be addressed immediately, however,

there is no provision of funds under the FY 2018/2019 to undertake these recommendations.

2. Currently the country has a forest cover of about 7% which is under threat of degradation. As such, Kenya Forest Service protection unit is grossly under staffed with a ratio of 1 forest ranger covering 1000 hectares of forest against the best practice of 1forest ranger to 400 hectares. To protect the current forest cover effectively, the Service would require hiring an additional 1,500 forest rangers at a cost of **Kshs. 842 million** per annum.

3. The mandate of the Kenya Forestry Research Institute (KEFRI) is crucial in mitigating the problems of climate change. Further, the President while launching the National Tree Planting Day 2018 emphasised that the country must meet the 10% tree cover by 2022. However the current seed production is below the expected 360 million per year required to raise tree cover to 10% by 2022. In FY 2018/19 this activity has an allocation of **Kshs. 25 million**. In order to achieve the President's target, additional **Kshs. 670 million** is required.
4. The Kenya Forest Service and the Kenya Water Tower Agency have mandates that are overlapping. The Committee observed that there is need to encourage and enhance coordination within the Ministry by establishing a framework for the agencies working in the environmental and forestry sector to ensure that they effectively deliver their mandate without duplication.

5. From previous experience with the Green School programme the Committee has noted that the programme was not being implemented as planned, and therefore recommends that the funds towards this project be reallocated to another project;

6. Adaptation fund was established under the Kyoto Protocol of the UN Framework Convention on Climate Change. NEMA has been accredited and financed to a tune of **Kshs. 1 billion**. The Programme is being implemented in 14 counties to respond to effects of Climate Change and will cover sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction. It is however noted that there is no budget provision within the NEMA budget for the FY 2018/2019.
7. With the effect/impact of climate change, there is need to invest in better and modern weather forecasting and early warning systems to provide the Kenya Meteorological Department the capability to give accurate information on future erratic weather patterns to ensure effective adaptation and mitigation measures especially to avoid the damages caused by the flooding experienced in the country. The Department has made commendable efforts in procuring weather forecasting equipment; however, it requires extra **Kshs. 56 million** for routine operation and maintenance of its equipment and systems across the country and a further **Kshs. 48 million** for securing and insuring these equipment.
8. The Kenya Meteorological Department's implementation of several projects under modernization of meteorological services is hampered by budget cuts across financial

years which have contributed to pending bills of **Kshs.427.8 million**. The instruments and equipment are specialized and are custom- made at factory on request.

9. The Government of Japan extended to the Government of the Republic of Kenya Development Assistance (ODA) Grants, of Kshs 1 25 billion towards the Project of Medical Waste and Hazardous Waste Appropriate Processing Plant in Nairobi. However, the Government of Kenya is to provide for the land in which the facility is to be put up but there has been no allocation to the purchase of the land since the FY 2015/2016
10. Waste disposal is not recognized as a land use hence limited or no land is set aside for waste management The Ministry of Environment and Forestry should work on a stand-alone legislation on waste management which will force the counties to comply to the standards;
11. There is need to balance budgetary allocations to different sectors and invest in environment and forestry as it is a major pillar in achieving the country's vision 2030

iii. State Department for Mining

1 The Committee notes that with a budgetary allocation of **Kshs. 1.6 billion** out of which development budget is **Kshs. 509 million**, the State Department for Mining is grossly under-funded The Department is currently contributing 0.9% to the G.D.P which is expected to increase to 10% by 2030. The mining sector is also the highest potential revenue earner for the country and it targets revenue collection of **Kshs. 2.5 billion** for the FY 2018/2019 from royalties The committee further notes that with enhanced funding, the state department has the potential to achieve the 10% to GDP target before the year 2030

2 The Department's budget of **Kshs. 2,023,508,130** which is a loan from the China Exim Bank to undertake the National Airborne Geo-physical Survey was withdrawn from the state department's budget. However, the Committee expressed its concern in the lack of funding and the delay in implementation of this project despite its importance

iv. Ministry of Tourism and Wildlife

1. The Committee noted that the last ranger recruitment by Kenya Wildlife Service was conducted in 2015 in which 1,200 rangers were recruited, however KWS requires 1,000 additional rangers.
2. There is a shortfall of **Kshs. 884 million** to implement the salaries and remuneration commission categorization, staff annual increment and medical scheme.
3. The human wildlife conflict has been a major concern for the State Department with a current pending bill of **Kshs. 6 billion** in claims. However, the State Department has an allocation of **Kshs. 525 million** against a requirement of **Kshs. 15 billion** for the FY 2018/2019. In the FY 2017/2018, the State Department had an allocation of **Kshs. 612 million**

5.0 COMMITTEE RECOMMENDATIONS

i. State Department for Water and Sanitation

1. National Water Harvesting Authority has a national mandate of bridging the gap between the demand and supply of water which is in line with our Constitution and Vision 2030. There is therefore need to operationalize the mandate of the Authority as envisaged in the Water Act, 2016
2. In addition, the committee recommends fixing the governance issue under the Authority immediately to provide strategic direction to the Authority. Subsequently, there is need to revamp its capacity through enhanced budgetary allocation to invest in water harvesting activities.
3. An allocation of **Kshs. 500 million** towards the Maua water & drainage project to settle the pending bills.
4. An allocation of **Kshs. 500 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.
5. An allocation of **Kshs. 1 billion** towards the last mile water connectivity across the country to provide clean, safe and adequate water for kenyans.
6. There is need to have Muranga County under the jurisdiction of one Water Service Board to avoid duplication of services and overlaps of activities.

ii. Ministry of Environment and Forestry

1. In order to disseminate weather and climate information for decision making at grass-root level, the meteorological department decentralized its service to the county and deployed County Meteorological Personnel to its field observation stations. The committee therefore recommends allocation of **Kshs. 70.5 million** for the operations of disseminating the weather products at the counties.

2. Allocate the Kenya Meteorological Department additional **Kshs. 427.8 million** to clear pending bills most of which were as a result of budget cuts. The Department further requires **Kshs. 56 million** for Maintenance of Equipment and further allocation of **Kshs. 48 million** for securing and insuring the high cost equipment the department has invested in
3. The allocation of **Kshs. 842.86 million** for the recruitment of 1,500 forest rangers as part of the implementation of the recommendations by the taskforce

4. **Kshs. 200 million** to be allocated for purchase of land for the Medical Waste and Hazardous Waste Recycling Facility. The Government of Japan may withdraw the support to the project that is to be constructed by a grant that is extended to Government of Kenya;

5. The Committee recommends additional **Kshs. 240 million** to improve tree seed production capacity at KEFRI for the FY 2018/2019 to contribute towards meeting the 10% tree cover by 2022. The Committee further recommends enhanced

budgetary support to KEFRI to meet the increasing demand and considering the central role of research in development of forestry and allied natural resources.

6. The Adaptation Fund allocation for FY 2018/2019 be released to NEMA so as to facilitate projects implementation in 14 counties to respond to effects of Climate Change in sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction.

iii. State Department for Mining

1. The Committee recommends allocating adequate funds to the State Department for Mining which is expected to contribute 10% to the G.D.P before the year 2030.

2. The committee recommends unlocking the **Kshs. 2,023,508,130** donor funds to facilitate the National Airborne Geophysical Survey for mapping of the mineral resources in the country which will further enhance the state departments potential to reach the 10% contribution to the GDP before the Vision 2030 target.

iv. State Department for Wildlife

1. The Committee recommends that the National Treasury should fund the recruitment of 1,000 rangers by KWS.
2. The Committee recommends that the Department gets adequate funding to clear the outstanding money in form of compensation for human wildlife conflict. Further, the Committee recommends that a long lasting solution and more sustainable mitigation measures such as fencing of the parks be addressed as a matter of urgency.
3. Further, the Department should be funded to provide strategic water points in the rangelands to mitigate the Human Wildlife Conflict.
4. The National Treasury should provide **Kshs. 884 million** for the implementation of SRC categorization, staff annual increment and medical scheme for the Department.

Re-Allocations Schedule

Ministry of Water and Sanitation

1. Re-allocate **Kshs. 150 million** from Drilling of exploratory boreholes for Turkana and Marsabit under the Water Resource Management Programme as follows:
    iii **Kshs. 110 million** to Athi Water Services Board as an additional funding towards the Nairobi City regeneration under the water and sewerage infrastructure development Programme.
    iv **Kshs. 40 million** to Lake Victoria South Water Service Board as an additional funding for the Water Harvesting Program under the Water and Sewerage Infrastructure Development

2. **Kshs. 50 million** re-allocation from Athi River Restoration Programme under the Water Resource Management Programme to Tanathi Water Service Board as an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and

Sewerage Infrastructure Development Programme. This is a project that covers Kajiado and Machakos Counties and has a 200 KM pipeline length from Mt. Kilimanjaro.

Ministry of Environment and Forestry

1. Re-allocate **Kshs. 450 million** from the School Greening Program as follows:
   i. **Kshs. 100 million** to Urban Rivers Rehabilitation Project under the Environment Management and Protection Programme in the Ministry of Environment and Forestry. This is aimed at rehabilitating urban rivers to restore their former pristine nature.
   ii. **Kshs. 150 million** to Northern Water Service Board under the Ministry of Water and Sanitation to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.
   iii. **Kshs. 160 million** to Tana Water Service Board under the Ministry of Water and Sanitation for rehabilitation of water supplies and last mile water connectivity.
   vi. **Kshs. 40 million** to Rift Valley Water Service Board under the Ministry of Water and Sanitation for rehabilitation of water supplies and last mile water connectivity.
2. Re-allocate **Kshs. 100 million** from the Community Livelihood Improvement Programme (CLIP) under the Forests and Water Towers Conservation Programme to Imarisha Lake Naivasha Project under the Environment Management and Protection Programme to conserve and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.

3. Re-allocate **Kshs. 50 million** from the Mitigation and Management of Soil Loss under the Forests and Water Towers Conservation Programme to Nairobi River Rehabilitation Project under the Environment Management and Protection Programme towards the objective of rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.

ANNEX IV/V

REDUCTION AND REALLOCATION TABLES

i. Areas of reduction in the Ministry of Environment and Forestry (Kshs. in Millions)

Table 1

Sub-Programme	Head/Project	Amount allocated	Amount to be reduced	Justification
Forests and Water Towers Conservation and Management	School Greening Programme	450	450	The programme was not being implemented as planned in the previous years.
Forests and Water Towers Conservation and Management	Mitigation & Management of Soil Loss under KWTA	265	50	The allocation has been reduced so as to assess the output to be achieved in the FY. Further consideration to be made in subsequent financial year.
Forests and Water Towers Conservation and Management	Community Livelihood Improvement Programme (CLIP)	344	100	There are similar activities in another programme under the ministry.
TOTAL			**600**	

ii. **Areas of increment (Kshs in Millions)**

Table 2

Sub-Programme	Head/Project	Amount allocated in millions	Amount to be Increased in millions	Justification
Environment Management and Protection	Urban Rivers Rehabilitation Project	**184**	**100**	This is aimed at rehabilitating urban rivers to restore their former pristine nature.
Environment Management and Protection	Imarisha Lake Naivasha Project	**70**	**100**	This is aimed at conserving and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.
Environment Management and Protection	Nairobi River Rehabilitation Project	**60**	**50**	This is aimed at rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.
Total			**250**	

NB: The extra Kshs. 350 million has been reallocated to water as shown in table 4 below.

iii. **Areas of reduction in the Ministry of Water and Sanitation (Kshs. in Millions)**

Table 3

Sub-Programme	Head/Project	Amount allocated	Amount to be reduced	Justification
Water Resource Management	Drilling of Exploratory Boreholes for Turkana and Marsabit	150	150	This has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It further duplicates the ground water mapping project being implemented in the same area of Turkana.
Water Resource Management	Athi River Restoration Programme	50	50	The allocation for the project is not in tandem with the project targets, and the minimal allocation towards it is likely to lead to low output and missed targets.
TOTAL			**200**	

iv. **Areas of increment (Kshs in Millions)**

Table 4

Sub-Programme	Head/Project	Amount allocated in millions	Amount to be Increased in millions	Justification
Athi Water Services Board	Nairobi City regeneration program	**0**	**110**	This is aimed at rehabilitating the sewerage infrastructure.
Lake	Water	**55**	**40**	This is an as an additional

Victoria South Water Services Board	Harvesting Program			funding for the Water Harvesting Program.
Tanathi Water Service Board	Nolturesh Water Supply	**20**	**50**	an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and Sewerage Infrastructure Development Programme.
*Tana Water Service Board	Small Towns and Rural WSS	**0**	**160**	For rehabilitation of water supplies and last mile water connectivity
*Rift Valley Water Service Board	Rift Valley Water Distribution Improvement Project	**0**	**40**	For rehabilitation of water supplies and last mile water connectivity
*Northern Water Service Board	Kenya Towns Sustainable Water Supply and Sanitation Programme (Marsabit and Mandera Towns)	**50**	**150**	This is to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas
TOTAL			**550**	

- **Reallocation from Ministry of Environment and Forestry**

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELTH PARLIAMENT – SECOND SESSION, 2018

THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON THE BUDGET ESTIMATE FOR THE FY 2018/19 FOR THE AGENCIES UNDER GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2018

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CHAIRMAN'S FOREWORD

Parliament is required to scrutinize the Budget Estimate for all spending agencies with a view of establishing whether the resources being requested relate to specific outputs that will lead to results as intended and provided for in the national agenda which is the vision 2030.

The proposed estimates of revenues and expenditures were submitted and tabled before the National Assembly on Thursday 28th April, 2018 pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.

The Second Schedule of the National Assembly Standing Orders assigns the Departmental Committee on Justice and Legal Affairs the mandate to consider matters related to Constitutional affairs; the administration of law and Justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption; and human rights.

Following the referral of the Budget estimates to Departmental Committees, the Departmental Committee on Justice and Legal Affairs was briefed by the Parliamentary Budget Office on the contents of the Budget estimate with regard to the Governance, Justice, Law and Order sector. Thereafter, the Committee met with agencies that fall under the sector to deliberate and interrogate the proposed Budget Ceiling allocated to the Agencies for the FY 2018/19.

Thereafter, the Committee engaged the relevant stakeholders and met with the Accounting Officers of the various agencies under the purview of the Committee and reviewed their budget estimate for the FY 2018/19.

Resulting from those discussions and reviews, the Committee made several observations and recommendations as contained in section 3 of the Report.

The Committee wishes to record its appreciation to the Offices of the Speaker and Clerk

for the services rendered in facilitating the Committee to execute this exercise in the limited time allocated to it.

On behalf of the Committee, it is my singular duty and honour to forward the Committee report to the Budget and Appropriations Committee for consideration.

CHAPTER ONE

1.0 PREFACE

1.1 Committee's Mandate

The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides 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 legislation referred to it;
IV. To study, assess and analyze the relative success of the ministries and departments measured by the results obtained as compared with their stated objectives;
V. To investigate and enquire into all matters relating to the assigned ministries and departments as may be deemed necessary, and as may be referred to it by the House or a minister; and
VI. To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.

The Second Schedule of the Standing Orders on Departmental Committees further states the subjects which the Committee is supposed to deal with while discharging its mandate. The subjects are as follows:-

I. Constitutional affairs;
II. The administration of law and Justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption; and
III. Human rights.

The Committee oversees the performance of the following Ministries and or Departments:-

I. Judicial Service Commission (JSC);
II. Judiciary;
III. Office of the Attorney General and Department of Justice;
IV. Ethics and Anti-Corruption Commission (EACC);
V. Independent Electoral and Boundaries Commission (IEBC);
VI. Kenya National Commission on Human Rights (KNHCR);
VII. Office of the Directorate of Public Prosecution (ODPP);
VIII. Registrar of Political Parties;

IX. Witness Protection Agency (WPA);
X. Commission on Administration of Justice (COAJ)

1.2 Committee Membership

The Departmental Committee on Justice and Legal Affairs comprises of the following members:-

1. Hon. William Cheptumo, M.P. - **Chairperson**
2. Hon. Alice Wahome, MP - **Vice Chairperson**
3. Hon. Roselinda Soipan Tuya, MP
4. Hon. Charles Gimose, MP
5. Hon. George Gitonga Murugara, MP
6. Hon. Japheth Kiplangat Mutai, MP
7. Hon. Jennifer Shamalla, MP
8. Hon. John Munene Wambugu, MP
9. Hon. Anthony Githiaka Kiai, MP
10. Hon. Adan Haji Yussuf, MP
11. Hon. Beatrice Adagala, MP
12. Hon. Zulekha Hassan, MP
13. Hon. John Olago Oluoch, MP.
14. Hon. William Kamoti, MP.
15. Hon. Ben Mumanyi,MP.
16. Hon. John Kiarie Waweru, MP.
17. Hon. Johana Ngeno Kipyegon, MP.
18. Hon. Peter Opondo Kaluma, MP.

1.3 COMMITTEE SECRETARIAT

1. Mr. George Gazemba -Senior Clerk Assistant
2. Ms. Halima Hussein -Clerk Assistant III
3. Mr. Denis Abisai -Principal Legal Counsel I
4. Ms. Doreen Nkatha -Legal Counsel II
5. Mr. Omar Abdirahim -Fiscal Analyst
6. Ms. Fiona Musili -Research Officer

1.4 COMMITTAL OF THE BUDGET ESTIMATES TO DEPARTMENTAL COMMITTEES

The Budget Estimate for FY 2018/2019 was tabled in the House by the Majority leader on Thursday 28th April, 2018 and thereafter referred to the various Departmental Committees for consideration and subsequent submission of a Report to the Budget and Appropriations Committee.

1.5 OVERVIEW OF THE EXAMINATION OF THE BUDGET ESTIMATES FY 2018/2019

The Committee held three sittings in examining the Estimates. The first sitting took place on 15th May, 2018 where the Committee discussed the estimates with a representative from the Parliamentary Budget Office before interacting with the State agencies. The second sitting was held on 16th May, 2018 where the Committee met with the officials from the state agencies that include; the Judiciary, the Office of the Attorney General and Department of Justice (OAG&DOJ), the Ethics and Anti-Corruption Commission (EACC), the Office of the Directorate of Public Prosecution (ODPP), Kenya National Commission on Human Rights (KNCHR), Kenya Law Reform Commission (KLRC), the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), Witness Protection Agency, Judicial Service Commission and the Independent Electoral and Boundaries Commission (IEBC). The third sitting of the committee was held on 22nd May, 2018 in which the committee adopted the report on the budget estimate.

The Committee's examination of the Budget Estimate for FY 2018/2019 was based on a report of the Parliamentary Budget Office on the same and submissions from the spending agencies under the Committee's purview which are captured in and annexed to the report.

1.6 OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE ON THE BUDGET ESTIMATE

1) OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE

I. Observation

a) The Committee observed that the office resource requirement for the FY 2018/19 stood at Kshs 11.5 billion composed of Kshs 6.9 billion for recurrent expenditure and Kshs 4.7 billion for development expenditure. However the office was allocated Kshs 5.6 billion comprised of Kshs 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure resulting in a shortfall of Kshs 5.9 billion.

b) The Committee further observed that the limited budgetary allocation to the sector has affected the critical operations of the office. In particular, the upgrading of the Public Trustee Business Process Management System – Kshs 100 million, purchase of 200 computers to replace 50% of the current stock which has become obsolete – Kshs 20 million, settling of legal dues, fees, arbitration and compensation payments – Kshs 550 million and provision of legal service and advice on government transactions, contracts, Treaties and Agreements – Kshs 250 million.

c) The Committee has also observed there is allocation of Kshs 1 billion to the Attorney General's office for the National Justice for Restorative Fund to implement the recommendations of the TJRC Report. However, the Attorney General's office has informed the Members that there is need for a coordinated approach in the implementation of the fund and more importantly, there is need for a structure to be put in place for the smooth implementation of the objectives of the fund.

d) The Committee observed that the Kenya Law Reform Commission is allocated Kshs 294 million against a resource requirement of Kshs 335.1 million. It was noted that the allocation to the commission is significantly lower than its FY 2017/18 allocation of Kshs 330.7 million. The budget deficit will affect the office ability to undertake county engagements including capacity building on legislative

drafting and review – Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.

e) The Committee further observed that there are suits against the government with financial risks to the tune of Kshs 769.9 billion. In addition, the awards against the government pending payment stand at Kshs 115.7 billion and they are ranging from awards to victims of torture as well as business litigants against the state.

f) It has further been observed by the Committee that the Attorney General's Office litigates on behalf of the state agencies however when the court awards claims against those agencies, they don't promptly settle the claims but abandon the claims with the Attorney General office.

2) JUDICIARY AND JUDICIAL SERVICE COMMISSION

I. Observations

a) The total resource requirements of the Judiciary for the FY 2018/19 amounted to Kshs.31.2 Billion composed of Kshs 19.8 Billion for recurrent expenditure and Kshs. 11.4 Billion for Development/Capital Expenditure. However, the Judiciary was allocated Kshs. 17.3 Billion composed of Kshs 13.3 billion for recurrent expenditure and Kshs 4.1 billion for development expenditure resulting in a shortfall of Kshs 13.9 billion.

b) Case clearance: The Committee was concerned about the high case backlog but noted the initiatives the Judiciary had introduced to ensure timely completion of court cases through enhanced monitoring and evaluations such as daily court returns and the introduction of performance management system for the judicial officers and also enhancing the jurisdiction of the magistrate courts on environment and land cases.

c) The Committee also observed the need for the Judiciary to regulate and ensure there is a mechanism in place for regulation of small claims in courts.

d) The Committee observed the need for the Judiciary to ensure there is regional balance in its recruitment of staff without necessarily compromising on the quality.

e) The Committee further observed that the Judiciary was in the processes of constructing various courts so as extend functional High Courts to all the 47

counties. However, the Committee was concerned about the delayed completion of the ongoing projects and has advised the Judiciary to avoid taking up of new projects while ongoing projects are yet to be completed.

f) The Committee has also observed that critical areas of the Judiciary remain underfunded in FY 2018/19 budget. In particular, Purchase of furniture and Fittings for Court stations including shelving for safety of court documents (Kshs 230 million), Automation of Revenue Collection, Deposit management, and Digitization of Court records including a case management system through an ERP (Kshs 300 million), setting of penalties and interests arising from delayed payments in ongoing court construction across the country (Kshs 40 million), Acquisition of Postbank Training Institute for the Judicial Training Institute (Kshs 500 million), and acquisition of 50 Motor Vehicles for Court Stations and Pool Transport at Kshs.7 Million each (Kshs 350 million).

g) The Judicial Service Commission was allocated Kshs 464 million in the FY 2018/19 against a resource requirement of Kshs 891 million resulting in a budgetary shortfall of Kshs 427 million.

h) The Committee further observed that the commission's budgetary shortfall will affect the following areas; automation of commission's key operations (recruitment, complaints, and discipline management system) – Kshs 100 million, Judges and Judicial officers colloquia - Kshs 90 million, development of policy, research and impact assessment of judicial education programs – Kshs 20 million.

3) REGISTRAR OF POLITICAL PARTIES

I. Observations

a) The Office had requested Kshs. 3,452.66 Billion out of which Kshs. 682.66 million was to cater for ORPP operations and Kshs. 2.77 Billion was to go towards the Political Parties Fund. The Kshs. 2.77 Billion is 0.3% of the projected national revenue for FY2017/18. However, due to budgetary limitation, the office has been allocated Kshs. 822.2 million out of which 451.0 million is for recurrent expenditure and Kshs. 371.2 million is for the Political Parties Fund.

b) Further the Committee has observed that the allocation to the Political Parties Fund of Kshs 371.2 million is not in compliance with section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the section 24 of the Act. The gov't has appealed against the ruling and the case is currently at the Court of Appeal.

c) The Committee has also observed the office has 60 staff in-post against an authorized establishment of 209. However, the office has been allocated an additional Kshs 13.7 million in FY 2018/19 to cater for operations in the county offices and increase in members of staff.

4) INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION

I. Observation

a) The Commission resource requirement for FY 2018/19 is estimated to be Kshs 8.11 billion against an allocation of Kshs 4.233 billion ceiling resulting in a deficit of Kshs. 3.9 billion for the next FY. The deficit will affect the following; Pending legal fees - Kshs. 1 billion, the Proposed Uchaguzi Centre - Kshs. 1 billion, and ICT licenses and Equipment for existing electoral technologies - Kshs. 324 million.

b) The Committee further observed that there is an allocation of Kshs 324 million for the boundary delimitation process and urged the Commission to carry out comprehensive stakeholder engagement during the delimitation process.

c) The Committee stressed the need for the consolidation of service agreements for the Commission's ICT infrastructure. The Committee urged the Commission to provide the timelines within which the ICT licenses are due.

d) The Committee observed that the Commission was allocated Kshs 43 million for construction of warehouses in Garissa, Wajir, isiolo, Kakamega and Machakos

e) The Committee also observed the need for standardization in the legal fees charged by the law firms and confining their charges within a certain range when engaged by the Commission. In addition, the Committee urged the Commission to engage the Judiciary when dealing with difficult lawyers.

f) The Committee observed the need for the Commission to engage experienced lawyers particularly for election related petitions since the cost of undertaking a by-election is much higher.

g) The Committee further observed the need for the Commission to recover costs from parties that have lost their cases against the Commission to offset costs incurred by the Commission during litigation.

5) OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTION

I. Observations

a) The total budgetary allocation to the office for the forthcoming F/Y 2018/19 is Ksh. 2.45 billion against a resource requirement of Ksh. 3.566 Billion hence a resource short fall of Ksh 1.12 Billion. The allocation consists of Recurrent expenditure Ksh. 2.3 Billion; and Development expenditure of Ksh. 140 Million.

b) The Committee further observed that the budgetary shortfall will affect projects such as; Purchase of Stand-alone Building (2 billion), establishment of a Prosecutor Training Institute (Kshs 15 million), implementation of ODPP new salary structure (Kshs 191 million), Retirement Benefits Scheme for staff (Kshs 84 million) and Special unit for the war against Corruption, Organized crime and Terrorism - (Kshs 200M).

c) However, the Committee was concerned about the acquisition of training institutes by all agencies might not be practical and therefore the option of setting up one training center should be explored for all the agencies under the justice sector.

6) ETHICS AND ANTI-CORRUPTION COMMISSION

I. Observation

a) The Commission's budgetary allocation in the FY 2018/19 amounts to Kshs 2.9 billion comprised of Kshs 2.8 billion for recurrent expenditure and Kshs 0.1 billion for development expenditure. The Commission budgetary requirement stands at Kshs 4.9 billion resulting in a budgetary deficit of Kshs 2 billion.

b) The Committee observed that the Commission was allocated Kshs 64 million as confidential expenditure for undercover operations and surveillance of corruption related activities.

c) The Committee observed that there was need for the Commission to create public awareness and scale up its activities particularly on asset recovery in order for it to serve as a deterrent measure against anyone who intends to loot the public coffers.

d) The Committee observed the need for agencies such as the Asset Recovery Agency and the Anti-Corruption Steering Committee that are currently under the Attorney General Office to be housed under the EACC so that the fight against corruption can be coordinated from a central point.

e) The Committee observed that the Commission has a budgetary shortfall of Kshs 25 million in the Acquisition of EACC headquarters.

f) The Commission has been allocated Kshs 100 million for the refurbishment and extension of the Integrity Centre against a resource requirement of Kshs 1.2 billion resulting in a development funding shortfall of Kshs 1.1 billion.

g) The Committee also observed that the Commission needs an additional funding of Kshs 674 million for automation of processes and Kshs 300.8 million for the recruitment of an additional investigators and legal officers (104) to expand its operation to other regions.

7) COMMISSION FOR ADMINISTRATIVE JUSTICE

I. Observation

a) The Commission has been allocated Kshs 484.4 million against a resource requirement of Kshs 503 million resulting in a shortfall of Kshs 18.6 million.

b) The Committee observed that the Commission has an approved staff establishment of 336 against a current in-post of 72 members of staff. The acute shortage of staff is hampering the ability of the commission to effectively deliver on its mandate.

c) The Committee observed that the Commission's budgetary fall will affect the following critical areas; Recruitment of additional ten (10) staff - Kshs 30 million,

outreach services – Kshs 5 million and purchase of ICT equipment, software and accessories – Kshs 6 million.

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

8) KENYA NATIONAL COMMISSION ON HUMAN RIGHTS

I. Observations

a) The Commission has been allocated Kshs. 392 million in FY 2018/19 against a resource requirement of Kshs 600 million by the National Treasury. There is a decrease of Kshs 6 million in the FY 2018/19 budget allocation of Kshs 392 million compared to the FY 2017/18 allocation of Kshs 398 million.

b) The Committee further observed that the Commission has a budgetary shortfall of Kshs 208 million for critical areas such as purchase of field vehicles – Kshs 27 million, Expansion (New Regional Offices – Kshs 60 million), Recruitment of Staff – Kshs 30 million, and carrying out Public Inquiries into Systemic Human Rights Violations, Reforms and Accountability – Kshs 76.5 million.

c) The Committee has further observed that the Commission has a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the supplementary estimate I.

d) The Committee observed that the Commission's budget on domestic travel has been reduced by 20% and its foreign travel budget has been reduced by 75%. This has led to a shortfall of Kshs 14 million in its budget for domestic and foreign travel thereby limiting the Commission's ability to undertake its international obligations.

9) WITNESS PROTECTION AGENCY

I. Observations

a) The Committee observed the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses.

b) The Agency was allocated Kshs 437.7 million against a budgetary requirement of Kshs 548.6 million hence a budgetary deficit of Kshs 110.9 million.

c) The Committee observed that the Agency requires additional funding in order to decentralize its activities to Rift valley, and Central/Eastern region at a cost of Kshs 100 million.

d) The Committee further observed that the Agency has an approved staff establishment of 296 against an in-post of 65 staffs currently; therefore the Agency needs an extra 39 staff in order to support the current, envisaged decentralization and enhance existing human resource gaps both in operations and corporate affairs. The Agency will require an additional Kshs 100 million to recruit the additional staff.

e) The Committee also observed that the Agency was allocated Kshs 9 million staff mortgage and car loan schemes. However, it requires Kshs 50 million to fully operationalize the scheme.

1.7 RECOMMENDATIONS BY THE COMMITTEE

I. Policy recommendations

a) As a matter of priority the government should consider setting up a fund for settling court awards against the government. In this regard, the Committee recommends the setting up of a seed fund for the Attorney General Office.

b) In addition, the Committee further recommends that in setting up the fund, the Budget and Appropriation Committee should consider effecting budgetary cuts against state agencies that lost cases and have claims to settle in order to raise funds for the Kitty subject to their contribution to the awards against the government.

c) The Committee further recommends the freezing of new projects by the judiciary particularly the construction of new courts before the completion of the old projects that are ongoing.

d) The Committee objects to the idea of setting up a prosecution institute for the office and urges the office to develop a curriculum and partner with the Kenya School of Government for the training of its staff.

II. Financial recommendations

a) Proposed Reductions

I. The Attorney General's Office allocation of **Kshs 1 billion** for the National Justice for Restorative Fund be reduced by **Kshs 500 million.** The Committee's decision is informed by the lack of necessary structure and enabling legislations for the smooth implementation of the fund. The remaining **Kshs 500 million** in the fund can be utilized for the implementation of the fund.

II. The Judicial Service Commission allocation be reduced by **Kshs 100 million.** The Committee's decision is informed by the lack of adequate justification by the commission for the significant increase in its budget from Kshs 284 million in FY 2017/18 to Kshs 464 million in FY 2018/19.

b) Proposed Reallocations

The funds realized will be reallocated to the following Agencies under the sector;

a) The Attorney General's office be allocated **Kshs 20 million** for the purchase of 200 computers to replace 50% of the current stock which has become obsolete.

b) The Kenya Law Reform Commission be allocated **Kshs 34 million** for capacity building on legislative drafting and review for the Counties– Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.

c) The Committee recommends an allocation of **Kshs 75 million** for the Independent Electoral and Boundaries Commission for the renewal of ICT licenses and fulfilling maintenance agreement of its existing electoral technologies equipment.

d) The Committee recommends an allocation of **Kshs 191 million** to Office of Director of Public Prosecution to implement a new salary structure as approved by Salaries Remuneration Commission on 1st of July 2017.

e) The committee further recommends an additional allocation of **Kshs 149 million** to the office of Director of Public Prosecution for setting up a Special Unit for the war against Corruption, Organized crime and Terrorism.

f) The Committee recommends the approval of an additional allocation of **Kshs 25 million** to the Ethics and Anti-Corruption Commission's budget for FY 2018/19 to enable the Commission conclude the acquisition of EACC headquarters which is set to be concluded in July, 2018.

g) The Committee recommends an additional allocation of **Kshs 30 million** to the Commission for Administrative Justice budget for the recruitment of additional ten (10) staff in the FY 2018/19.

h) The Committee recommends an additional allocation of **Kshs 45.4 million** to the Witness Protection Agency's budget for FY 2018/19. The funds will be utilized for the recruitment of an additional staff to support the Agency's current and envisaged decentralization and enhance its existing human resource gaps both in operations and corporate affairs.

i) The Committee recommends the approval of an additional allocation of **Kshs 30.6 million** to the Kenya National Human Right Commission's budget in FY 2018/19 for the acquisition of field vehicles (Kshs 27 million) and for settling of a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the Supplementary Estimate II.

II. **Proposed increase**

a) The Committee recommends an additional allocation of **Kshs 2.4 billion** for the political parties fund in compliance with the provisions of section 24 of the Registrar of Political Parties Act and in compliance with the ruling of Justice Aburili issued on 2nd January 2018.

1.8 ACKNOWLEDGEMENTS

The committee is grateful to the office of the Speaker of the National Assembly and the Parliamentary Budget Office for the steadfast support received as it discharged its mandate of reviewing the budget estimate for the financial year 2018/19

It is my humble duty and privilege, to table the report on the budget estimate for FY 2018/19 on behalf of the Justice and Legal Affairs Committee and recommend it to the committee for adoption.

SIGNED.....

HON. WILLIAM CHEPTUMO, M.P

(Chairperson)

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

DATE..... 28.05.18

CHAPTER TWO

2.0 BACKGROUND

The Financial Year (FY) 2018/19 budget has been prepared at a time when, there are improved global and regional economic prospects. Global economic activity continues to firm up with output strengthening by 3.8% in 2017 from 3.2% in 2016 supported by notable improvements in trade and industrial production coupled with strengthening business and consumer confidence.

Domestically, the country's economy grew by 4.9% in 2017 compared to a revised growth of 5.9% achieved in 2016. The decline in economic growth can be attributed to subdued performance in agriculture and manufacturing largely due to adverse weather conditions and uncertainty associated with prolonged electioneering period.

The National Treasury in its 2018/19 budget framework projects the economy to grow by 5.8% in 2018 up from the 4.9% growth realized in 2017. This growth will mainly be supported by a projected improved performance in Agriculture and manufacturing activities as well as stable macroeconomic environment and ongoing public infrastructural investments.

2.1 OVERVIEW AND PURPOSE OF BUDGET ESTIMATE FOR FY 2018/19

The proposed estimates of revenues and expenditures were submitted and tabled before the National Assembly on Thursday 28th April, 2018 pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.

The Legislature has made great strides in the oversight of the budget since the enactment of the 2010 Constitution. The Constitution, backed by the Public Finance Management Act section 38 and 39 gives Parliament the mandate to review the budget estimates and make recommendations before the budget estimate is approved.

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, after which the Committees shall consider, discuss and review the Estimates according to their mandates and make recommendation to the Budget and Appropriations Committee of the National Assembly.

2.2 COMMITTEE MANDATE AND SPENDING AGENCIES UNDER THE PURVIEW OF THE COMMITTEE

In accordance with the Second Schedule of the National Assembly Standing Orders, the Committee is mandated to oversee all matters pertaining to Constitutional affairs, the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In executing its mandate, the Committee oversees the following agencies;

i. State Law Office & Department of Justice
ii. The Judiciary
iii. Ethics & Anti-Corruption Commission
iv. Office of the Director of Public Prosecutions
v. Office of the Registrar of Political Parties
vi. Witness Protection Agency
vii. Kenya National Commission on Human Rights
viii. Independent Electoral & Boundaries Commission
ix. Judicial Service Commission
x. Commission on Administrative Justice

The legislative scrutiny of the Budget Estimate for FY 2018/19 promotes good governance, fiscal transparency and accountability, and is expected to facilitate effective allocation and mobilization of resources and ensure that fiscal policies are unbiased and effectively implemented. It also ascertains the legitimacy of transactions completed and their compliance with established norms, regulations and statutes; the scrutiny ensures that all allocations are as per the provisions, appropriate acts and financial regulations.

A. Highlights of the 2018/2019 Budget Estimates

The overall Budget for the FY 2018/19 amounts to Kshs 3,074.2 billion up from the Kshs 2,773.8 billion allocated in the FY 2017/18. The allocation to the National Government amounts to Kshs 1,676.7 billion comprised of Kshs 1.1 trillion for Recurrent expenditure and Kshs 582.9 billion for Development expenditure, the Judiciary is allocated Kshs 17.8 billion comprised of Kshs 13.7 billion for recurrent expenditure and Kshs 4.1 billion for development expenditure. In addition, Parliament was allocated Kshs 42.6 billion, out of which Kshs 39.4 billion is for recurrent expenditure and Kshs 3.2 billion, CFS – Kshs 962.6 billion, and County Government allocation of Kshs 374.6 billion. The targeted revenue collection including AIA amounts to Kshs. 1,923.3 billion increasing from the Kshs. 1,659.6 billion.

Table 1: National Budget over the MTEF (KSh. Millions)

	2017/18	2018/19	2019/20	2020/21
National Government	1,660,073.00	1,676,654.00	1,829,370.00	2,005,628.00
recurrent	1,077,211.00	1,022,949.00	1,127,521.00	1,226,699.00
development	582,862.00	653,705.00	701,849.00	778,929.00
Judiciary *	14,651.90	17,768.00	20,073.60	17,571.15
recurrent	12,711.80	13,719.00	15,974.60	16,571.15
development	1,940.20	4,049.00	4,099.00	1,000.00
Parliament **	37,166.00	42,548.00	43,907.00	47,160.00
recurrent	34,016.00	39,348.00	41,107.00	44,510.00
development	3,150.00	3,200.00	2,800.00	2,650.00
CFS	726,857.00	962,562.00	885,012.00	976,482.00
County Allocation	331,681.00	374,627.00	372,164.00	381,909.00
Overall Budget	2,773,828.00	3,074,160.00	3,150,526.60	3,428,750.15
GDP	8,654,618.00	9,790,760.00	11,100,784.00	12,620,781.00
GJLOS	61,324.2	35,060.00	40,643.3	38,443.3
GJLOS/Overall budget	2.2%	1.1%	1.3%	1.1%

Source: FY 2018/19 Estimate, National Treasury

B. Analysis of FY 2018/19 Estimates for the Governance, Justice, Law and Order Sector

I. FY 2018/19 Allocations verses 2018 BPS Ceilings

A comparison between the 2018/19 allocations and the 2018 BPS ceilings as shown in Table 2 indicates that most of the allocations are below the set ceilings for the various department with the exception of Judicial Service Commission.

The Agencies whose budgets have been reduced include the following; AG's Office (0.2%), EACC (1.2%), WPA (0.7%), DPP (2.4%), IEBC (12.5%), CAJ (1.6%) and RPP (0.8%). It should be noted that budget making is a process where each stage informs and makes the basis for the next stage and therefore the non-adherence to the Ceilings set at the BPS stage is a violation of section 25(8) and 27(4) of the PFM act and Regulations respectively.

Table 2: 2018/19 Allocations verses 2018 BPS Ceilings

Vote Details	2018/19 Estimates	2018 BPS Ceilings	Deviation	% Deviation
Office of the Attorney General & Department of Justice (AG&DOJ)	5,642	5,656	-14	-0.2%
Judiciary	17,304	17,304	0	0.0%
Ethics and Anti-Corruption Commission (EACC)	2,852	2,886	-34	-1.2%
Office of the Director of Public Prosecution (DPP)	2,412	2,471	-59	-2.4%
Office of the Registrar of Political Parties (RPP)	822	829	-7	-0.8%
Witness Protection Agency (WPA)	438	441	-3	-0.7%
Kenya National Commission on Human Rights (KNCHR)	392	420	-28	-6.7%
Independent Electoral and Boundaries Commission (IEBC)	4,234	4,839	-605	-12.5%
Judicial Service Commission (JSC)	479.6	464	16	3.4%
Commission on Administrative Justice (CAJ)	484	492	-8	-1.6%
TOTALS	35,059.60	35,802.00	-742.4	-2.1%

Source: FY 2018/19 Estimate, National Treasury

II. Overall Spending FY 2014/15 – 2017/18 and Budget Estimate for FY 2018/19

An assessment of the overall spending by the agencies under the Committee's purview reveals there has been a gradual increase in budgetary allocations to all departments during the period (FY 2014/15 to 2017/18) increasing from Kshs 30.5 billion to Kshs 56.6 billion as shown in table 3.

In particular, there was substantial increase in budgetary allocation in FY 2016/17 and FY 2017/18 for the Judiciary, EACC, ORPP, and IEBC to facilitate an effective electioneering period. However, the Budgets for the other agencies such as Commission of Administrative Justice, Kenya National Commission on Human Rights and the Judicial Service Commission had a decrease as shown in table 3.

In FY 2018/19, the total allocation to the agencies under the sector amounts to Kshs. 35.1 billion composed of Kshs 29.2 billion for Recurrent expenditure and Kshs 5.9 billion for Development expenditure. Judiciary takes 49% of the share with an allocation of Kshs. 17.3 billion. The State Law Office is allocated the second largest share at 16% with an allocation of Kshs. 5.6 billion. Allocations to other MDA's are as shown in table 3 below.

Table 3: Allocations to the MDA's Under the Committee's purview (Kshs Million)

Vote & Vote Details	Approved Allocation				Ceiling	Allocation	Projections	
	2014/15	2015/16	2016/17	2017/18	2018/19	2018/19	2019/20	2020/21
	30514.9	36170.4	53838.5	61,324.2	35,802.0	35,060.0	40,643.3	38,443.3
1252 State Law Office & Dep't of Justice	4038.5	5646.5	4884.23	4,667.7	5,656	5,642	6494.5	6610.4
1261 The Judiciary	13825	17,304	17109	14,651.9	17,304	17,304	19,540	17,027
1271 Ethics & Anti-Corruption Commission	2024	2,972	3,480.08	4,336.5	2,886	2852	2874.3	2873.6

1291 Office of the Director of Public Prosecutions	1794	2,543	2213	1,949	2,471	2,412	2,877.9	2,925.6
1311 Office of the Registrar of Political Parties	476.16	854.9	826.91	808.5	829	822	944.2	968.2
1321 Witness Protection Agency	295.2	454.3	388.44	442.4	441	438	519	536.5
201 Kenya National Commission on Human Rights	356.5	433.1	420.8	398.8	420	392	590.1	525.4
203 Independent Electoral & Boundaries Commission	6973	4976.2	23617	33,372.7	4,839	4,234	5691.9	5,838.7
205 Judicial Service Commission	338	479.6	450	283.5	464	479.6	534.7	544.1
2131 Commission on Administrative Justice	394.5	506.8	449	412.8	492	484	577.3	593.8

Source: FY 2018/19 Estimate, National Treasury

In comparison, the agencies were allocated Kshs 61.3 billion in FY 2017/18 out of which Ksh 57.3 billion (93.3%) was spent as Recurrent expenditure and Ksh 4.1 billion (6.7%) as Development expenditure. The significant expenditures on recurrent activities by the agencies are because the agencies are service-oriented in nature.

With the exception of EACC and IEBC, all other votes' allocations are expected to increase slightly in FY 2018/19. The significant reduction in the budget estimates for IEBC and EACC will result in the FY 2018/19 budget being 49% lower than that of FY 2017/18. Table 4 shows the total proposed allocations as per recurrent and development vote.

Table 4: Proposed Budgetary Allocations as per Recurrent and Development vote

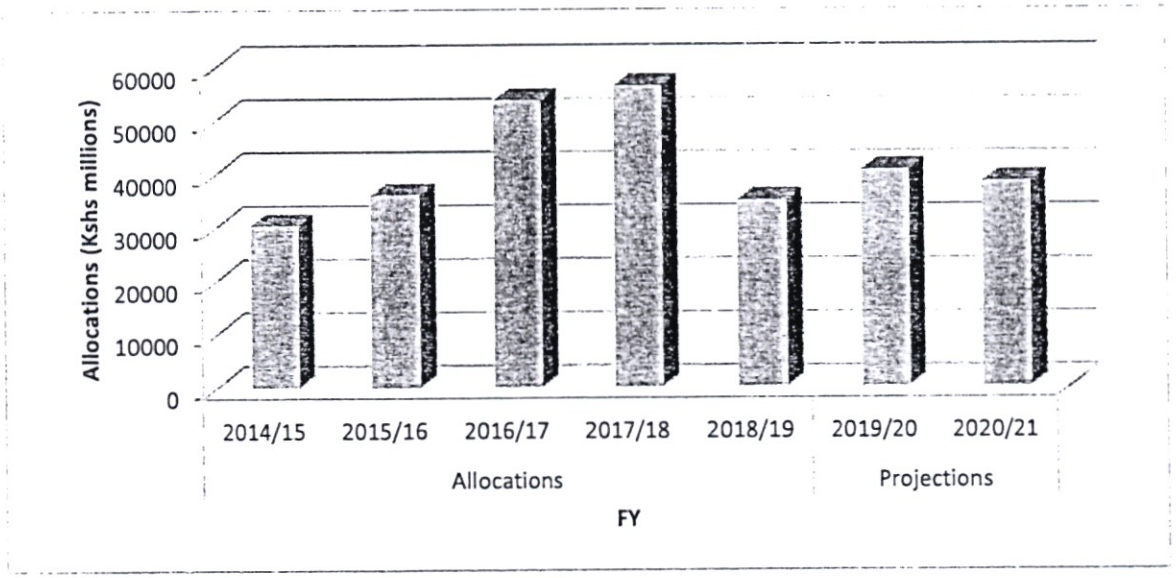
Sector/ Vote/Programme Details	2017/18 Allocation (Kshs Million)			2018/19 Estimate (Kshs Million)		
	Current	Capital	Total	Current	Capital	Total
State Law Office & Dept. of Justice	4,535.6	132.1	4,726	4,028	1,614	5,642
The Judiciary	12,711.8	1,940.2	14,652.0	13,255	4,049	17,304
Ethics & Anti-Corruption Commission	3,068.5	1,268	4,336.5	2,752	100	2,852
Office of the Director of Public Prosecutions	1,944.4	2.6	1,949	2,312	100	2,412
Office of Registrar of Political Parties	808.5	0	808.5	822	-	822
Witness Protection Agency	442.4	0	442.4	438	-	438
Kenya National Commission on Human Rights	398.8	0	398.8	392	-	392
Independent Electoral & Boundaries Commission	32,660.5	712.2	33,372.7	4,191	43	4,234
Judicial Service Commission	283.5	0	283.5	464	-	464
Commission on Administrative Justice	412.8	0	412.8	484	-	484
TOTALS	**57,267.2**	**4,055**	**61,322.2**	**27,340**	**7,720**	**35,060**

Source: 2018/19 Budget Estimate, National Treasury

Figure 1 shows a graphical illustration of the allocations for the agencies under the GJLOS sector between the FY 2014/15 – 2018/19 and the projections over the medium term.

The sector recorded the highest budgetary allocations (current and capital) during the FY 2017/18 as a result of election preparations. The budget is expected to reduce in FY 2018/19 and thereafter maintain a steady ceiling of below Ksh. 40 Billion. The Judiciary usually takes up the largest portion of the overall budget but in the past two years this has been shared out between the Judiciary and IEBC.

Figure 1: FY 2018/19 Allocations to various MDA's (Kshs Millions)



Source: FY 2018/19 Estimate, National Treasury

III. Analysis of the Programs Implemented by the Agencies under the Sector

a) Judiciary

Chapter Ten of the Constitution provides for the Judiciary which is one of the arms of Government. Its core mandate is the delivery of justice through resolution of disputes. It implements one program called Dispensation of Justice which has two sub-programs namely; Access to Justice and General administration, planning and support services.

In the FY 2018/19 and the medium term, Judiciary through the program of Dispensation of Justice intends to achieve the following; it plans to construct various courts including 1 New Supreme Court, 11 High Courts and 10 magistrate's courts. In addition, it plans to extend/refurbish 8 High Courts and 30 magistrate court; purchase of 50 new vehicles and establish 2 mobile High Courts and 4 mobile Magistrate Courts.

Table 5: Programmes Allocation (FY 2016/17 – FY 2020/21)

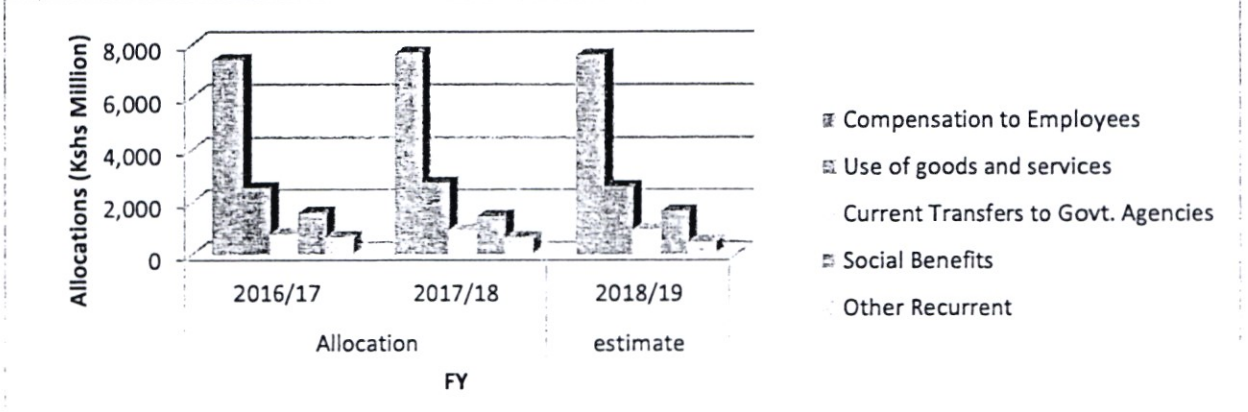
Programme	Sub-programs	2016/17	2017/18	2018/19	2019/20	2020/21
Dispensation of Justice	Access to Justice	11,309	1,868	13257	14,997	12,311
	General administration, planning and support services	5,800	5,693	4,047	4,543	4,715
	Total	17,109	17,561	17,304	19,540	17,027

Source: FY 2018/19 Estimate, National Treasury

The budgetary allocation to the Judiciary in the FY 2018/19 is **KSh. 17.3 billion** comprised of **Kshs. 13.3 billion** for recurrent expenditure and **Kshs 4.1 billion** for development expenditure. The Recurrent expenditure has increased slightly by 4% from an allocation of Kshs. 12.7 billion in 2017/18. The Development budget has increased significantly by 52% from an allocation of Kshs. 1.94 billion in 2017/18.

The trend in allocation shows that compensation to employees has increased slightly from Kshs 7.4 billion in FY 2016/17 to Kshs 7.6 billion which can be attributed to the Commission's effort to improve its workforce capacity. There is an increase in allocation to social benefits from Kshs 1.5 billion to Kshs 1.7 billion in FY 2018/19. Allocation to the use of goods and services has decreased by 5% from Kshs. 2.7 Billion in 2017/18 to Kshs. 2.6 billion in FY 2018/19.

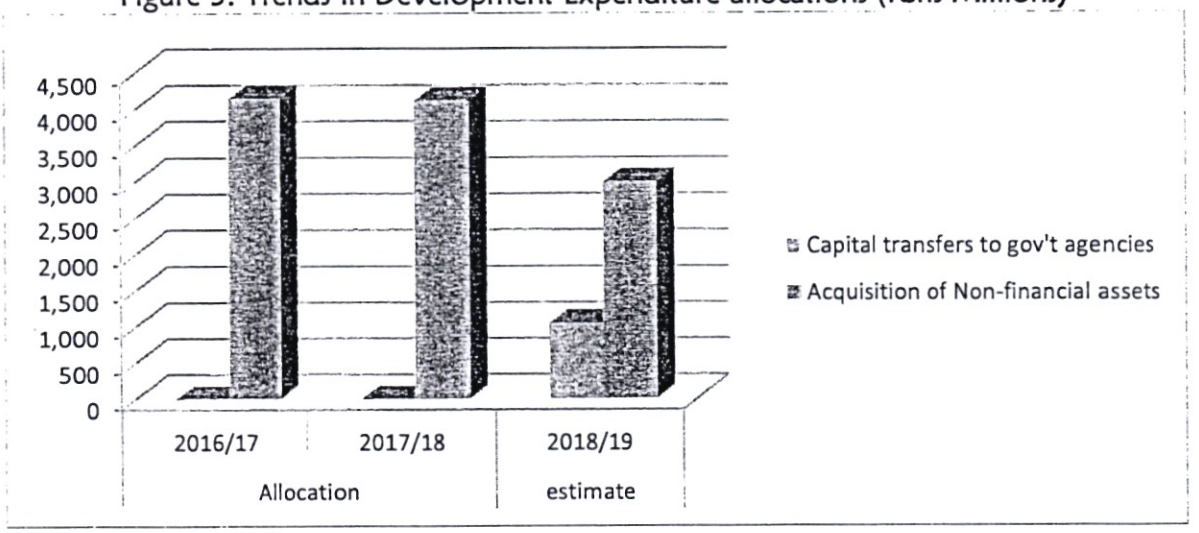
Figure 2: Trends in Recurrent Expenditure allocations (Kshs Millions)



Source: FY 2018/19 Estimate, National Treasury

Under the development vote, the allocations will be spent on capital transfers to government agencies as well as acquisition of non-financial assets (construction/rehabilitation of courts) as shown in figure 3.

Figure 3: Trends in Development Expenditure allocations (Kshs Millions)



Source: FY 2018/19 Estimate, National Treasury

b) Judicial service Commission

This is one of the independent commissions established under Article 171 of the Constitution. It implements one programme; oversight and administration of Judicial Services which has two sub-programs namely; Administration of Judicial Services and Judicial Training.

The Commission seeks to ensure efficient, effective and transparent administration of justice by recruiting 10 Judges and 100 judicial officers. Under the Judiciary Training Institute sub-programme, the Commission aims at enhancing staff knowledge, skills, competence and attitude in achieving the mandate of expeditious delivery of justice by training 1700 staff as well as other judicial officers.

In the FY 2018/19, the proposed allocation to the Judicial Service Commission is **KSh. 464 million** which is an increment of 63.7% from **Kshs. 283.5** million allocated in 2017/18. The commission should shed light on the drastic increase in its recurrent budget in the financial year 2018/19.

c) Office of the Registrar of Political Parties (ORPP)

The Office of the Registrar of Political Parties (ORPP) is established by the Political Parties Act, 2011. The mandate of the Office is to register and regulate political parties and administer the Political Parties Fund.

In the financial year 2014/2015, the Office of the Registrar of Political Parties was allocated Kshs **466.9 Million** of which **Kshs 367.2 million** was for Political Parties Fund. In 2015/2016 the Office was allocated **Kshs 533.3 million** (Kshs. 370.5 million for Political Parties Fund) while 2016/17 Financial Year, the Office was allocated **Kshs 826.9 million** of which **Kshs 370.5** Million was for Political Parties Fund.

The proposed allocation for FY 2018/19 is **Kshs. 822 million** which is entirely recurrent expenditure. The allocation represents an increase of 1.7% from Kshs. 808.5 million allocated in FY 2017/18. In addition, the allocation towards the political parties fund has been maintained at Kshs. 371.2 million (42%) which ideally should be 0.3 percent of the revenue collected by the government. The increase in the allocation is due to an increase in the allocation for compensation to employees' component and increased allocation to the members of staff mortgage scheme.

d) Witness Protection Agency (WPA)

The witness protection agency is mandated to provide special protection, on behalf of the state, to persons in possession of important information and who are facing potential risk due to their cooperation with the prosecution and other enforcement agencies. The Agency implements the witness protection programme.

The Witness Protection Agency's budgetary allocation rose over the medium term under review: 2014/15-2016/17 from Kshs. 295.2 million to Kshs. 369.7 million in 2015/16 and Kshs. 388.4 million in 2016/17 representing an average increase of 32% over the period.

The overall average absorption rate for the entire period under review was 97%. The expenditure for the Witness Protection Programme (WPP) has been growing by a margin of 25% to 30% per year as follows; in 2014/15 the expenditure was Kshs.288.9 million; in 2015/16 it grew to Kshs 359.6 million and in 2016/17 the expenditure had grown to Kshs 373.3 Million.

In the FY 2018/19, the Agency has been allocated Kshs. 438 million which represents a decrease of 1% from the Kshs. 442.4 million allocated in 2017/18. The budgetary allocation is entirely for recurrent expenditure. The increase in budget allocation is due to a decrease in the provision for use of goods and services.

The major services/outputs to be provided in the FY 2018/19 and Medium Term budget include; continued admission of threatened witnesses; and maintenance and management of witnesses. The Agency projects to maintain a maximum of 60 witnesses and their related persons for the FY 2018/19; facilitate the administration of justice through testimonies in a court of law; resettlement and re-integration of witnesses and enhanced institutional capacity to support the programme.

e) **Kenya National Commission on Human Rights**

The Kenya National Commission on Human Rights mandate is to ensure the promotion and protection of human rights. It is an independent commission established under Article 59 of the Constitution. It implements the programme; Promotion and Protection of Human Rights.

The proposed allocation to the Commission in FY 2018/19 is **KSh. 392** million which is a decrease of 1.7% from **Kshs. 398.8 million** allocated in FY 2017/18. The decrease in

allocation is as a result of reduced provision for the allocation towards the mortgage scheme for the members of staff.

During MTEF period FY2018/19 - FY2020/21, the Commission plans to achieve the following: resolution of public complaints alleging human rights violations, enhance public awareness on human rights, review policies and legislation on human rights, research and produce thematic reports on human rights, conduct institutional audits for improved protection of human rights , increase redress on human rights through public interest litigation, amicus briefs, direct litigation and Alternative Dispute Resolution. With regards to 'Big four' agenda, the Commission will enhance the capacity of State and non-State actors on programming and implementing Economic, Social and Cultural Rights.

f) State Law Office and the Department of Justice

The office of the Attorney General and the Department of justice is mandated to enhance protection and promotion of the rule of law, provide legal advice to the government and defend public interest. The Office has three programmes: *Legal Services; Governance, Legal Training and Constitutional Affairs; and General Administration, Planning and Support Services.*

The allocations for the programme of Governance, legal training and constitutional affairs has considerably increased from Kshs 1.9 billion to Kshs 3.1 billion due to an increase in donor commitment for the Victims compensation fund and the GJLOS program while the other two programs have registered slight decrease in their budget due to a reduced provision in ICT budgets and subscriptions to international organizations.

Table 6: Allocations per programme (Kshs Millions)

	2017/18 Approved Estimate	2018/19 Proposeod Estimate	2019/20 Projected Estimate	2020/21 Projected Estimate

Total Programmes	4,667.7	5,642.1	6,494.5	6,610.4
Legal Services	1,890.9	1812.4	2277.5	2266.2
Governance, Legal Training and Constitutional Affairs	1,859.8	3,118.9	3295.3	3366.9
General Administration, Planning and Support Services	917.0	710.9	921.7	977.3

Source: FY 2018/19 Estimate, National Treasury

The total allocation to the Office in FY 2018/19 is **Kshs. 5.6 billion** comprised of Kshs. 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure. The allocation is an increase of 19% from **Ksh 4.7 Billion** allocated in the financial year 2017/18. The development budget has significantly increased from Kshs 132 million to Kshs 1.6 billion; however, the recurrent budget has decreased from Kshs 4.5 billion to Kshs 4.0 billion.

The increase in the development budget is as a result of a provision of **Kshs 1 billion** for the National Justice for Restorative Fund, **Kshs 60 million** for the construction of Ultra-modern library and moot court at the Kenya School of Law, **Kshs 41 million** for refurbishment of Sheria House and Company's Registry and **Kshs 480 million** for GJLOS Programme while the reduction in the recurrent budget is on account of a decrease in the allocation for compensation to employees and Use of goods and service.

In the period 2018/19 - 2020/21, the Office will seek to finalize 1,200 cases each year filed against the government, Conduct dispute resolutions programs in 17 Counties in 2017/18, harmonize 10 existing laws with the Constitution, register 40,000 companies, and train 2200 law. Other outputs includes; Operationalize one(1) regional office, enhance the compliance of Copyright Law by investigating and prosecuting 400 cases, sensitize 12 counties each year on the Constitution, and construction of Ultra-Modern Library & Moot Court-Kenya School of Law-Karen.

The allocation to the various semi-autonomous agencies under the department is as shown in the table below.

Table 7: The Semi-Autonomous State Agencies allocations (Kshs Million)

SAGAs/Agencies	2018/2019	
	Gross Estimates (000)	Net Estimates(000)
Council of Legal Education	334,862,000	334,862,000
Kenya Copyright Board	124,000,000	124,000,000
Kenya School of Law	506,990,000	506,990,000
Kenya Law Reform Commission	294,040,000	294,040,000
National Anti-Corruption Steering Committee;	113,700,000	138,740,000
National Crime Research Centre;	149,580,000	149,580,000
The Nairobi Center for International Arbitrations	115,530,000	115,530,000
Victims Compensation Fund	60,000,000	60,000,000
Asset Recovery Agency	183,590,000	183,590,000
National Justice for Restorative Fund	1,000,000,000	1000,000,000
Registrar of Companies	362,700,000	362,700,000
Totals	3,244,992,000	3,244,992,000

Source: FY 2018/19 Estimate, National Treasury

g) Ethics And Anti-Corruption Commission (EACC)

The Ethics and Anti-Corruption Commission (EACC) has one programme, Anti-Corruption programme. It is mandated to fight and prevent corruption and economic crime in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity.

The allocation to the commission in FY 2018/19 budget estimates is **KSh. 2.9 billion** comprised of Kshs 2.7 billion for recurrent expenditure and Kshs 100 million for development expenditure. The commission recorded a decrease of 34.2 when compared to KSh. 4.3 billion allocated in 2016/17. The Kshs. 1.5 billion decrease is due to the one off provision for the purchase of the new office block for the commission which was concluded in FY 2017/18. The proposed allocation of Kshs 100 million under the development vote is for refurbishment of the newly acquired integrity centre.

In the FY 2018/19 and medium-term period, the Commission will undertake 1,720 investigations on corruption and economic crime cases and 950 investigations on ethical breaches; disrupt 254 corruption networks; undertake 326 asset tracing inquiries and recover assets valued at Kshs.23.5 billion; train, educate and enlist 1.64 million Kenyans to combat corruption; undertake 56 system review and examinations; train 9,870 Integrity Assurance Officers and Members of corruption prevention committees.

h) Office of the Director of Public Prosecutions (DPP)

The Office of the Director of Public Prosecutions (ODPP) is an independent Constitutional Office established by Article 157 of the Constitution to ensure an independent, accountable and professional prosecution service. Its programme is Public Prosecution Services.

The proposed allocation to the Office is **KSh. 2.4 billion** in 2018/19 comprised of Kshs 2.3 billion recurrent expenditure and Kshs 100 million for development expenditure representing an increase of 23.7% from Kshs 2.0 billion allocated in FY 2017/18. The increased allocation under the recurrent vote is due to increased allocation to compensation of employees while the increased allocation under the development vote is due to construction of county offices in Wajir, Busia, Turkana and Kisii at a cost of Kshs 100 million.

In the FY 2018/19 and medium-term period, the Office will operationalize the planned case management system as part of improving operational efficiency; develop a Prosecutors Training Institute (PTI) to ensure continuous capacity improvement programme is in place; open new stations in line with the expansion of court stations across the country; construct additional offices in four County stations and continue with the programme of tooling prosecutors and improving their work environment to ensure that they are able to execute their work effectively.

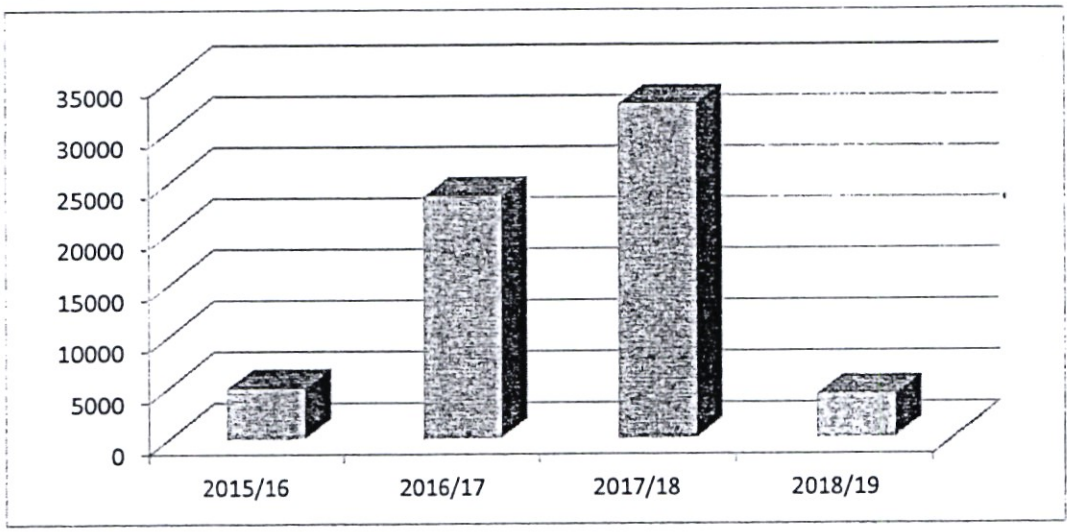
i) Independent Electoral And Boundaries Commission (IEBC)

IEBC is an independent constitutional commission and its role is to conduct or supervise referenda and elections as well as to manage the electoral process and review electoral boundaries. It implements one (1) programme; Management of Electoral Process with an objective to deliver free, fair and credible elections.

In the FY 2018/19, the Commission has been allocated **KSh. 4.2 billion** comprised of Kshs 4191 million for recurrent expenditure and Kshs 43 million for development expenditure. The allocation to the commission has significantly reduced by 87.2% from Kshs 32.7 billion in FY 2017/18 to Kshs 4.2 in FY 2018/19.

The allocations to IEBC increased in 2016/17 and 2017/18 to provide for the financing of the preparation and management of the 2017 General Elections and the subsequent repeat elections. This is shown in the figure below.

Figure 4: Budgetary allocations (2015/16-2018/19



Source: FY 2018/19 Estimate, National Treasury

In the next medium-term period, the Commission will identify resource requirements for the institutional transformation, boundary delimitation and public trust through public participation and ensure that they are allocated in a timely, cost-effective and efficient manner; establish a framework for monitoring progress, performance management and managing risks associated with planning and execution of the boundaries delimitation

priorities and implementation of the Post-Election evaluation Report recommendations accordingly.

j) Commission on Administrative Justice (CAJ)

The Commission is established as envisaged under Article 59(4) of the Constitution and the Commission on Administrative Justice Act, 2011. Its mandate is to enforce administrative justice in the Public Sector by addressing mal-administration through effective complaints handling and alternative dispute resolution. It implements one (1) programme; Promotion of Administrative Justice.

The Allocation to the Commission in the FY 2018/19 is **KSh. 484 million,** an increase of 17.2% from Kshs. 412.8 million allocated in 2017/18. The commission's allocation increased as a result of a provision of Kshs 50 million for the members of staff mortgage scheme as well as additional provisions for rentals and communication, supplies and services.

During the 2018/19 – 2020/21 medium term period, the Commission will utilize the budgetary allocation on resolution of public complaints on maladministration, scaling-up the ombudsman service delivery points, outreach programmes, implementation of access to information Act, 2016 and monitoring service delivery at national and county levels.

IV. Budget Performance Review (FY 2014/15 – FY 2016/17)

An analysis of the trends in absorption of the budget allocated for the different agencies shows that the funds are never fully utilized with the average absorption rate from FY 2014/15 to FY 2016/17 being at 84.7%, 87.9% and 87.2% respectively. The lowest and highest absorption rates have been from the State Law Office & Dep't of Justice in FY 2014/15 and FY 2015/16 at 69.94% and 99.11% respectively.

Table 8: Expenditure Performance FY 2014/15 – 2016/17

ANALYSIS OF APPROVED BUDGET VS ACTUAL EXPENDITURE AMOUNT IN KSH MILLION									
Vote & Vote Details	Approved Allocation			Actual Expenditure			Absorption		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17

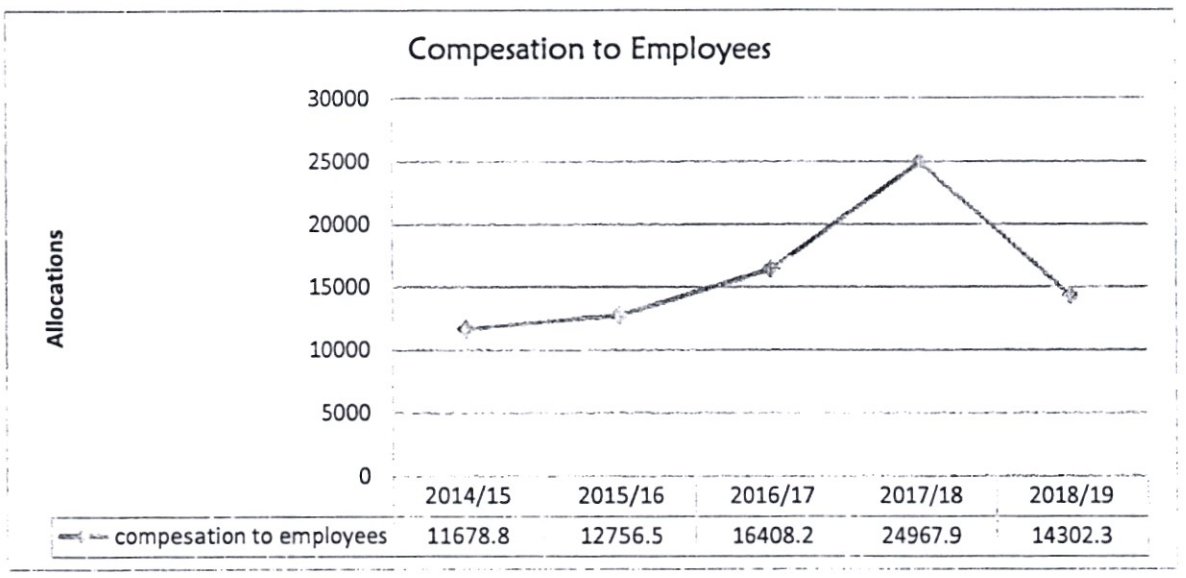
ANALYSIS OF APPROVED BUDGET VS ACTUAL EXPENDITURE AMOUNT IN KSH MILLION									
Vote & Vote Details	Approved Allocation			Actual Expenditure			Absorption		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
1252 State Law Office & Dep't of Justice	4038.5	4393.66	4884.23	2824.5	4354.65	4002.55	69.94 %	99.11 %	81.95 %
1261 The Judiciary	13825	14799	17109	11873	12946	15302	85.88 %	87.48 %	89.44 %
1271 Ethics & Anti-Corruption Commission	2024	2957.2	3480.08	1742	2198.9	3429.62	86.07 %	74.36 %	98.55 %
1291 Office of the Director of Public Prosecutions	1794	2457	2213	1551	2159	1809	86.45 %	87.87 %	81.74 %
1311 Office of the Registrar of Political Parties	476.16	533.48	826.91	463.43	518.72	638.68	97.33 %	97.23 %	77.24 %
1321 Witness Protection Agency	295.2	369.71	388.44	275.99	359.59	362.9	93.49 %	97.26 %	93.42 %
201 Kenya National Commission on Human Rights	356.5	459.1	420.8	345.2	432.7	413.29	96.83 %	94.25 %	98.22 %
203 Independent Electoral & Boundaries Commission	6973	4905	23617	5412	4191	20165	77.61 %	85.44 %	85.38 %
205 Judicial Service Commission	338	472	450	300	403	431	88.76 %	85.38 %	95.78 %
2131 Commission on Administrati	394.5	480.7	449	354.2	428	419.1	89.8%	89.0 %	89.4%

ANALYSIS OF APPROVED BUDGET VS ACTUAL EXPENDITURE AMOUNT IN KSH MILLION									
Vote & Vote Details	Approved Allocation			Actual Expenditure			Absorption		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
ve Justice									
Total	30,514.9	31,826.9	53,838.5	25,141.3	27,991.6	46,973.1	84.7%	87.9%	87.2%

Source: 2018 Sector Report

The Agencies expenditure on compensation to employees has been growing steadily from Kshs 11.7 billion in FY 2014/15 to Kshs 16.4 billion in FY 2016/17 representing a percentage increase of 40% over the 3 year period. However, there was a significant increase in expenditure on compensation to employees in FY 2017/18 as a result of the contractual employees engaged by IEBC for the general election. However, it has reduced in FY 2018/19 due to the conclusion of the General Election. Figure 2 gives a graphical demonstration of the increase in budgetary allocation.

Figure 5: Compensation to Employees (Kshs Million)



Source: estimates 2018/19 & 2017 Sector Reports.

V. Progress of Sector Projects

The sector's vision is to create a secure, just, cohesive, democratic, accountable and a transparent environment for a globally competitive and prosperous Kenya. The allocations to the programmes under the sector are consistent with the overall sectoral vision as stated in Vision 2030 and the MTP II.

During the period under review, the Judiciary having the largest share of the development expenditure has established 19 new High Court Stations in Chuka, Garsen, Kabarnet, Kapenguria, Kiambu, Kitui, Lodwar, Marsabit, Migori, Naivasha, Nanyuki, Nyamira, Siaya, Makueni, Narok, Nyahururu, Bomet and Voi. The Anti-corruption and economic crimes division of the High Court sub-registry was established at the Thika Law Courts.

The Judiciary also established 8 new environment and land courts in Narok, Makueni, Nyahururu, Thika, Garissa, Chuka, Kajiado, and Migori bringing the total to 19 Environment and Land courts across the country. In addition, 8 new magistrate courts were established in Kakuma, Githongo, Mbita, JKIA, Loitoktok, Mpeketoni, and Ngong and Tononoka.

The Judiciary has also refurbished nineteen (19) High Court Stations and 58 mobile magistrate courts across the country. In addition, to improve service delivery, 34 high court judges and 19 environment and land court (ELC) judges were recruited and sworn-in. A total of 1476 staff (1221 court clerks, 131 secretaries, 70 archivists, 18 internal auditors and 36 ICT officers were recruited to address staff shortage.

There was improvement in the rate of case-clearance from 75.8% in FY 2015/16 to 87.4% in the FY 2016/17. In the FY 2016/17, 350,882 matters were filed in courts across the country and 306,603 cases were resolved. In addition, the Judiciary Financial Management Information System (JFMIS) was rolled out in all the 134 courts stations

across the country to enhance revenue, deposit and expenditure management and reporting.

The Sector particularly the Judiciary currently has 92 ongoing projects that started in between FY 2013/14 to FY 2017/18. 59 of these projects were expected to be completed by end of the financial year 2016/17 and the remaining 15 were expected to be completed by the end of FY 2017/18. Budgetary allocations for the projects were as follows:

Table 9: Projects Budgetary Allocations FY 2013/14 – 2017/18

FY	Allocations for Projects (in Millions)
2013/14	673.5
2014/15	1,613.5
2015/16	2,665.7
2016/17	5,002.2
2017/18	1,896.3
Total	11,851.3

Source: Compendium of projects GJLOS

The project allocations amounted to Ksh. 11,851 million over the five years with the highest allocation being FY 2016/17 of Kshs 5002.2 million and the funds were largely spent on establishment, construction and refurbishment of courts. The projects are at various stages of completion while some have been delayed. The delay in the completion rates of the projects can be attributed to but not limited to budget cuts, inadequate funds and challenges in the acquisition of viable land for the sector projects. Attached is annex 3 on the status of the projects as per the annual report of the judiciary 2016-17.

CHAPTER 3

3.0 OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE ON THE BUDGET ESTIMATE

3.1 OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE

II. Observation

g) The Committee observed that the office resource requirement for the FY 2018/19 stood at Kshs 11.5 billion composed of Kshs 6.9 billion for recurrent expenditure and Kshs 4.7 billion for development expenditure. However the office was allocated Kshs 5.6 billion comprised of Kshs 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure.

h) The Committee further observed that the limited budgetary allocation to the sector has affected the critical operations of the office. In particular, the upgrading of the Public Trustee Business Process Management System – Kshs 100 million, purchase of 200 computers to replace 50% of the current stock which has become obsolete – Kshs 20 million, settling of legal dues, fees, arbitration and compensation payments – Kshs 550 million and provision of legal service and advice on government transactions, contracts, Treaties and Agreements – Kshs 250 million.

i) The Committee has also observed there is allocation of Kshs 1 billion to the Attorney General's office for the National Justice for Restorative Fund to implement the recommendations of the TJRC Report. However, the Attorney General's office has informed the Members that there is need for a coordinated approach in the implementation of the fund and more importantly, there is need for a structure to be put in place for the smooth implementation of the objectives of the fund.

j) The Committee observed that the Kenya Law Reform Commission is allocated Kshs 294 million against a resource requirement of Kshs 335.1 million. It was noted that the allocation to the commission is significantly lower than its FY 2017/18 allocation of Kshs 330.7 million. The budget deficit will affect the office

ability to undertake county engagements including capacity building on legislative drafting and review – Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.

k) The Committee further observed that there are suits against the government with financial risks to the tune of Kshs 769.9 billion. In addition, the awards against the government pending payment stand at Kshs 115.7 billion and they are ranging from awards to victims of torture as well as business litigants against the state.

l) It has further been observed by the Committee that the Attorney General's Office litigates on behalf of the state agencies however when the court awards claims against those agencies, they don't promptly settle the claims but abandon the claims with the Attorney General office.

3.2 JUDICIARY AND JUDICIAL SERVICE COMMISSION

II. Observations

i) The total resource requirements of the Judiciary for the FY 2018/19 amounted to Kshs.31.2 Billion composed of Kshs 19.8 Billion for recurrent expenditure and Kshs. 11.4 Billion for Development/Capital Expenditure. However, the Judiciary was allocated Kshs. 17.3 Billion composed of Kshs 13.3 billion for recurrent expenditure and Kshs 4.1 billion for development expenditure.

j) Case clearance: The Committee was concerned about the high case backlog but noted the initiatives the Judiciary had introduced to ensure timely completion of court cases through enhanced monitoring and evaluations such as daily court returns and the introduction of performance management system for the judicial officers and also enhancing the jurisdiction of the magistrate courts on environment and land cases.

k) The Committee also observed the need for the Judiciary to regulate and ensure there is a mechanism in place for regulation of small claims in courts.

l) The Committee observed the need for the Judiciary to ensure there is regional balance in its recruitment of staff without necessarily compromising on the quality.

m) The Committee further observed that the Judiciary was in the processes of constructing various courts so as extend functional High Courts to all the 47

counties. However, the Committee was concerned about the delayed completion of the ongoing projects and has advised the Judiciary to avoid taking up of new projects while ongoing projects are yet to be completed.

n) The Committee has also observed that critical areas of the Judiciary remain underfunded in FY 2018/19 budget. In particular, Purchase of furniture and Fittings for Court stations including shelving for safety of court documents (Kshs 230 million), Automation of Revenue Collection, Deposit management, and Digitization of Court records including a case management system through an ERP (Kshs 300 million), setting of penalties and interests arising from delayed payments in ongoing court construction across the country (Kshs 40 million), Acquisition of Postbank Training Institute for the Judicial Training Institute (Kshs 500 million), and acquisition of 50 Motor Vehicles for Court Stations and Pool Transport at Kshs.7 Million each (Kshs 350 million).

o) The Judicial Service Commission was allocated Kshs 464 million in the FY 2018/19 against a resource requirement of Kshs 891 million resulting in a budgetary shortfall of Kshs 427 million.

p) The Committee further observed that the commission's budgetary shortfall will affect the following areas; automation of commission's key operations (recruitment, complaints, and discipline management system) – Kshs 100 million, Judges and Judicial officers colloquia - Kshs 90 million, development of policy, research and impact assessment of judicial education programs – Kshs 20 million.

3.3 REGISTRAR OF POLITICAL PARTIES

III. Observations

d) The Office had requested Kshs. 3,452.66 Billion out of which Kshs. 682.66 million was to cater for ORPP operations and Kshs. 2.77 Billion was to go towards the Political Parties Fund. The Kshs. 2.77 Billion was 0.3% of the projected national revenue for FY2017/18. However, due to budgetary limitation, the office has been allocated Kshs. 822.2 million out of which 451.0 million is for recurrent expenditure and Kshs. 371.2 million is for the Political Parties Fund.

e) Further the Committee has observed that the allocation to the Political Parties Fund of Kshs 371.2 million is not in compliance with section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the section 24 of the Act. The gov't has appealed against the ruling and the case is currently at the Court of Appeal.

f) The Committee has also observed the office has 60 staff in-post against an authorized establishment of 209. However, the office has been allocated an additional Kshs 13.7 million in FY 2018/19 to cater for operations in the county offices and increase in members of staff.

3.4 INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION

II. Observation

h) The Commission resource requirement for FY 2018/19 is estimated to be Kshs 8.11 billion against an allocation of Kshs 4.233 billion ceiling resulting in a deficit of Kshs. 3.9 billion for the next FY. The deficit will affect the following; Pending legal fees - Kshs. 1 billion, the Proposed Uchaguzi Centre - Kshs. 1 billion, and ICT licenses and Equipment for existing electoral technologies - Kshs. 324 million.

i) The Committee further observed that there is an allocation of Kshs 324 million for the boundary delimitation process and urged the Commission to carry out comprehensive stakeholder engagement during the delimitation process.

j) The Committee stressed the need for the consolidation of service agreements for the Commission's ICT infrastructure. The Committee urged the Commission to provide the timelines within which the ICT licenses are due.

k) The Committee observed that the Commission was allocated Kshs 43 million for construction of warehouses in Garissa, Wajir, isiolo, Kakamega and Machakos

l) The Committee also observed the need for standardization in the legal fees charged by the law firms and confining their charges within a certain range when engaged by the Commission. In addition, the Committee urged the Commission to engage the Judiciary when dealing with difficult lawyers.

m) The Committee observed the need for the Commission to engage experienced lawyers particularly for election related petitions since the cost of undertaking a by-election is much higher.

n) The Committee further observed the need for the Commission to recover costs from parties that have lost their cases against the Commission to offset costs incurred by the Commission during litigation.

3.5 OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTION

II. Observations

d) The total budgetary allocation to the office for the forthcoming F/Y 2018/19 is Ksh. 2.45 billion against a resource requirement of Ksh. 3.566 Billion hence a resource short fall of Ksh 1.12 Billion. The allocation consists of Recurrent expenditure Ksh. 2.3 Billion; and Development expenditure of Ksh. 140 Million.

e) The Committee further observed that the budgetary shortfall will affect projects such as; Purchase of Stand-alone Building (2 billion), establishment of a Prosecutor Training Institute (Kshs 15 million), implementation of ODPP new salary structure (Kshs 191 million), Retirement Benefits Scheme for staff (Kshs 84 million) and Special Fund for the war against Corruption, Organized crime and Terrorism - (Kshs 200M).

f) However, the Committee was concerned about the acquisition of training institutes by all agencies might not be practical and therefore the option of setting up one training center should be explored for all the agencies under the justice sector.

3.6 ETHICS AND ANTI-CORRUPTION COMMISSION

II. Observation

h) The Commission's budgetary allocation in the FY 2018/19 amounts to Kshs 2.9 billion comprised of Kshs 2.8 billion for recurrent expenditure and Kshs 0.1 billion for development expenditure. The Commission budgetary requirement stands at Kshs 4.9 billion resulting in a budgetary deficit of Kshs 2 billion.

i) The Committee observed that the Commission was allocated Kshs 64 million as confidential expenditure for undercover operations and surveillance of corruption related activities.

j) The Committee observed that there was need for the Commission to create public awareness and scale up its activities particularly on asset recovery in order for it to serve as a deterrent measure against anyone who intends to loot the public coffers.

k) The Committee observed the need for agencies such as the Asset Recovery Agency and the Anti-Corruption Steering Committee that are currently under the Attorney General Office to be housed under the EACC so that the fight against corruption can be coordinated from a central point.

l) The Committee observed that the Commission has a budgetary shortfall of Kshs 25 million in the purchase of EACC headquarters and the transaction is set to be concluded in July, 2018.

m) The Commission has been allocated Kshs 100 million for the refurbishment and extension of the Integrity Centre against a resource requirement of Kshs 1.2 billion resulting in a development funding shortfall of Kshs 1.1 billion.

n) The Committee also observed that the Commission needs an additional funding of Kshs 674 million for automation of processes and Kshs 300.8 million for the recruitment of an additional investigators and legal officers (104) to expand its operation to other regions.

3.7 COMMISSION FOR ADMINISTRATIVE JUSTICE

II. Observation

e) The Commission has been allocated Kshs 484.4 million against a resource requirement of Kshs 503 million resulting in a shortfall of Kshs 18.6 million.

f) The Committee observed that the Commission has an approved staff establishment of 336 against a current in-post of 72 members of staff. The acute shortage of staff is hampering the ability of the commission to effectively deliver on its mandate.

g) The Committee observed that the Commission's budgetary fall will affect the following critical areas; Recruitment of additional ten (10) staff - Kshs 30 million, outreach services – Kshs 5 million and purchase of ICT equipment, software and accessories – Kshs 6 million.

h) The Committee stressed the need for the Commission to focus on its mandate particularly in ensuring the citizen right to quality service both at the National and County level of government is not compromised.

3.8 KENYA NATIONAL COMMISSION ON HUMAN RIGHTS

II. Observations

e) The Commission has been allocated Kshs. 392 million in FY 2018/19 against a resource requirement of Kshs 600 million by the National Treasury. There is a decrease of Kshs 6 million in the FY 2018/19 budget allocation of Kshs 392 million compared to the FY 2017/18 allocation of Kshs 398 million.

f) The Committee further observed that the Commission has a budgetary shortfall of Kshs 208 million for critical areas such as purchase of field vehicles – Kshs 27 million, Expansion (New Regional Offices – Kshs 60 million), Recruitment of Staff – Kshs 30 million, and carrying out Public Inquiries into Systemic Human Rights Violations, Reforms and Accountability – Kshs 76.5 million.

g) The Committee has further observed that the Commission has a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the supplementary estimate I.

h) The Committee observed that the Commission's budget on domestic travel has been reduced by 20% and its foreign travel budget has been reduced by 75%. This has led to a shortfall of Kshs 14 million in its budget for domestic and foreign travel thereby limiting the Commission's ability to undertake its international obligations.

3.9 WITNESS PROTECTION AGENCY

II. Observations

f) The Committee observed the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses.

g) The Agency was allocated Kshs 437.7 million against a budgetary requirement of Kshs 548.6 million hence a budgetary deficit of Kshs 110.9 million.

h) The Committee observed that the Agency requires additional funding in order to decentralize its activities to Rift valley, and Central/Eastern region at a cost of Kshs 100 million.

i) The Committee further observed that the Agency has an approved staff establishment of 296 against an in-post of 65 staffs currently; therefore the Agency needs an extra 39 staff in order to support the current, envisaged decentralization and enhance existing human resource gaps both in operations and corporate affairs. The Agency will require an additional Kshs 100 million to recruit the additional staff.

j) The Committee also observed that the Agency was allocated Kshs 9 million staff mortgage and car loan schemes. However, it requires Kshs 50 million to fully operationalize the scheme.

III. Recommendations

III. Policy recommendations

e) As a matter of priority the government should consider setting up a fund for settling court awards against the government. In this regard, the Committee recommends the setting up of a seed fund for the Attorney General Office.

f) In addition, the Committee further recommends that in setting up the fund, the Committee should consider effecting budgetary cuts against state agencies that lost cases and have claims to settle in order to raise funds for the Kitty subject to their contribution to the awards against the government.

g) The Committee further recommends the freezing of new projects by the judiciary particularly the construction of new courts before the completion of the old projects that are ongoing.

h) The Committee objects to the idea of setting up a prosecution institute for the office and urges the office to develop a curriculum and partner with the Kenya School of Government for the training of its staff.

IV. Financial recommendations

c) Proposed Reductions

I. The Attorney General's Office allocation of **Kshs 1 billion** for the National Justice for Restorative Fund be reduced by **Kshs 500 million.** The Committee's decision is informed by the lack of necessary structure and enabling legislations for the smooth implementation of the fund. The remaining **Kshs 500 million** in the fund can be utilized for the initial implementation of the fund.

II. The Judicial Service Commission allocation be reduced by **Kshs 100 million.** The Committee's decision is informed by the lack of adequate justification by the commission for the significant increase in its budget from Kshs 284 million in FY 2017/18 to **Kshs 464 million** in FY 2018/19.

d) Proposed Reallocations

The funds realized will be reallocated to the following Agencies under the sector;

j) The Attorney General's office should be allocated **Kshs 20 million** for the purchase of 200 computers to replace 50% of the current stock which has become obsolete.

k) The Kenya Law Reform Commission should be allocated **Kshs 34 million** for capacity building on legislative drafting and review for the Counties– Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.

l) The Committee recommends an allocation of **Kshs 75 million** for the Independent Electoral and Boundaries Commission for the renewal of ICT licenses and fulfilling maintenance agreement of its existing electoral technologies equipment.

m) The Committee recommends an allocation of **Kshs 191 million** to Office of Director of Public Prosecution to implement a new salary structure in two phases as approved by Salaries Remuneration Commission on 1st of July 2017.

n) The committee further recommends an additional allocation of **Kshs 149 million** to the office of Director of Public Prosecution for setting up a Special Unit for the war against Corruption, Organized crime and Terrorism.

o) The Committee recommends the approval of an additional allocation of **Kshs 25 million** to the Ethics and Anti-Corruption Commission's budget for FY 2018/19 to enable the Commission conclude the acquisition of EACC headquarters which is set to be concluded in July, 2018.

p) The Committee recommends an additional allocation of **Kshs 30 million** to the Commission for Administrative Justice budget for the recruitment of additional ten (10) staff in the FY 2018/19.

q) The Committee recommends an additional allocation of **Kshs 45.4 million** to the Witness Protection Agency's budget for FY 2018/19. The funds will be utilized for the recruitment of an additional staff to support the Agency's current and envisaged decentralization and enhance its existing human resource gaps both in operations and corporate affairs.

r) The Committee recommends the approval of an additional allocation of **Kshs 30.6 million** to the Kenya National Human Right Commission's budget in FY 2018/19 for the acquisition of field vehicles (Kshs 27 million) and for settling of a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the Supplementary Estimate II.

IV. **Proposed increase**

b) The Committee recommends an additional allocation of **Kshs 2.4 billion** for the political parties fund in compliance with the provisions of section 24 of the Registrar of Political Parties Act and in compliance with the ruling of Justice Aburili issued on 2nd January 2018.

Annex 1: Summary of Expenditures by Programmes FY 2018/19 (Kshs. Millions)				
Vote Details	Programme	Proposed Estimates FY 2018/19	Committee Proposed Adjustments	Committee Proposed Allocation
AG's Office	Legal Services	1,812.4	-	1,812.4
	Governance, Legal Training and Constitutional Affairs	3,118.9	(466)	2,652.9
	General Administration, Planning and Support Services	710.9	20	720.9
	Sub-Total	5,642	(446)	5,196
Judiciary	Dispensation of Justice	17,304	-	17,304
EACC	Ethics and Anti-Corruption	2,852	25	2,877
ODPP	Public Prosecution Services	2,412	340	2,752
RPP	Registration, Regulation and Funding of Political Parties	822	-	822
WPA	Witness Protection Services	438	45.4	483.4
KNHCR	Promotion and Protection of Human Rights	392	30.6	422.6
IEBC	Management of Electoral Process in Kenya	4,234	75	4,309
JSC	Administration and Judicial Services	464	(100)	364
CAJ	Promotion of Administrative Justice	484	30	514

MINUTES OF THE 37TH SITTING OF THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS HELD ON THURSDAY, 15TH MAY 2018 AT 11:30 AM IN COMMITTEE ROOM 12, NEW WING, MAIN PARLIAMENT BUILDING

PRESENT-

Hon. William Cheptumo, M.P.	-	**Chairperson**
Hon. Alice Wahome, M.P.	-	**Vice Chairperson**
Hon. Roselinda Soipan Tuya, M.P.		
Hon. John Olago Aluoch, M.P.		
Hon. Ben Momanyi , M.P.		
Hon. William K. Mwamkale, M.P.		
Hon. Charles Gimose, M.P.		
Hon. Beatrice Adagala, M.P		
Hon. Adan Haji Yussuf, M.P.		
Hon. George G. Murugara, M.P.		
Hon. Anthony G. Kiai, M.P.		
Hon. John M. Wambugu, M.P.		
Hon. John Kiarie Waweru, M.P		

ABSENT WITH APOLOGIES

Hon. Peter O. Kaluma, M.P.
Hon. Jennifer Shamalla, M.P.
Hon. Japheth Mutai, M.P.
Hon. Gladys Boss Shollei, CBS, M.P
Hon. Johana Ng'eno, M.P.
Hon. Zuleikha Hassan, M.P.

IN ATTENDANCE		**COMMITTEE SECRETARIAT**
Ms. Halima Hussein	-	Third Clerk Assistant
Mr.Abdirahim Omar	-	Fisical Analyst

MIN No.136/2018: **PRELIMINARIES**

The Chairperson called the meeting to order at 10:30a.m which was followed by a word of prayer from Hon. William Cheptumo. MP.

MIN No. 137 /2018: **BRIEFING FROM THE PARLIAMENTARY OFFICER ON THE BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2018/2019**

Mr. Omar Abdirahim, Fiscal Analyst briefed the Committee on the Budget Estimates for the Financial Year 2018/2019 as follows; THAT;

a) There has been a gradual increase in budgetary allocations in all the departments during the period (FY 2014/15 to 2017/18) increasing from Kshs 30.5 billion to Kshs 56.6 billion
b) The budgetary allocation to the Judiciary in the FY 2018/19 is KSh. 17.3 billion comprised of Kshs. 13.3 billion for recurrent expenditure and Kshs 4.1 billion for development expenditure. The recurrent expenditure has increased slightly by 4% from an allocation of Kshs. 12.7 billion in 2017/18. The development budget has increased significantly by 52% from a allocation of Kshs. 1.94 billion in 2017/18.
c) In the FY 2018/19, the proposed allocation to the Judicial Service Commission is KSh. 464 million which is an increment of 63.7% from Kshs. 283.5 million allocated in 2017/18.
d) The proposed allocation to Office of The Registrar of Political Parties (ORPP) is Kshs. 822 million which is entirely recurrent expenditure. The allocation represents an increase of 1.7% from Kshs. 808.5 million allocated in FY 2017/18.
e) the Witness Protection Agency (WPA) has been allocated Kshs. 438 million which represents a decrease of 1% from the Kshs. 442.4 million allocated in 2017/18. The budgetary allocation is entirely for recurrent expenditure. The decrease in budget allocation is due to a decrease in the provision for use of goods and services.
f) The proposed allocation to Kenya National Commission on Human Rights in FY 2018/19 is KSh. 392 million which is a decrease of 1.7% from Kshs. 398.8 million allocated in FY 2017/18. The decrease in allocation is because of reduced provision for the allocation towards the mortgage scheme for the members of staff.
g) The total allocation to the State Law Office and the Department of Justice in FY 2018/19 is Kshs. 5.6 billion comprised of Kshs. 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure. The allocation is an increase of 19% from Ksh 4.7 Billion allocated in the financial year 2017/18. The development budget has significantly increased from Kshs 132 million to Kshs 1.6 billion; however, the recurrent budget has decreased from Kshs 4.5 billion to Kshs 4.0 billion.
h) The allocation to the Ethics and Anti-Corruption Commission (EACC in FY 2018/19 budget estimates is KSh. 2.9 billion comprised of Kshs 2.7 billion for recurrent expenditure and Kshs 100 million for development expenditure.
i) The proposed allocation to the Office of the Director of Public Prosecutions (DPP) is KSh. 2.4 billion in 2018/19 comprised of Kshs 2.3 billion recurrent expenditure and Kshs 100 million for development expenditure representing an increase of 23.7% from Kshs 2.0 billion allocated in FY 2017/18. The increased allocation under the recurrent vote is due to increased allocation to compensation of employees while the increased allocation under the vote is due to construction of county offices in Wajir, Busia, Turkana and Kisii at a cost Kshs 100 million.
j) Independent Electoral and Boundaries Commission (IEBC) has been allocated KSh. 4.2 billion comprised of Kshs 4191 million for recurrent expenditure and Kshs 43 million for development expenditure. The allocation to the commission has significantly reduced by 87.2% from Kshs 32.7 billion in FY 2017/18 to Kshs 4.2 in FY 2018/19.The

allocations to IEBC increased in 2016/17 and 2017/18 to provide for the financing of the preparation and management of the 2017 General Elections and the subsequent repeat elections.

k) in the FY 2018/19 the Commission on Administrative Justice (CAJ) has been allocated KSh. 484 million, an increase of 17.2% from Kshs. 412.8 million allocated in 2017/18. The commission's allocation increased because of a provision Kshs 50 million for the members of staff mortgage scheme as well as additional provisions for rentals and communication, supplies and services.

The Committee resolved as follows; THAT;

a) Judiciary to prioritize and finish all the ongoing projects within the Medium Term before taking up of new projects and report on the status
b) Judiciary to put in place mechanism and interventions to reduce the case backlog and shade light on the drastic increase in its recurrent Budget in the Financial Year 2018/2019
c) The Ethics and Anti-corruption Commission to justify how it will undertake investigations and disrupt the corruption networks mentioned in its report.

MIN No. 138/2018: **ADJOURNMENT**

There being no other business to transact, the Chairperson adjourned the meeting at 12.00 p.m. until Wednesday 16th May 2018 at 9am at a venue to be communicated.

Signed.....
Chairperson
Date.....15/05/2018.....

MINUTES OF THE 38TH SITTING OF THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS HELD ON THURSDAY, 16TH MAY 2018 AT 9:00AM IN THE COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDING

PRESENT-

Hon. William Cheptumo, M.P.	-	**Chairperson**
Hon. Alice Muthoni Wahome, M.P.	-	**Vice Chairperson**
Hon. Roselinda Soipan Tuya, M.P.		
Hon. John Olago Aluoch, M.P.		
Hon. Ben Momanyi Orori, M.P.		
Hon. William K. Mwamkale, M.P.		
Hon. Charles Gimose, M.P.		
Hon. Beatrice Adagala, M.P		
Hon. Adan Haji Yussuf, M.P.		
Hon. George G. Murugara, M.P.		
Hon. Anthony G. Kiai, M.P.		
Hon. John Kiarie Waweru, M.P		

ABSENT WITH APOLOGIES-

Hon. Peter O. Kaluma, M.P.
Hon. Japheth Mutai, M.P.
Hon. John M. Wambugu, M.P.
Hon. Gladys Boss Shollei, CBS, M.P
Hon. Jennifer Shamalla, M.P.
Hon. Johana Ng'eno, M.P.
Hon. Zuleikha Hassan, M.P.

IN ATTENDANCE		**AGENCIES AND STATE DEPARTMENTS**
Halakhe Waqo	-	CEO, Ethics and Anti-Corruption Commission
Willis Wasuli	-	Ethics and Anti-Corruption Commission
Joel Mukumu	-	Deputy DIrector, Finance &Accounting, EACC
Sarah Malika	-	Budget Officer, EACC
Stephen Karuga	-	Legal Officer, EACC
Marjan Hussein	-	Ag. CEO, IEBC
James Muhati	-	ICT Manager,IEBC
Andrew Limo	-	Communication Officer, IEBC
George Guchu	-	Director Human Resource & Adminstration, IEBC
M.O. Hassan	-	Director Human Resource & Adminstration, IEBC
Patrick Njakira	-	Finance, IEBC
Rasi Masudi	-	Voter Education Officer, IEBC
Jason Akoyo	-	MB, IEBC
Shyllen Jitti	-	Budget Officer, IEBC
Osman Ibrahim	-	Director Finance, IEBC
Anne Amadi	-	Chief Registrar Judiciary

Lewis Butaki	-	SOW DBS, Judiciary
Edwin Murehi	-	Finance Officer, Judiciary
Sharon Mwayuli	-	Magistrate, Judicairy
Cahterine Mugonya	-	Finance Officer, Judiciary
Peter Wanjama	-	DCE, Judicairy
Ronald Wanyama	-	Ag. DARM
Beatrice Kamau	-	DDF
Emmah Orua	-	DD Finance
Nancy Kanyago	-	Project Coordinator
Susan K. Oyatsi	-	Ag. DF
Judy Orange	-	R&C
David Rapando	-	CFO

IN ATTENDANCE		**COMMITTEE SECRETARIAT**
Ms. Halima Hussein	-	Third Clerk Assistant
Mr.Abdirahim Omar	-	Fisical Analyst
Nyakuti Stephen	-	Audio Officer

MIN No.139/2018: PRELIMINARIES

The Chairperson called the meeting to order at 10:30a.m which was followed by a word of prayer from Hon. George Murugara, MP and a round of introduction.

MIN No. 140 /2018: MEETING WITH AGENCIES AND STATE DEPARTMENTS TO DELEIBERATE ON THE BUDGET ESTIMATES FOR FINANCIAL YEAR 2018/2019

The Agencies and State Department under the purview of the Committee submitted presentations on the Budget Estimates for Financial Year 2018/2019 as follows;

Ethics and Anti-Corruption Commission

The Chief Executive Officer for the Commission Mr. Halakhe appeared before the Committee and submitted as below; THAT;

a) The commission's budgetary allocation in the FY 2018/19 amounts to Kshs 2.9 billion comprised of Kshs 2.8 billion for recurrent expenditure and Kshs 0.1 billion for development expenditure. The commission budgetary requirement stands at Kshs 4.9 billion resulting in a budgetary deficit of Kshs 2 billion.
b) the commission has a budgetary shortfall of Kshs 25 million in the purchase of its headquarters and the transaction is set to be concluded in July, 2018.
c) The commission has been allocated Kshs 100 million for the refurbishment and extension of the Integrity Centre against a resource requirement of Kshs 1.2 billion resulting in a development funding shortfall of Kshs 1.1 billion.

Independent Electoral and Boundaries Commission

The Ag. Chief Executive Officer for the Commission appeared before the Committed and submitted as follows; THAT;

a) The Commission resource requirement for FY 2018/19 is estimated to be Kshs 8.11 billion against an allocation of Kshs 4.233 billion ceiling resulting in a deficit of Kshs. 3.9 billion for the next FY. The deficit will affect Pending legal fees - Kshs. 1 billion, the Proposed Uchaguzi Centre - Kshs. 1 billion, and ICT licenses and Equipment for existing electoral technologies - Kshs. 324 million.
b) There is an allocation of Kshs 324 million for the boundary delimitation process for comprehensive stakeholder engagement during the delimitation exercise
c) The Commission requires additional funding for the renewal of ICT licenses and fulfilling maintenance agreement of its existing electoral technologies equipment.

Judiciary and Judicial Service Commission

Ms. Anne Amada, Chief Registrar of Judiciary appeared before the Committee and submitted as follows; THAT;

a) The total resource requirements of the Judiciary for the FY 2018/19 amounted to Kshs.31.2 Billion composed of Kshs 19.8 Billion for recurrent expenditure and Kshs. 11.4 Billion for Development/Capital Expenditure. However, the Judiciary was allocated Kshs. 17.3 Billion composed of Kshs 13.3 billion for recurrent expenditure and Kshs 4.1 billion for development expenditure.
b) critical areas of the Judiciary remain underfunded in FY 2018/19 budget. In particular, Purchase of furniture and Fittings for Court stations including shelving for safety of court documents (Kshs 230 million), Automation of Revenue Collection, Deposit management, and Digitization of Court records including a case management system through an ERP (Kshs 300 million), setting of penalties and interests arising from delayed payments in ongoing court construction across the country (Kshs 40 million), Acquisition of Postbank Training Institute for the Judicial Training Institute (Kshs 500 million), and acquisition of 50 Motor Vehicles for Court Stations and Pool Transport at Kshs.7 Million each (Kshs 350 million).
c) The Judicial service commission was allocated Kshs 464 million in the FY 2018/19 against a resource requirement of Kshs 891 million resulting in a budgetary shortfall of Kshs 427 million. the commission's budgetary shortfall will affect the following areas; automation of commission's key operations (recruitment, complaints, and discipline management system), judges and judicial officers colloquia - Kshs 90 million, development of policy, research and impact assessment of judicial education programs – Kshs 20 million.

Committee made the following recommendations

a) approval of an additional allocation of **Kshs 25 million** to the Ethics Ant-Corruption Commission's budget for FY 2018/19 to enable the Commission conclude the acquisition of its headquarters which is set to be concluded in July, 2018. The funds will be realized from the reallocation under the state law office specifically the reallocation from the National Justice for Restoration Fund.

b) freezing of new projects by Judiciary particularly the construction of new courts before the completion of the old projects that are ongoing and are at various stages.
c) additional funding of **Kshs 75 million** to IEBC for the renewal of ICT licenses and fulfilling maintenance agreement of its existing electoral technologies equipment. The funds will be realized from the reallocation under the State Law Office specifically the reallocation from the National Justice for Restoration Fund.

MIN No. 141/2018: **ADJOURNMENT**

There being no other business to transact, the Chairperson adjourned the meeting at 1.00 p.m. until 2:30pm the same day same venue.

Signed.....
Chairperson
Date.....16/05/2018.....

MINUTES OF THE 39TH SITTING OF THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS HELD ON THURSDAY, 16TH MAY, 2018 AT 2:30PM IN THE COMMITTEE ROOM 7, MAIN PARLIAMENT BUILDING

PRESENT-

Hon. William Cheptumo, M.P.	-	**Chairperson**
Hon. Alice Muthoni Wahome, M.P.	-	**Vice Chairperson**
Hon. Roselinda Soipan Tuya, M.P.		
Hon. John Olago Aluoch, M.P.		
Hon. Ben Momanyi Orori, M.P.		
Hon. William K. Mwamkale, M.P.		
Hon. Charles Gimose, M.P.		
Hon. Beatrice Adagala, M.P		
Hon. Adan Haji Yussuf, M.P.		
Hon. George G. Murugara, M.P.		
Hon. Anthony G. Kiai, M.P.		
Hon. John Kiarie Waweru, M.P		

ABSENT WITH APOLOGIES-

Hon. Peter O. Kaluma, M.P.
Hon. Japheth Mutai, M.P.
Hon. John M. Wambugu, M.P.
Hon. Gladys Boss Shollei, CBS, M.P
Hon. Jennifer Shamalla, M.P.
Hon. Johana Ng'eno, M.P.
Hon. Zuleikha Hassan, M.P.

IN ATTENDANCE		**AGENCIES UNDER THE PURVIEW OF THE COMMITTTEE**
Noordin Mohamed Haji	-	DPP
Donas Odour	-	SPP
Dancan Ondimu	-	PPC
Beatrice Omari	-	SADPC
Samuel Nthege	-	Chief Environment
Jacob Ondari	-	DDPP
Kennedy Kimunya	-	DACFS
Muthomi Kimani Kimani	-	SDSG OAG
Kennedy Ndwiga	-	SPFO
Marisella Ouma	-	DSG, OAG
Emily Chwaya	-	DLA, OAG
Miginjo Richard Adebayo	-	DOJ OAG

Kenneth Gathuma	-	DJ BRS, OAG
GD Gathui	-	DOJ NACCSC OAG
May Njaya	-	DOJ RG OAG
Kabim GE	-	SAAR OAR OAG
Paul Masinde	-	CFO AR
Margeret Muia	-	DHRMRD OAG
Mbege Ng'ang'a	-	Chair KLRC
Jowash Dache	-	CEO KLRC
Cornelus Musangi	-	Finance KLRC
John Kariuki	-	Account KLRC
George Morara	-	VC KNCHR
Wambui Gathui	-	D/CEO KNCHR
John Wanwayi	-	FM KNCHR
Patience Nyange	-	OTC KNCHR
John Kariuki	-	Finance KLRC
Leonard Ngaluma	-	CEO Ombudsman
Dan Karomo	-	Director Corporate services Ombudsman
Edward Okello	-	Director ofiice r the Chair Ombudsman
Phpebe Nadupoi	-	Director Advocacy & Communication Ombudsman
Charles Mwale	-	PHRO WPA
Julie Wahongo	-	SLO WPA
Famy Kamei	-	SPRO WPA
Paul Ouko	-	SPRO WPA
Mwangi John	-	FM WPA
Job Ngahuru	-	Chief Operations WPA
Lucy Ndung'u	-	Registrar ORPP
Douglas Wanzala	-	Snr Acc ORPP
Jospeh Keinsi	-	Senior EOOP ORPP
Robert Waithaka	-	Secretary ORPP
Veronicah Mwasya	-	CIA ORPP

IN ATTENDANCE		**COMMITTEE SECRETARIAT**
Ms. Halima Hussein	-	Third Clerk Assistant
Mr.Abdirahim Omar	-	Fisical Analyst
Nyakuti Stephen	-	Audio Officer

MIN No.142/2018: **PRELIMINARIES**

The Chairperson called the meeting to order at 2:30p.m which was followed by a word of prayer from Hon. Beatrice Adagala, MP and a round of introduction.

MIN No. 143 /2018: **MEETING WITH AGENCIES AND STATE DEPARTMENTS TO DELEIBERATE ON THE BUDGET ESTIMATES FOR FINANCIAL YEAR 2018/2019**

The Agencies and State Department under the purview of the Committee submitted presentations on the Budget Estimates for Financial Year 2018/2019 as follows;

The Director Public Prosecutions

Mr. Noordin Haji, OGW, Director of Public Prosecutions appeared before the Committee and submitted as follows; THAT;

a) The total budgetary allocation to the office for the forthcoming F/Y 2018/19 is Ksh. 2.45 billion against a resource requirement of Ksh. 3.566 Billion hence a resource short fall of Ksh 1.12 Billion. The allocation consists of Recurrent expenditure Ksh. 2.3 Billion; and Development expenditure of Ksh. 140 Million.
b) The budgetary shortfall will affect projects such as; Purchase of Stand-alone Building (2 billion), establishment of a Prosecutor Training Institute (Kshs 15 million), implementation of ODPP new salary structure (Kshs 191 million), Retirement Benefits Scheme for staff (Kshs 84 million) and Special Fund for the war against Corruption, Organized crime and Terrorism - (Kshs 200M).

Office of the Attorney General and Department of Justice

Ms. Muthoni Kimani, Senior Deputy Solicitor General appeared before the Committee and submitted as follows; THAT;

a) The Office resource requirement for the FY 2018/19 stood at Kshs 11.5 billion composed of Kshs 6.9 billion for recurrent expenditure and Kshs 4.7 billion for development expenditure. However it was allocated Kshs 5.6 billion comprised of Kshs 4.0 billion for recurrent expenditure and Kshs 1.6 billion for development expenditure.
b) The limited budgetary allocation to the sector will affect the critical operations of the office for example the upgrading of the Public Trustee Business Process Management System – Kshs 100 million, purchase of 200 computers to replace 50% of the current stock which has become obsolete – Kshs 20 million, settling of legal dues, fees, arbitration and compensation payments – Kshs 550 million and provision of legal service and advice on government transactions, contracts, Treaties and Agreements – Kshs 250 million.
c) There is allocation of Kshs 1 billion to the Office for the National Justice for Restorative Fund to implement the recommendations of the TJRC Report. However, there is no structure on how to implement the objectives of the fund and therefore the need create a coordinated approach in the implementation of the fund.

Kenya Law Reform Commission

Mr. Jowash Dache, Chief Executive Officer of the Commission submitted as follows; THAT;

a) The Commission is allocated Kshs 294 million against a resource requirement of Kshs 335.1 million.

b) The allocation is significantly lower than its FY 2017/18 allocation of Kshs 330.7 million and the budget deficit will affect the office ability to undertake county engagements including capacity building on legislative drafting and review – Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.
c) There are suits against the government with financial risks to the tune of Kshs 769.9 billion. In addition, the awards against the government pending payment stand at Kshs 115.7 billion and they are ranging from awards to victims of torture as well as business litigants against the state.
d) The Attorney General's Office litigates on behalf of the state agencies however when the court awards claims against those agencies, they don't promptly settle the claims but abandon the claims with the Attorney General office.

Registrar of Political Parties

Ms. Lucy Ndung'u, Registrar of Political Parties submitted as follows; THAT;

a) The Office had requested Kshs. 3,452.66 Billion out of which Kshs. 682.66 million was to cater for ORPP operations and Kshs. 2.77 Billion was to go towards the Political Parties Fund and due to budgetary limitation, the office has been allocated Kshs. 822.2 million out of which 451.0 million is for recurrent expenditure and Kshs. 371.2 million is for the Political Parties Fund.
b) the allocation to the Political Parties Fund of Kshs 371.2 million is not in compliance with section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of the section 24 of the Act.
c) the office has 60 staff in-post against an authorized establishment of 209. However, the office has been allocated an additional Kshs 13.7 million in FY 2018/19 to cater for operations in the county offices and increase in members of staff.

Commission for Administrative Justice

Mr. Leonard Ngaluma, Chief Executive Officer of the Commission appeared before the Committee and submitted as follows; THAT;

a) The Commission has been allocated Kshs 484.4 million against a resource requirement of Kshs 503 million resulting in a shortfall of Kshs 18.6 million.
b) The Commission has an approved staff establishment of 336 against a current in-post of 72 members of staff. The acute shortage of staff is hampering the ability of the commission to effectively deliver on its mandate.
c) The Commission's budgetary fall will affect the following critical areas; Recruitment of additional ten (10) staff - Kshs 30 million, outreach services – Kshs 5 million and purchase of ICT equipment, software and accessories – Kshs 6 million.

Kenya National Commission on Human Rights

Mr. George Morara, Vice Chairperson of the Commission submitted as follows; THAT;

a) The Commission has been allocated Kshs. 392 million in FY 2018/19 against a resource requirement of Kshs 600 million by the National Treasury. There is a decrease of Kshs 6 million in the FY 2018/19 budget allocation of Kshs 392 million compared to the FY 2017/18 allocation of Kshs 398 million.

b) The Commission has a budgetary shortfall of Kshs 208 million for critical areas such as purchase of three (3) field vehicles – Kshs 27 million, Expansion (New Regional Offices – Kshs 60 million), Recruitment of Staff – Kshs 30 million, and carrying out Public Inquiries into Systemic Human Rights Violations, Reforms and Accountability – Kshs 76.5 million.
c) The Commission has a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the supplementary estimate I.
d) The Commission's budget on domestic travel has been reduced by 20% and its foreign travel budget has been reduced by 75% and this will led to a shortfall of Kshs 14 million in its budget for domestic and foreign travel thereby limiting the Commission's ability to undertake its international obligations.

Witness Protection Agency

Mr. Charles Mwale appeared before the Committee and submitted as below; THAT;

a) The Agency was allocated Kshs 437.7 million against a budgetary requirement of Kshs 548.6 million hence a budgetary deficit of Kshs 110.9 million.
b) The Agency requires additional funding in order to decentralize its activities to Rift valley, and Central/Eastern region at a cost of Kshs 100 million.
c) The Agency has an approved staff establishment of 296 against an in-post of 65 staffs currently; therefore the Agency needs an extra 39 staff in order to support the current, envisaged decentralization and enhance existing human resource gaps both in operations and corporate affairs. The Agency will require an additional Kshs 100 million to recruit the additional staff.
d) The Agency was allocated Kshs 9 million staff mortgage and car loan schemes. However, it requires Kshs 50 million to fully operationalize the scheme.

The Committee recommended as follows; THAT;

a) The Office of the Director of Public Prosecutions to develop a curriculum and partner with the Kenya School of Government for the training of its staff and an allocation of Kshs 191 million and Kshs 49 million to implement a new salary structure in two phases as approved by Salaries Remuneration Commission on 1st of July 2017 and for setting up a Special Fund for the war against Corruption, Organized crime and Terrorism respectively.
a) The Attorney General's Office allocation of Kshs 1 billion for the National Justice for Restorative Fund be reduced by Kshs 500 million this was informed by the lack of necessary structure and enabling legislations for the smooth implementation of the fund. The remaining Kshs 500 million in the fund be utilized to set up the necessary structures and legislations in place.
a) The Attorney General's office be allocated Kshs 20 million for the purchase of 200 computers to replace 50% of the current stock which has become obsolete from the National Justice for Restoration Fund.
b) The Kenya Law Reform Commission be allocated Kshs 34 million for capacity building on legislative drafting and review for the Counties– Kshs 12 million, purchase of motor vehicles – Kshs 12 million, and capacity building of its legal team – Kshs 10 million.

c) An additional allocation of Kshs 30 million to the Commission for Administrative Justice budget for the recruitment of additional ten (10) staff in the FY 2018/19.
d) An additional allocation of Kshs 45.4 million to the Witness Protection Agency's budget for FY 2018/19. The funds will be utilized for the recruitment of an additional staff to support the Agency's current and envisaged decentralization and enhance its existing human resource gaps both in operations and corporate affairs.
e) The approval of an additional allocation of Kshs 30.6 million to the Kenya National Human Right Commission's budget in FY 2018/19 for the acquisition of three (3) field vehicles (Kshs 27 million) and for settling of a pending bill of Kshs 3.6 million occasioned by the budgetary cuts undertaken during the Supplementary Estimate II.
f) An additional allocation of Kshs 2.4 billion for the political parties fund in compliance with the provisions of section 24 of the Registrar of Political Parties Act and in compliance with the ruling of Justice Aburili issued on 2nd January 2018.

MIN No. 144/2018: ADJOURNMENT

There being no other business to transact, the Chairperson adjourned the meeting at 7.00 p.m. until Thursday 17th May 2018 same venue.

Signed.....
Chairperson
Date.....16/05/2018.....

MINUTES OF THE 45TH SITTING OF THE DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS HELD ON TUESDAY, 22ND MAY 2018 AT 11:00AM IN COMMITTEE ROOM 5, MAIN PARLIAMENT BUILDING

PRESENT-

Hon. George G. Murugara, M.P - **Chairing**
Hon. Peter O. Kaluma, M.P.
Hon. Jennifer Shamalla, M.P.
Hon. Japheth Mutai, M.P.
Hon. Ben Momanyi , M.P.
Hon. William K. Mwamkale, M.P.
Hon. Charles Gimose, M.P.
Hon. Beatrice Adagala, M.P
Hon. Anthony G. Kiai, M.P.

ABSENT WITH APOLOGIES

Hon. William Cheptumo, M.P. - **Chairperson**
Hon. Alice Wahome, M.P. - **Vice Chairperson**
Hon. Roselinda Soipan Tuya, M.P.
Hon. John Olago Aluoch, M.P.
Hon. John M. Wambugu, M.P.
Hon. John Kiarie Waweru, M.P
Hon. Gladys Boss Shollei, CBS, M.P
Hon. Johana Ng'eno, M.P.
Hon. Zuleikha Hassan, M.P.
Hon. Adan Haji Yussuf, M.P.

IN ATTENDANCE **COMMITTEE SECRETARIAT**

Ms. Halima Hussein - Third Clerk Assistant
Ms. Fiona Musili - Research Officer

MIN No.160/2018: **PRELIMINARIES**

The Chairperson called the meeting to order at 11:00a.m which was followed by a word of prayer from Hon. George Murugara. MP.

MIN No.161/2018: **CONSIDERATION AND ADOPTION OF THE DRAFT REPORT ON THE BUDGET ESTIMATES FOR THE FINANCILA YEAR 2018/2019 FOR THE AGENCIES UNDER GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR**

The Committee considered and adopted the draft report on the Budget Estimates for the Financial Year 2018/2019 unanimously on a proposal by Hon Anthony Kiai, MP. And seconded by Hon. Beatrice Adagala, MP.

MIN No.162/2018: **ADJOURNMENT**

There being no other business to transact, the Chairperson adjourned the meeting at 12.00 p.m

Signed.....

Chairperson

Date.....22/05/2018.....

ANNEX C
PROJECT DETAILS
JUDICIARY

	Project Code and Title	Total Est. Cost of project/ Contract Value	Financing		Timeline		Actual Cumulative Expenditure up to 30th March 2018	Outstanding project Cost as at 3oth March 2018	Allocation for 2017/18 Budget after Spiementary II		Proposed Allocation for 2018/19		Proposed Allocation for 2019/20		Proposed Allocation for 2020/21	
					Start Date	Expected completion date										
		(a)	Foreign	GOK			(b)	(a)-(b)	Foreign	Gok	Foreign	Gok	Foreign	Gok	Foreign	Gok
1	Construction of Narok Court Phase II	65.195.539		65.195.539	10/26/2015	12/30/2018	21.168.011	44.027.528		-		44.027.528	✓	-		
2	Construction at Butali Court	32.690.726		32.690.726	3/9/2015	6/27/2018	26.335.898	6.354.828		-		6.354.828	✓	-		
3	Construction of Eldama Ravine Court	81.882.270		81.882.270	2/4/2015	31/03/2018	71.040.542	10.841.728		-		10.841.728	✓	50.000.000		
4	Costruction of Hamisi Court	55.199.905		55.199.905	1/13/2015	30/12/2017	47251600	7.948.305		2.500.000		20.000.000	✓	-		
5	Construction of Port Victoria court	46.529.557		46.529.557	3/1/2015	6/27/2018	43.015.482	3.514.075		3.514.075.0		-		-		
6	Construction of Mandera Court	107.034.445		107.034.445	3/10/2015	30/09/2018	70.168.391	36.866.054		-		30.000.000	✓	50.000.000		
7	Construction of Embu High Court	239.932.670		239.932.670	1/15/2015	10/8/2018	204.500.000	35.432.670		-		35.432.670	✓	-		
8	Prefabrication of Othaya Court	81.664.580		81.664.580	15.01.2013	30.06.2017	53.051.630	28.612.950		-		-		20.000.000		
9	Prefabrication of Marimanti court	81.664.580		81.664.580	15.01.2013	30.06.2017	42.606.913	39.057.667		-		-		20.000.000		
10	Prefabrication of Wang'uru Court	81.664.580		81.664.580	15.01.2013	30.06.2017	44.351.904	37.312.676		-		-		20.000.000		
11	Prefabrication of Bomet Court	81.664.580		81.664.580	15.01.2013	30.06.2017	48.351.135	33.313.445		-		-		20.000.000		
13	Prefabrication of Tawa Court	99.957.218		99.957.218	23.01.2013	31/03/2018	87.647.841	12.309.377		-		12.309.377	✓	-		
14	Prefabrication of Runyenjes Court	99.957.218		99.957.218	23.01.2013	31/03/2018	87.649.841	12.307.377		-		12.307.377	✓	-		
15	Refurbishment of Mombasa Court of Appeal	46.820.772		46.820.772	10/30/2014	6/29/2018	39.560.000	7.260.772		2.500.000		5.000.000	✓	-		
16	Constructionof Lodwar High Court	814.800.000		814.800.000	9/30/2013	stalled	120.000.000	694.800.000		-		50.000.000	✓	100.000.000		100.000.000
17	Proposed extension of Murang'a Court	62.086.413		62.086.413	4/20/2015	31/03/2018	32.712.847	29.373.566		-		30.000.000	✓	-		
18	Construction of Nkubu Court	85.958.761		85.958.761	12/19/2014	31/03/2018	83.331.045	2.627.716		-		2.627.716	✓	15.000.000		
19	Construction of Iten Court	10.663.630		10.663.630	11/10/2014	31/03/2018	8.978.320	1.685.310		1.700.000		5.000.000	✓	-		

	Project Code and Title	Total Est. Cost of project/ Contract Value	Financing		Timeline		Actual Cumulative Expenditure up to 30th March 2018	Outstanding project Cost as at 3oth March 2018	Allocation for 2017/18 Budget after Splementary II		Proposed Allocation for 2018/19		Proposed Allocation for 2019/20		Proposed Allocation for 2020/21	
			Foreign	GOK	Start Date	Expected completion date			Foreign	Gok	Foreign	Gok	Foreign	Gok	Foreign	Gok
		(a)					(b)	(a)-(b)								
20	Construction of Mpeketoni Court	34,330,000		34,330,000	3/18/2015	12/30/2016	29,800,000	4,530,000		-		5,000,000		-		-
21	Refurbishment of Siaya Court	8,613,162		8,613,162	1/1/2015	30/11/2017	4,300,000	4,313,162		-		5,000,000		-		-
22	Refurbishment of Eldoret Court	38,095,640		38,095,640	2/23/2015	31/03/2018	30,678,895	7,416,745		2,500,000.0		4,916,745		-		-
23	Construction of Homa Bay Court	367,308,473		367,308,473	13/03/2017	30/07/2018	51,651,485	315,656,988		33,000,000.0		70,000,000		150,000,000		-
24	Construction of Kabarnet High Court	366,798,388		366,798,388	17/03/2017	17/09/2018	52,078,280	314,720,108		22,500,000.0		70,000,000		150,000,000		-
25	Construction of Marsabit High Court	370,222,600		370,222,600	17/03/2018	17/09/2018	26,972,127	343,250,473		15,595,880		40,000,000		150,000,000		-
26	Construction of Amagoro Court	137,988,040		137,988,040	13/03/2017	13/03/2018	9,796,739	128,191,301		12,500,000		20,000,000		60,000,000		60,000,000
27	Construction of Githogo Court	130,895,657		130,895,657	5/4/2017	4/4/2018	15,884,527	115,011,130		20,000,000		50,000,000		56,000,000		55,000,000
28	Construction of Kandara Court	137,817,417		137,817,417	3/4/2017	4/4/2018	16,147,688	121,669,729		15,000,000		50,000,000		60,000,000		50,000,000
29	Construction of Habaswein Court	143,192,128		143,192,128	9/28/2017	9/27/2018	10,030,654	133,161,474		10,000,000		20,000,000		62,000,000		62,000,000
30	Construction of Mbita Court	148,325,073		148,325,073	3/15/2017	3/14/2018	37,817,762	110,507,311		33,000,000		50,000,000		65,000,000		65,000,000
31	Refurbishment at Machakos Court	34,084,690		34,084,690	5/18/2017	5/18/2018	11,238,135	22,846,555		-		20,000,000		-		-
32	Refurbishment of Supreme Court	21,538,286		21,538,286	10/4/2017	3/13/2018	16,389,880	5,148,406		-		60,000,000		5,000,000		15,000,000
33	Refurbishment of Kiambu Court	7,510,360		7,510,360	1/8/2017	7/8/2018	3,100,000	4,410,360		-		10,000,000		-		-
34	Refurbishment of Makadara Court	9,895,300		9,895,300	7/23/2017	10/13/2018	4,885,300	5,010,000		-		6,000,000		-		-
35	Refurbishment of Karatina Court	6,911,255		6,911,255	5/4/2017	9/15/2017	2,574,877	4,336,378		-		5,000,000		-		-
36	Refurbishment of Nyeri Court of Appeal	18,482,123		18,482,123	4/17/2014	12/30/2018	9,951,157	8,530,966		-		10,000,000		-		-
37	Renovation of CJ's House	105,000,000		105,000,000								5,000,000		50,000,000		50,000,000
38	Construction of a Supreme Court	600,000,000		600,000,000								-		100,000,000		500,000,000
39	Construction of a COA Complex	1,100,000,000		1,100,000,000								20,000,000		500,000,000		500,000,000
40	Construction of Kisii High Court	370,000,000		370,000,000								20,000,000		150,000,000		150,000,000
41	Construction of Meru High Court	370,000,000		370,000,000								20,000,000		150,000,000		150,000,000

	Project Code and Title	Total Est. Cost of project/ Contract Value	Financing		Timeline		Actual Cumulative Expenditure up to 30th March 2018	Outstanding project Cost as at 30th March 2018	Allocation for 2017/18 Budget after Splementary II		Proposed Allocation for 2018/19		Proposed Allocation for 2019/20		Proposed Allocation for 2020/21	
					Start Date	Expected completion date										
		(a)	Foreign	GOK			(b)	(a)-(b)	Foreign	Gok	Foreign	Gok	Foreign	Gok	Foreign	Gok
42	Refurbishment of Milimani law Courts	20.000.000		20.000.000								20.000.000		-		-
43	Construction of a court in Funyula	125.000.000		125.000.000								5,000,000		20,000,000		100.000,000
44	Construction of a court in Wamunyu	125.000.000		125.000.000								5.000,000		20,000.000		100,000,000
45	Construction of a court in Msambweni	125.000.000		125.000.000								5.000,000		20,000,000		100,000,000
46	Purchase of ICT and Networking Equipment	1.385.000.000		1.385.000.000								100,000,000		775.000.000		510,000.000
47	Rehabillitation of Kigumo Law Courts	94.160.933	94.160.933		6/29/2015	18/9/2018	92.890.293	1.270.640	1.270.640		1.270.640		-		-	
48	Rehabilitation of Chuka Law Courts	98.106.542	98.106.542		6/5/2015	23/7/2018	83.009.400	15.097.142	15.097.142		15.097.142		-		-	
49	Construction of Engineer Law Courts	78.615.579	78.615.579		6/8/2015	21/3/2018	73.864.625	4.750.954	4.750.954		4.750.954		-		-	
50	Construction of Vihiga Law Courts	78.476.529	78.476.529		9/16/2015	14/11/2018	76.177.916	2.298.613	2.298.613		2.298.613		-		-	
51	Construction of Nyando Law Courts	74.827.121	74.827.121		9/4/2015	30/12/2017	74.011.853	815.268	815.268		815.268		-		-	
52	Rehabillitation of Molo Law Courts	99.910.995	99.910.995		6/19/2015	17/10/2017	97.418.240	2.492.755	2.492.755		2.492.755		-		-	
53	Construction of Oyugis Law Courts	109.731.080	109.731.080		6/29/2015	21/9/2018	105.303.681	4.427.399	4.427.399		4.427.399		-		-	
54	Construction of Nyamira Law Courts	118.305.748	118.305.748		6/18/2015	18/9/2018	106.752.637	11.553.111	11.553.111		11.553.111		-		-	
55	Rehabillitation of Muhoroni Law Courts (Tamu)	74.879.919	74.879.919		6/9/2015	30/9/2018	72.164.117	2.715.802	2.715.802		2.715.802		-		-	
56	Makindu Law Courts	96.855.446	96.855.446		3/8/2016	11/30/2017	90.242.005	6.613.441	6.613.441		0		-		-	
57	Kibera Law Courts	137.649.133	137.649.133		4/13/2016	30/6/2019	83.891.987	53.757.146	26.878.573		26.878.573		-		-	
58	Siaya Law Courts	342.751.951	342.751.951		3/21/2016	22/11/2018	208.388.067	134.363.884	67.181.942		67.181.942		-		-	
59	Nakuru Law Courts	347.765.950	347.765.950		2/18/2016	18/10/2018	274.402.054	73.363.896	36.681.948		36.681.948		-		-	
60	Nanyuki Law Courts	318.559.759	318.559.759		3/10/2016	10/12/2018	182.742.936	135.816.823	67.908.412		67.908.412		-		-	
61	Garissa Law Courts	351.323.457	351.323.457		1/22/2016	10/6/2018	230.611.478	120.711.979	60.355.990		60.355.990		-		-	
62	Voi Law Courts	347.582.674	347.582.674		3/29/2017	29/9/2018	74.964.445	272.618.229	136.309.115		136.309.115		-		-	

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					Start Date	Expected completion date										
		(a)	Foreign	GOK			(b)	(a)-(b)	Foreign	Gok	Foreign	Gok	Foreign	Gok	Foreign	Gok
63	Kapenguria Law Courts	400,880,621	400,880,621		3/21/2017	9/21/2018	43,252,838	357,627,783	178,813,892		178,813,892	✓	-		-	
64	Maralal Law Courts	378,745,872	378,745,872		3/23/2017	9/23/2018	57,129,155	321,616,717	160,808,359		160,808,359	✓	-		-	
65	Isiolo Law Courts	379,082,160	379,082,160		4/10/2017	10/10/2018	66,772,914	312,309,246	156,154,623		156,154,623	✓	-		-	
66	Wajir Law Courts	369,567,057	369,567,057		29/9/2017	27/3/2019	-	369,567,057	34,783,528.50		154,783,529	✓	180,000,000		-	
67	Ol-Kalou law Courts	399,323,129	399,323,129		18/9/2017	17/3/2019	27,549,430	371,773,699	35,886,850		155,886,850	✓	-		-	
68	Kakamega Law Courts	387,664,343	387,664,343		21/9/2017	21/3/2019	37,808,007	349,856,336	50,000,000		180,000,000	✓	119,856,336		-	
69	Mukurweini Law Courts	158,978,307	158,978,307		19/9/2017	18/9/2018	27,037,371	131,940,936	50,000,000		81,940,936	✓	-		-	
70	Mombasa Law Courts	445,173,322	445,173,322		28/9/2017	28/3/2019	50,880,567	394,292,755	60,000,000		180,000,000	✓	154,292,755		-	
71	Makueni law courts	158,978,307	158,978,307		25/9/2017	25/3/2019	27,037,371	131,940,936	50,000,000		81,940,936	✓	-		-	
72	Kangema Law Courts Phase II	42,992,271	42,992,271		20/9/2017	18/9/2018	14,255,151	28,737,120	8,000,000		20,737,120	✓	-		-	
73	Kajiado Law Courts	398,407,995	398,407,995		15/3/2018	15/9/2019	-	398,407,995	20,000,000		180,000,000	✓	198,407,995		-	
74	Kwale Law Courts	389,998,592	389,998,592		6/5/2017	11/6/2018	22,898,000	367,100,592	183,550,296		183,550,296	✓	-		-	

2,319,450,085 1,612,375,055

3,931,825,140

JUDGMENTS/ AWARDS PENDING PAYMENT AS AT 7TH MAY 2018
OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
CIVIL LITIGATION

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
1	AG/CAR/MOA/1/86	NRB HCC 1655/86	HALAL MEAT PRODUCTS VS.	AGRICULTURE	COMPULSORY ACQUISI	1,807,772,000.00	07/10/05	PENDING PAYMENT
2	AG/JRP/MOW/199/15	NRB MSC HCC 238/15	ASSOCIATED ARCHITECTS	AGRICULTURE	BREACH OF CONTRACT	25,953,160.13	01/01/17	PENDING PAYMENT
3	AG/MERU	MERU CMCC NO. 443/09	JAMES KABURU	AGRICULTURE	ROAD TRAFFIC ACCIDE	1,247,000.00	23/01/15	PENDING PAYMENT
4	AG/GC/CP/489/08	CMCC NO.6322/08	DAVID MUIRURI	AGRICULTURE	NEGLIGENCE	1,066,486.00	28/09/17	PENDING PAYMENT
5	AG/GC/MLD/511/09	NYAHURURU PMCC 116/09	SAMUEL M MUTIRA	AGRICULTURE	ROAD TRAFFIC ACCIDE	1,021,257.20	22/05/12	PENDING PAYMENT
6	AG/CAR/MOA/31/12	NRB CMCC 5395/12	SAMAR CONSTRUCTION	AGRICULTURE	BREACH OF CONTRACT	1,016,356.00	08/07/16	PENDING PAYMENT
7	AG/GC/MOA/372/03	NRB CMCC 6083/03	JACKSON N. MBITHI	AGRICULTURE	ROAD TRAFFIC ACCIDE	1,000,038.30	13/08/09	PENDING PAYMENT
8	AG/JRP/MOA/141/ 14	NRB/JR/196/14	WINNIE WANDAI MUNIU	AGRICULTURE	ROAD TRAFFIC ACCIDE	788,364.50	02/11/10	PENDING PAYMENT
9	AG/MOA/16/96	EMBU PMCC 92/96	PETER MUKUNDI	AGRICULTURE	ROAD TRAFFIC ACCIDE	754,192.00	06/12/05	PENDING PAYMENT
10	AG/JRP/MOA/143/14	NRB/JR/198/14	LUCY MUTHONI	AGRICULTURE	ROAD TRAFFIC ACCIDE	711,689.00	23/11/10	PENDING PAYMENT
11	AG/GC/JRP/MOA/264/0	NYERI PMCC 230//89	THOMAS MAINA WARUHIO	AGRICULTURE	NEGLIGENCE	678,412.75	06/04/99	PENDING PAYMENT
12	AG/JRP/MOA/146/14	NRB/JR/201/14	TERESIA WAMBUI	AGRICULTURE	ROAD TRAFFIC ACCIDE	673,997.00	02/11/10	PENDING PAYMENT
13	AG/JRP/MOA/142/ 14	JR/197/14	MARY NJERI WAWERU	AGRICULTURE	ROAD TRAFFIC ACCIDE	485,250.00	02/11/10	PENDING PAYMENT
14	AG/BONDO/CIV/6/08	BONDO SRMCC 13/08	DOROTHY A. ACHOLA	AGRICULTURE	ROAD TRAFFIC ACCIDE	433,592.00	22/07/11	PENDING PAYMENT
15	AG/JRP/MOA/145/14	NRB/JR/200/14	STEPHEN NJENGA GICHUHI	AGRICULTURE	ROAD TRAFFIC ACCIDE	328,440.00	04/12/10	PENDING PAYMENT
16	AG/GC/MOA/125/09	NRB CMCC 267/09	GEORGE KANYORO MATHEN	AGRICULTURE	ROAD TRAFFIC ACCIDE	189,904.37	12/10/16	PENDING PAYMENT
17	AG/GC/MOA/468/07	NRB PMCC 5718/07	EVANS OMBWORI	AGRICULTURE	ROAD TRAFFIC ACCIDE	167,996.60	28/09/12	PENDING PAYMENT
18	AG/JRP/MOA/144/14	NRB/JR/199/14	SIMON NDUNG'U	AGRICULTURE	ROAD TRAFFIC ACCIDE	141,405.00	21/09/10	PENDING PAYMENT
19	AG/JRP/MOA/151/ 14	NRB/JR/208/14	MILLIAMNDUTA GATURA	AGRICULTURE	ROAD TRAFFIC ACCIDE	141,405.00	25/11/10	PENDING PAYMENT
20	AG/GC/MOA/392/08	LIMURU PMCC 272/08	FELISTER WANJIRU NDUATI	AGRICULTURE	ROAD TRAFFIC ACCIDE	126,565.00	21/05/13	PENDING PAYMENT
21	AG/JRP/MOA/148/14	NRB/JR/203/14	DAVID GATHU BIU	AGRICULTURE	ROAD TRAFFIC ACCIDE	117,395.00	04/12/10	PENDING PAYMENT
22	AG/GC/MLDF/51/05	KLF CMCC NO. 106/05	SAID HASSAN HEMED	AGRICULTURE	CONTRACT	91,913.00	12/01/05	PENDING PAYMENT
23						1,844,906,818.85		
24	AG/GC/MJ/155/12	NRB CMCC 2865/12	BETH MUEKE	ATTORNEY GENE	ROAD TRAFFIC ACCIDE	606,201.50	07/07/17	PENDING PAYMENT
25	AG/CPT/MLS/3/13	NRB HCPETITION 6/13	AMONI THOMAS AMFRY	ATTORNEY GENE	CONSTITUTIONAL	241,633.00	17/10/13	PENDING PAYMENT
26	AG/JRP/CP/260/14	KIAMBU CMCC A58/04	BEN NJOROGE MITHAMO	ATTORNEY GENE	MANDAMUS	134,176.00	06/03/17	PENDING PAYMENT
27						982,010.50		
28	AG/LIC/DOD/27/12	NRB ELRC 2212/12	SAMUEL GITAU CHEGE & 283	DEFENCE	UNFAIR TERMINATION	6,800,000,000.00	15/04/16	PENDING APPEAL
29	AG/CAR/DOD/1/16	NRB HCC MISC 41/16	KAY CONSTRUCTION LTD VS.	DEFENCE	BREACH OF CONTRACT	850,000,000.00	22/02/11	PENDING PAYMENT
30	AG/CIV/154/2010	MALINDI PETITION 2/10	ZINJ LIMITED VS AG	DEFENCE	ACQUISITION & DOUBL	465,000,000.00	15/03/18	PENDNG APPEAL
31	AG/COA/DOD/35/01	NRB CA 315/10	AG VS. LT. COL BENJAMIN M	DEFENCE	WRONGFUL DISMISSAL	85,687,804.80	02/06/06	PENDING APPEAL
32	AG/ELD/MLS/23/13	NRB ELRC PET 49/12 (FORM	ESTATE OF KARIUKI KINGARU	DEFENCE	UNFAIR TERMINATION	72,820,868.00	22/10/14	PENDING PAYMENT
33	AG/COA/CP/71/14	NYERI CA 173, 176/17	AG VS. DOROTHY KANYWA	DEFENCE	ROAD TRAFFIC ACCIDE	40,000,000.00	02/04/14	PENDING APPEAL
34	AG/JRP/DOD/34/16	NRB HC 74/16	EUNICE MAKORI & HELLEN M	DEFENCE	MANDAMUS	17,257,930.00	10/11/17	PENDING PAYMENT
35	AG/JRP/DOD/239/12	NRB CA 402/17	AG VS. ISAIAH OCHANDA	DEFENCE	NEGLIGENCE	17,000,000.00	21/11/12	PENDING APPEAL

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
36	AG/CPT/DOD/179/13	NRB HCPT 287 OF 2013	POLYCARP MIYOGO	DEFENCE	1982 COUP	14,000,000.00	21/07/17	PENDING PAYMENT
37	AG/CPT/DOD/305/15	NRB HCPT 397 OF 2015	JOEL B. LEKUKUTON & 4 OTH	DEFENCE	1982 COUP	12,500,000.00	14/11/17	PENDING PAYMENT
38	AG/CPT/DOD/359/13	NRB HCPT 573/13	DENNIS GUMBE	DEFENCE	1982 COUP	10,000,000.00	25/1/18	PENDING PAYMENT
39	AG/CPT/000/15	NRB HCPT 603/15	JOHN MURAGE MBOGO	DEFENCE	1982 COUP	7,500,000.00	05/04/18	PENDING APPEAL
40	AG/CPT/DOD/328/12	NRB HCPT 436 OF 2012	JULIUS O. OGUTU	DEFENCE	WRONGFUL TERMINAT	7,171,986.00	01/10/14	PENDING PAYMENT
41	AG/GC/DOD/288/15	ISIOLO CMCC NO. 53/15	SENEIYA GRACE LEMBEI	DEFENCE	ROAD TRAFFIC ACCIDE	5,376,009.60	04/07/17	PENDING PAYMENT
42	AG/GC/DOD/289/15	ISIOLO CMCC NO. 54/15	ANN NASERIAN	DEFENCE	ROAD TRAFFIC ACCIDE	5,376,009.00	04/07/17	PENDING PAYMENT
43	AG/CPT/DOD/63/09	NAIROBI HCCPT 833/09	CHARLES G MBOKO	DEFENCE	MALICIOUS PROSECUT	5,186,314.00	07/08/14	PENDING PAYMENT
44	AG/CPT/DOD/323/14	NRB HCPT 400 OF 2014	FRANCIS MUNYIRI	DEFENCE	1982 COUP	5,000,000.00	24/11/17	PENDING PAYMENT
45	AG/CPT/DOD/387/13	GARISSA HCPT 13 OF 2013 D	DAKAN G. HUSSEIN	DEFENCE	1982 COUP	5,000,000.00	15/11/16	PENDING PAYMENT
46	AG/CPT/DOD/306/13	GARISSA HCPT 12 OF 2013	WARAGHA HUSSEIN	DEFENCE	1982 COUP	5,000,000.00	06/09/16	PENDING PAYMENT
47	AG/GC/DOD/19/92	NRB CMCC 9749/03	GEORGE WAITHAKA KARIUKI	DEFENCE	DAMAGE AND INJURIES	3,858,529.59	14/09/14	PENDING PAYMENT
48	AG/CPT/DOD/234/11	NRB HCC PET 10/15	MAHAT K.ROBLE VS DOD	DEFENCE	LAND OWNERSHIP	1,500,000.00	01/01/18	PENDING APPEAL
49	AG/GC/DOD/142/14	NAIROBI CMCC NO. 4178/14	EUNICE MBURU	DEFENCE	MATERIAL DAMAGE	1,352,402.00	13/06/17	PENDING PAYMENT
50	AG/GC/DOD/286/08	NAIROBI CMCC 4403/08	ELIJAH G NDIRANGU	DEFENCE	ROAD TRAFFIC ACCIDE	1,138,331.80	09/10/09	PENDING PAYMENT
51	AG/GC/DOD/33/10	ELDORET CMCC NO 206/201	SAMSON KIPKIRONG	DEFENCE	ROAD TRAFFIC ACCIDE	951,148.00	22/02/13	PENDING PAYMENT
52	AG/CAR/DOD/7/12	NRB MISC. APP 189/17	REPUBLIC VS MINISTRY OF DE	DEFENCE	BREACH OF CONTRACT	909,504.60	21/09/16	PENDING PAYMENT
53	AG/GC/DOD/410/11	NYAHURURU PMCC NO. 95/	PETER NGUGI	DEFENCE	ROAD TRAFFIC ACCIDE	904,683.80	03/06/13	PENDING PAYMENT
54	AG/GC/DOD/410/11	NYAHURURU PMCC 95/11	PETER N. NDICHU	DEFENCE	ROAD TRAFFIC ACCIDE	904,483.80	03/06/13	PENDING PAYMENT
55	AG/MRU/MOD/10M/02	MERU CMCC NO. 679/02	JOSEPHINE GACHERI & ANOT	DEFENCE	ROAD TRAFFIC ACCIDE	888,400.00	12/02/11	PENDING PAYMENT
56	AG/GC/DOD/502/03	MERU CMCC 381/2003	THOMAS MUTUA	DEFENCE	ROAD TRAFFIC ACCIDE	879,353.00	22/06/12	PENDING PAYMENT
57	AG/CPT/DOD/ 302/13	NRB HCPT 426 OF 2013	NOAH KIBET SIGILAI	DEFENCE	1982 COUP	720,890.00	30/05/14	PENDING PAYMENT
58	AG/MSA/CIV/ 117/02	MSA CMCC 4186/02	GEOFFREY KIMANI VS. AG	DEFENCE	RENT ARREARS	717,600.00	08/09/11	PENDING APPEAL
59	AG/GC/DOD/214/14	NRB SRMC 6508/14	JAMES MUTUNGA	DEFENCE	ROAD TRAFFIC ACCIDE	700,000.00	10/03/16	PENDING PAYMENT
60	AG/GC/DOD/295/14	WEMBUYE CMCCC 49/14	JOHN MAKOHA MURABWA	DEFENCE	ROAD TRAFFIC ACCIDE	516,000.00	18/11/15	PENDING PAYMENT
61	AG/GC/DOD/31/99	NANYUKI SRMCC 50/99	EMILY A OTIENO	DEFENCE	ROAD TRAFFIC ACCIDE	500,000.00	20/07/16	PENDING PAYMENT
62	AG/GC/DOD/611/05	ELD CMCC 799/05	RUTH AYUMA OTIENO	DEFENCE	ROAD TRAFFIC ACCIDE	436,616.75	13/06/12	PENDING PAYMENT
63	AG/GC/DOD/2/06	THIKA CMCC 948/06	PHILLIS WAIRIMU	DEFENCE	ROAD TRAFFIC ACCIDE	425,100.00	01/12/15	PENDING PAYMENT
64	AG/GC/DOD/11/13	NVS CMCC	BENARD NDUNGU NJUGUNA	DEFENCE	ROAD TRAFFIC ACCIDE	405,180.00	03/11/15	PENDING PAYMENT
65	AG/GC/DOD/561/05	NRB SRMCC 8887/05	JOHN MUKONO KARUGA	DEFENCE	ROAD TRAFFIC ACCIDE	398,530.00	15/08/08	PENDING PAYMENT
66	AG/LIC/DOD/160/14	NRB ELRC 1891/14	ELIJA KAMOLO PETER	DEFENCE	UNFAIR TERMINATION	380,976.00	24/11/17	PENDING PAYMENT
67	AG/MSA/CIV/CIV 37/01	MSA CMCC 23/2003	SHEIKH ALI TAIB VS AG	DEFENCE	TENANCY	318,000.00	20/02/13	PENDING APPEAL
68	AG/GC/DOD/26/95	NRB JR 1497/03	YARDANKA MARINOVA	DEFENCE	INTEREST	254,346.43	30/11/16	PENDING PAYMENT
69	AG/GC/DOD/467/10	NAIVASHA CMCC 690/11	MARY W KARANJA	DEFENCE	ROAD TRAFFIC ACCIDE	202,935.00	10/02/15	PENDING PAYMENT
70	AG/MSA/CIV/19/97	MSA RMCC 817 /1999	MERCY MWAMELA	DEFENCE	ROAD TRAFFIC ACCIDE	165,960.00	27/01/03	PENDING PAYMENT
71	AG/GC/DOD/420/12	ELD CMCC 126/13	AGGREY ANDAYI FRANCIS	DEFENCE	ROAD TRAFFIC ACCIDE	147,302.50	09/09/17	PENDING PAYMENT
72						8,449,453,194.67		
73	AG/NYK/MLG/51/2016	NYK HCC 3/2016	P. N. Gichoho Ngugi	DEVOLUTION	BREACH OF CONTRACT	11,532,909.20	14/12/17	PENDING PAYMENT
74	AG/GC/MDP/65/14	HCCC.12/2014	JEREMIAH WATAH BARASA	DEVOLUTION	NEGLIGLIGENCE	3,629,808.00	24/03/17	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
75	AG/GC/MHA/499/04	NRB CMCC 13582/04	ROBERT NYAUMA OBARE	DEVOLUTION	ROAD TRAFFIC ACCIDE	574,178.20	24/02/12	PENDING PAYMENT
76	AG/GC/MDP/646/06	KAKAMEGA CMCC 535/06	LILIAN MUSOTSI	DEVOLUTION	ROAD TRAFFIC ACCIDE	217;141.00	20/05/13	PENDING PAYMENT
77	AG/ARB/MLG/1/11	NRB MSC HCC 579/14	PUT SARAJEVO GENERAL ENG	DEVOLUTION	BREACH OF CONTRACT	20,627,770.15	01/01/17	PENDING PAYMENT
78						36,581,806.55		
79	AG/MSA/CIV/34/2015	MSA 00000	SURYAKANT MOHANLAL	EAST AFRICAN CO	BREACH OF LEASE	6,002,441.00	03/11/15	PENDING PAYMENT
80						6,002,441.00		
81	AG/GC/EDU/173/02	NRB HCC 415/02	DANIEL KIHAMBA KIMITHI &	EDUCATION	NEGLIGENCE	53,825,918.80	30/03/16	PENDING PAYMENT
82	AG/CAR/EDU/17/15	NRBHCCC 240/15	GREEN PARK GOLF VS AG	EDUCATION	BREACH OF CONTRACT	7,018,545.00	21/12/17	PENDING PAYMENT
83	AG/GC/EDU/285/06	EMBU HCC 118/06	JACQUELINE SYOMBUA	EDUCATION	ROAD TRAFFIC ACCIDE	5,077,795.00	04/03/10	PENDING PAYMENT
84	AG/JRP/MFA/233/14	NRB HMCA 366/13	SAMUEL NDUNGU WAINAINA	EDUCATION	MANDAMUS	1,008,355.00	28/06/17	PENDING PAYMENT
85	AG/GC/EDU/424/12	WEB 151/12	FAITH MASITSA WANJALA	EDUCATION	NEGLIGENCE	843,325.00	20/08/14	PENDING PAYMENT
86	AG/JRP/EDU/146/15	NRB JR 252/15	LUCY MUTHONI GATHARI	EDUCATION	ROAD TRAFFIC ACCIDE	732,211.00	29/03/11	PENDING PAYMENT
87	AG/GC/EDU/383/11	NRB CMCC 4153/11	ELISHEPA WAMBURA NDUNA	EDUCATION	ROAD TRAFFIC ACCIDE	650,000.00	02/03/18	PENDING PAYMENT
88	AG/GC/EDU/288/14	ELD CMCC 516/14	SAMMY KAMALIKI	EDUCATION	ROAD TRAFFIC ACCIDE	436,021.00	11/11/15	PENDING PAYMENT
89	AG/GC/EDU/51/10	NRB ELRC 435/10	KUDHEIHA	EDUCATION	UNLAWFUL DISMISSAL	230,202.00	20/02/16	PENDING PAYMENT
90	AG/LIC/EDU/1/03	NRB ELRC 909/12	JOSEPH KIMANI NJOROGE	EDUCATION	WRONGFUL DISMISSAL	173,515.00	07/06/14	PENDING PAYMENT
91	AG/NYI/EDU/119/2014	NYI ICC 122/14	Kudheiha Workers	EDUCATION	WRONGFUL DISMISSAL	70,200.00	01/12/17	PENDING PAYMENT
92	AG/LIC/EDU/149/14	NRB ELRC NO.1160/14	EZEKIEL MURIITHI	EDUCATION	EMPLOYMENT	25,540.00	09/06/16	PENDING PAYMENT
93						70,091,627.80		
94	AG/CPT/MENR/176/12	NRB HCPT 22/12	MOHAMMED ALI BADI	ENVIRONMENT	CONSTITUTIONAL	1,760,000,000.00	30/04/18	PENDING PAYMENT
95	AG/MSA/CIV/234/2016	MSA HCC 158/03 /JR 68/16	JIHENDRA DOGRA SINGH	ENVIRONMENT	DEBT	21,974,035.00	24/09/15	PENDING PAYMENT
96	AG/GC/MENR/406/11	HOMABAY SRMCC 99/11	HESBON ONSONGO AGWA	ENVIRONMENT	MALICIOUS DAMAGE	1,941,881.00	01/07/15	PENDING PAYMENT
97	AG/MENR/375/11	VIHIGA SPMCC 14/11	SARAH PENSULA	ENVIRONMENT	ROAD TRAFFIC ACCIDE	1,224,888.00	27/02/13	PENDING PAYMENT
98	AG/GC/MENR/234/06	NAIROBI CMCC 42/06	FIONA WAGALA	ENVIRONMENT	WRONGFUL SHOOTING	1,159,499.00	26/04/13	PENDING PAYMENT
99	AG/MSA/CIV134/04	MSA CMCC 3593/04 JR 58/1	RASHID MOHAMED VS PS FO	ENVIRONMENT	ROAD TRAFFIC ACCIDE	1,115,545.00	10/04/14	PENDING PAYMENT
100	AG/GC/MENR/392/10	NRB CMCC 4371/10	FRANCIS NGATIA KAGEMA"	ENVIRONMENT	ROAD TRAFFIC ACCIDE	764,636.10	21/12/11	PENDING PAYMENT
101	AG/NYI/MFW/87/2013	NYERI ELRC 92/13	Francis Gichuki Karika	ENVIRONMENT	WRONGFUL DISMISSAL	88,855.00	17/11/15	PENDING PAYMENT
102						1,788,269,339.10		
103	AG/COA/MFA/13/18	NRB CIV APP NO. 64 /18	AMBSD SAMSON KIPKOECH (	FOREIGN	UNFAIR DISMISAL	110,000,000.00	10/11/17	PENDING APPEAL
104	AG/JRP/MFA/233/14	NRB HCMA248/14	SEBASTIAN WAMBUA KISILI	FOREIGN	MANDAMUS	749,457.00	17/01/17	PENDING PAYMENT
105						110,749,457.00		
106	AG/MOH/13/99	NRB HCC 159/06 JR 17/17	EQUIP AGENCIES LTD VS. AG	HEALTH	BREACH OF CONTRACT	1,862,300,200.00	02/12/11	PENDING PAYMENT
107	AG/CAR/MOH/5/00	HCC 1361 OF 2000	VULCAN LTD V AG	HEALTH	BREACH OF CONTRACT	1,322,219,131.70	09/10/15	PENDING PAYMENT
108	AG/MRU/MOH/10/2012	MERU CMCC 190/2016	SEKUNDU MURIIRA IBAYA	HEALTH	MEDICAL NEGLIGENCE	7,158,000.00	30/10/17	PENDING PAYMENT
109	AG/GC/MOH/395/11	ELD HC 183/11	MICAH NYOLEI	HEALTH	ROAD TRAFFIC ACCIDE	5,279,905.95	22/07/15	PENDING PAYMENT
110	AG/MOH/1/2011	KSM IND.CASE NO.131/2013	JACSON NYAMWANGE OTAR	HEALTH	WRONGFUL TERMINAT	1,759,200.00	20/07/15	PENDING PAYMENT
111	AG/MSA/17/2015	MSA ELRC 2/2015	DOMINIC NDWIGA NGURE VS	HEALTH	EMPLOYMENT	1,428,589.00	04/12/15	PENDING PAYMENT
112	AG/JRP/MOH/171/14	NRB HCJR 320/14	ROSE WANGUI WAGICHU	HEALTH	MANDAMUS	1,229,436.00	11/11/10	PENDING PAYMENT
113	AG/GC/MOH/542/08	MASENO SRMCC NO 225/08	MILDRED AWUOR	HEALTH	ROAD TRAFFIC ACCIDE	1,042,915.00	26/01/10	PENDING PAYMENT

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114	AG/JRP/MOH/279/15	NRB JR 13/16	KIMEU MUSYOKI	HEALTH	ROAD TRAFFIC ACCIDE	926,856.00	23/02/12	PENDING PAYMENT
115	AG/GC/MOH/517/09	KISII CMCC 352 OF 2009	JERUSA KERUBO	HEALTH	ROAD TRAFFIC ACCIDE	803,115.00	11/02/10	PENDING PAYMENT
116	AG/HEALTH/431/2014	BUSIA CMCC NO.183/2014	AGNES ANYANGO	HEALTH	ROAD TRAFFIC ACCIDE	793,283.00	07/09/15	PENDING PAYMENT
117	AG/MRU/MOH/355/011	MERU CMCC NO. 232A/011	JAPHET MURIUKI	HEALTH	MEDICAL NEGLIGENCE	738,210.00	02/08/17	PENDING PAYMENT
118	AG/JRP/MOH/130/16	NRB HCJR 98/15	ELIZABETH GATHONI MITEY	HEALTH	CONTEMPT	727,750.00	12/07/07	PENDING PAYMENT
119	AG/JRP/MOH/102/17	MKS JR 295/17	FELIX JUMA WEKESA	HEALTH	ROAD TRAFFIC ACCIDE	507,200.00	08/10/12	PENDING PAYMENT
120	AG/ELD/CIV/238/08	ELD CMCC 2648/95	BEATRICE WACHIRA	HEALTH	NEGLIGENCE	500,000.00	16/03/18	PENDING PAYMENT
121	AG/MSA/CIV/67/2006	MSA 00000	MOHAMED DUGA	HEALTH	ROAD TRAFFIC ACCIDE	465,996.00	13/02/16	PENDING PAYMENT
122	AG/GC/MOH/17/01	LIMURU SMCC 166/01	SIMON K. NJOROGE	HEALTH	ROAD TRAFFIC ACCIDE	267,078.25	17/07/03	PENDING PAYMENT
123	AG/GC/MOH/14/13	KITHIMANI PMCC NO. 16/13	JAMES MUTIE	HEALTH	ROAD TRAFFIC ACCIDE	236,603.00	12/03/15	PENDING PAYMENT
124	AG/ELD/MOH/150/2016	KTL HCC 3/16	MICHAEL N. SIMIYU	HEALTH	NEGLIGENCE	232,634.00	21/06/17	PENDING PAYMENT
125	AG/GC/MOH/251/14	NRB CMCC NO. 6755/14	SAMUEL NJOROGE MWANGI	HEALTH	ROAD TRAFFIC ACCIDE	160,000.00	03/03/17	PENDING PAYMENT
126	AG/KSM/MSN/CIV/123/	MSN SRMCC 250/08	BENARD WASONGA	HEALTH	ROAD TRAFFIC ACCIDE	260,222.00	28/02/12	PENDING PAYMENT
127						3,209,036,324.90		
128	AG/JRP/MIB/19/14	NRB HCJR 48/14	ADRIAN KAMOTHO NJENGA	ICT	CERTORARI	1,377,778.00	29/02/16	PENDING PAYMENT
129						1,377,778.00		
130	AG/NYI/MOC/40/2009	NYI ELRC 102/15	John Githaiga Gachungwa	INDUSTRIALIZATI	UNPAID DUES	27,718,055.45	24/11/17	PENDING PAYMENT
131	CIV 17/16	MALINDI CMCC 350/14	CRISPPUS CHENGO	INDUSTRIALIZATI	BREACH OF CONTRACT	700,000.00	31/07/17	PENDING PAYMENT
132						28,418,055.45		
133	AG/JRP/OP/195/17	NRB HCJR 615 OF 2017	SCHOON NORANI & ANOR	INTERIOR	REFUND	6,000,000,000.00	01/01/15	PENDING PAYMENT
134	AG/CPT OP/61/14	NRB HCPT 94/14	KENNETH MATIBA	INTERIOR	NYAYO TORTURE	1,080,370,301.58	01/01/17	PENDING PAYMENT
135	AG/CPT/OP/327/12	NRB HCC 375/09	AFRISON LTD	INTERIOR	COMPULSORY ACQUIS	671,000,000.00	12/02/12	PENDING PAYMENT
136	AG/COA/OP/64/15	NRB CA 197/15	KENNETH KIPLAGAT VS. AG	INTERIOR	LEGAL FEES	650,000,000.00	01/01/15	PENDING PAYMENT
137	AG/GC/CP/186/13	NRB HCC 530/13	MICHAEL E. MULYOOWA	INTERIOR	MALICIOUS PROSECUT	344,000,000.00	01/01/17	PENDING TAXATION
138	AG/MLS/9/2000	MSA ELC 87/12	EVANSON JIDRAPH WAITIKI V	INTERIOR	LAND	58,424,174.00	27/11/15	PENDING PAYMENT
139	AG/CP/OP/64-68/16	NRB HCPT 121-125/16	ELUID WEFWAFWA & 4 OTHE	INTERIOR	TORTURE	53,734,632.00	29/09/17	PENDING TAXATION
140	AG/GC/OP/69-72/16	NRB HCPT 126-129/16	RODGERS G. NGATIA	INTERIOR	TORTURE	35,145,000.00	25/1/18	PENDING PAYMENT
141	AG/JRP/OP/278/15	NRB HCMA 419/15	AUDREY MBUGUA ITHIBU	INTERIOR	MANDAMUS	27,021,840.00	01/01/17	PENDING TAXATION
142	AG/MRU/CP/335/2010	MERU HC PET. NO. 6/2010H	JUSTUS KAARIA	INTERIOR	TORTURE	26,618,882.55	01/01/17	PENDING PAYMENT
143	AG/GC/CP/147/09	NRB HCCC NO. 139/09	JAPHETH NGULA	INTERIOR	WRONGFUL SHOOTING	25,000,000.00	26/07/16	PENDING APPEAL
144	AG/GC/CP/158/04	NRB HCC 934/04	EMMANUEL KURIA WAGATH	INTERIOR	MALICIOUS PROSECUT	24,000,000.00	02/02/17	PENDING PAYMENT
145	AG/CPT/IG/122/16	NRB HCPT 130 OF 2016	GERITA NYASIPONDI & 2 OTH	INTERIOR	NYAYO TORTURE	20,000,000.00	20/02/18	PENDING APPLICATION
146	AG/CPT/OP/159/12	NRB HCPT 206 OF 2012	MWANDAWIRO MGHANGA	INTERIOR	TORTURE	16,000,000.00	27/01/13	PENDING PAYMENT
147	AG/GC/CP/574/08	NRB HCCC NO. 336/08	JUSTUS MUCE	INTERIOR	ROAD TRAFFIC ACCIDE	15,055,877.00	16/07/12	PENDING PAYMENT
148	AG/CPT/CP/82/06	113/06	STANDARD NEWSPAPER LDD	INTERIOR	CONSTITUTIONAL	14,900,000.00	17/10/13	PENDING PAYMENT
149	AG/JRP/OP/51/17	NRB HCJR 134/17	STANDARD LIMITED & BARAZ	INTERIOR	MANDAMUS	12,000,000.00	12/02/18	PENDING PAYMENT
150	AG/LIC/OP/48/13	NRB ELRC 1904/13	WESLEY KIPKEMBOI KIPTANU	INTERIOR	UNFAIR TERMINATION	10,000,000.00	16/02/15	PENDING PAYMENT
151	AG/GC/OP/349/03	ELDORET CMCC NO. 1560/0	CHRISTINE JEPKORIR	INTERIOR	ROAD TRAFFIC ACCIDE	7,900,000.00	28/04/16	PENDING PAYMENT
152	AG/CP/51/00	NRB HCCC 696/00	CHARLES MUTERO MWANGI	INTERIOR	MALICIOUS PROSECUT	7,632,064.00	19/10/17	PENDING PAYMENT

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153	AG/GC/CP/269/14	NRB CMCC 7250/14	LILIAN NINI KANGARA	INTERIOR	ROAD TRAFFIC ACCIDE	7,125,529.90	13/02/18	PENDING PAYMENT
154	AG/CPT/IG/000/16	NRB HCPT 129 OF 2016	HENRY C. NAIBEI	INTERIOR	NYAYO TORTURE	6,966,300.00	25/01/08	PENDING PAYMENT
155	AG/OP/15/98	NRB HCC 915/98	SARAH AWINJA BABU & ANO	INTERIOR	ROAD TRAFFIC ACCIDE	6,506,525.00	04/03/11	PENDING PAYMENT
156	AG/CPT/OP/44/09	NRB HCPT 104 OF 2009	JAMES O. AKONGO	INTERIOR	MALICIOUS PROSECUT	6,331,878.00	11/01/13	PENDING PAYMENT
157	AG/JRP/OP/53/18	NRB HCC 79/18	JASTON ONGULE ONYANGO	INTERIOR	MANDAMUS	6,165,231.05	29/02/16	PENDING PAYMENT
158	AG/JRP/OP/59/18	NRB HCJR 30 OF 2018	CHARLES GACHATHI MBOKO	INTERIOR	CONSTITUTIONAL	6,000,000.00	07/08/14	PENDING PAYMENT
159	AG/MRU/CP/79/05	MERU HCC NO. 39/05	FRANCIS KIBURI MUCHEKE	INTERIOR	EMPLOYMENT	6,000,000.00	28/05/15	PENDING PAYMENT
160	AG/CPT/CP/97/15	NRB HCPT 147/15	JOAN WAIRIMU MATHENGE	INTERIOR	TORTURE	6,000,000.00	20/11/17	PENDING APPEAL
161	AG/CPT/IG/272/15	NRB CIV APP NO. 201/17	JAMLICK MUCHANGI MIANO	INTERIOR	TORTURE	6,000,000.00	01/01/17	PENDING APPEAL
162	AG/KSM/MGR/OP/CIV/(	MIGORI SPMCC 51/14	EUNICE MAROA NYAMORAM	INTERIOR	MALICIOUS PROSECUT	5,733,437.25	01/01/17	PENDING PAYMENT
163	AG/GC/IG/145/16	NRB CMCC 4878/16	MARY LISILIHI PESA	INTERIOR	WRONGFUL SHOOTING	5,708,034.00	06/10/17	PENDING PAYMENT
164	AG/CIV/167/09	NRB CMCC 1724/09	SUSAN WAYUA	INTERIOR	WRONGFUL SHOOTING	5,372,207.00	01/01/16	PENDING PAYMENT
165	AG/GC/CP/537/08	KSM HCC 54/08	RICHARD SIMON KUNGU	INTERIOR	MALICIOUS PROSECUT	5,186,314.00	24/10/12	PENDING PAYMENT
166	AG/LIC/PSC/24/14	NRB ELRC 548/14	RACHEL GESAMI	INTERIOR	UNFAIR TERMINATION	5,176,546.00	24/06/16	PENDING PAYMENT
167	AG/CPT/IG/267/15	NRB HCPT 347 OF 2015	MAGDALENE KIAI	INTERIOR	MALICIOUS PROSECUT	5,064,000.00	30/10/17	PENDING PAYMENT
168	AG/CPT/CP/81/11	NRB PET 23/2012	COPRL JOHN KAMOTHO MUI	INTERIOR	UNLAWFUL DISMISSAL	5,000,000.00	05/06/16	PENDING PAYMENT
169	AG/GC/CP/319/03	NRB HCCC 116/03	DANIEL N MUCHIRI	INTERIOR	MALICIOUS PROSECUT	5,000,000.00	06/09/16	PENDING PAYMENT
170	AG/MSA/CIV/201/13	MSA CMCC 1794/13	LUCY NDUTA NGANGA	INTERIOR	WRONGFUL SHOOTING	5,000,000.00	08/03/16	PENDING APPEAL
171	AG/GC/OP/349/03	ELD CMCC 1560/03	CHRISTINE J CHERUYIOT	INTERIOR	ROAD TRAFFIC ACCIDE	4,536,590.00	28/04/16	PENDING PAYMENT
172	AG/LIC/CP/39/12	NRB ELRC 2408/12	ANTHONY KIPKORIR SANG	INTERIOR	UNLAWFUL DISMISSAL	4,408,746.00	06/02/14	PENDING PAYMENT
173	AG/GC/CP/30/11	MILIMANI CMCC1157/11	JAMES MWANGI MAINA	INTERIOR	MALICIOUS PROSECUT	4,397,793.84	14/10/16	PENDING PAYMENT
174	AG/GC/IG/204/16	NRB PMCC 582/16	JAYESH VIJAY	INTERIOR	LAND CLAIM	4,325,359.20	01/01/15	PENDING PAYMENT
175	AG/GC/OP/184	EMBU HCCC NO. 147/11	JOHN NAMU NJUKI	INTERIOR	WRONGFUL SHOOTING	4,296,191.00	28/09/17	PENDING PAYMENT
176	AG/LIC/IG/23/16	NRB ELRC 256/16	VINCENT KONGA CHELIMO	INTERIOR	UNLAWFUL DISMISSAL	4,000,000.00	06/03/18	PENDING PAYMENT
177	AG/GC/IG/284/15	EMBU CMCC 21/14	JOSEPHAT MAINA KARUORO	INTERIOR	MALICIOUS PROSECUT	4,000,000.00	03/11/15	PENDING APPEAL
178	AG/KK/OP/201/2013	BUSIA 244/2012	NAOMI S. KIPTOO & OTHERS	INTERIOR	MALICIOUS PROSECUT	3,879,735.30	01/12/16	PENDING PAYMENT
179	AG/LIC/OP/93/15	NRB ICC 1439/2015	Josephat Maina Gacheru	INTERIOR	UNFAIR TERMINATION	3,780,000.00	18/03/18	PENDING APPEAL
180	AG/LIC/OP/92/15	NRB.ICC 1438/2015	HILTON WAWERU	INTERIOR	UNFAIR TERMINATION	3,371,525.00	18/03/18	PENDING APPEAL
181	AG/GC/IG/547/08	NYERI CMCC 381/08	FLORENCE W MUNYERIA	INTERIOR	ROAD TRAFFIC ACCIDE	3,211,337.00	08/10/12	PENDING PAYMENT
182	AG/GC//CP/380/10	NRB CMCC 5757/2010	BETTY OMUSULA MUTOKA	INTERIOR	WRONGFUL SHOOTING	3,118,765.00	01/01/15	PENDING PAYMENT
183	AG/ELD/CP/186/09	BGM HCCA 91/14	AG VS.RUFUS SIYOI	INTERIOR	MALICIOUS PROSECUT	3,000,000.00	16/10/14	PENDING APPEAL
184	AG/GC/OP/185/11	EMBU HCCC NO. 148/11	NYAGA MANUNGA	INTERIOR	WRONGFUL SHOOTING	3,000,000.00	28/09/17	PENDING PAYMENT
185	AG/GC/CP/507/07	NRB CMCC NO 4732/07	MARY WAMBUI	INTERIOR	ROAD TRAFFIC ACCIDE	2,872,950.00	18/05/12	PENDING PAYMENT
186	AG/GC/OP/507/07	NRB CMCC 4732/07	MARY W. WANJIRU	INTERIOR	ROAD TRAFFIC ACCIDE	2,528,465.00	18/05/12	PENDING PAYMENT
187	AG/GC/OP/290/14	ELDORET CMCC NO. 130/14	LEAH NYALESO	INTERIOR	ROAD TRAFFIC ACCIDE	2,500,000.00	29/02/16	PENDING PAYMENT
188	AG/GC/CP/268/12	NRB CMCC 5559/12	PATROBA GICHANA ORUKO	INTERIOR	UNLAWFUL ARREST	2,500,000.00	26/06/15	PENDING PAYMENT
189	AG/GC/CP/467/09	THIKA CMCC NO. 340/09	SAMUEL MUNGEMWE	INTERIOR	MALICIOUS PROSECUT	2,400,000.00	27/10/17	PENDING PAYMENT
190	AG/ELD/MOH/70/10	BGM HCCA 49/15	AG VS. DENAN KIMATHI	INTERIOR	MALICIOUS PROSECUT	2,400,000.00	01/01/18	PENDING APPEAL
191	AG/ELD/CP/20/10	ELD HCCA 37/18	AG VS. SOLOMON KIPROP KI	INTERIOR	MALICIOUS PROSECUT	2,200,000.00	19/03/18	PENDING APPEAL

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192	AG/NYK/IG/86/2015	NYK CMCC 82/15	Augustus Mwangía Kisiu	INTERIOR	MALICIOUS PROSECUT	2,200,000.00	21/02/18	PENDING PAYMENT
193	AG/GC/CP/19/09	NRB CMCC 4355/09	ROBINSON KARURI MUCHIRI	INTERIOR	MALICIOUS PROSECUT	2,177,723.00	28/09/12	PENDING PAYMENT
194	AG/JRP/MOH/238/10	MKS HCJR 290 OF 2010	PAUL MAKAU	INTERIOR	ROAD TRAFFIC ACCIDE	2,000,000.00	22/06/10	PENDING PAYMENT
195	AG/MRU/CP/352/011	MERU HC PET. NO. 5/011	JOSEPH MWENDA MBUKO	INTERIOR	EMPLOYMENT	2,000,000.00	28/03/13	PENDING PAYMENT
196	AG//GC/IG/426/12	NKR HCPT 8/12	GEOFREY M. KARUGU	INTERIOR	UNLAWFUL ARREST	2,000,000.00	06/10/15	PENDING PAYMENT
197	AG/GC/MHA/ 25?/13	NRB CMCC 6523/13	STEPHEN NJOROGE MUCHIN	INTERIOR	ROAD TRAFFIC ACCIDE	1,947,400.00	15/03/17	PENDING PAYMENT
198	AG/GC/CP/142/14	NRB CMCC 336/14	JOSHUA ABUKUSE ISAYA	INTERIOR	MALICIOUS PROSECUT	1,904,998.00	20/07/16	AWAITING PAYMENT
199	AG/GC/CP/233/14	NRB CMCC 6627/14	MBUVI KASINA	INTERIOR	MALICIOUS PROSECUT	1,900,000.00	14/10/16	PENDING PAYMENT
200	AG/GC/CP/543/08	BUNGOMA CMCC NO 728/0	HENRY WABUKE WAFULA	INTERIOR	MALICIOUS PROSECUT	1,888,736.00	15/01/14	PENDING PAYMENT
201	AG/GC/CP/43/11	LIMURU CMCC NO 52/11	LEAH WACUKA	INTERIOR	ROAD TRAFFIC ACCIDE	1,855,205.30	02/10/14	PENDING PAYMENT
202	AG/GC/IG/299/14	KITALE CMCC NO 132/14	CYRUS WAWERU	INTERIOR	MALICIOUS PROSECUT	1,800,559.40	14/11/17	PENDING PAYMENT
203	AG/GC/CP/493/07	MACHAKOS CMCC 1044/07	MWEKE KILONZO	INTERIOR	MALICIOUS PROSECUT	1,800,559.40	23/09/11	PENDING PAYMENT
204	KSM/KISII/OP/CIV/112/(	KISII CMCC 218/2013	MOHAMMED KENGERE	INTERIOR	MALICIOUS PROSECUT	1,789,362.00	01/01/17	PENDING PAYMENT
205	AG/GC/CP/247/04	NRB HCCC NO 122/04	PAULINE CHEPNG'ETICH	INTERIOR	ROAD TRAFFIC ACCIDE	1,738,545.00	06/03/14	PENDING PAYMENT
206	AG/GC/CP/567/07	NRB CMCC NO. 1837/07	EVALINE KAINDA	INTERIOR	ROAD TRAFFIC ACCIDE	1,712,602.00	12/02/10	PENDING PAYMENT
207	AG/GC/IG/531/09	KTL CMCC 787/09	ALPHONSE M WANGILA	INTERIOR	MALICIOUS PROSECUT	1,700,000.00	22/03/17	PENDING PAYMENT
208	AG/GC/IG/533/09	KTL CMCC 786/09	JEPHETH WEKESA	INTERIOR	MALICIOUS PROSECUT	1,700,000.00	22/03/17	PENDING PAYMENT
209	AG/GC/IG/530/09	KTL CMCC 788/09	RAMADHAN MABUKA	INTERIOR	MALICIOUS PROSECUT	1,700,000.00	22/03/17	PENDING PAYMENT
210	AG/GC/IG/532/09	KTL CMCC 789/09	FRANCIS WANGILA	INTERIOR	MALICIOUS PROSECUT	1,633,206.00	22/03/17	PENDING PAYMENT
211	AG/GC/CP/218/02	NRB CMCC 2626/06	PETER KINYANJUI NJENGA	INTERIOR	WRONGFUL SHOOTING	1,600,000.00	20/03/13	PENDING PAYMENT
212	AG/GC/MOH/585/06	MKS CMCC 372 OF 2006	PAUL MAKAU	INTERIOR	ROAD TRAFFIC ACCIDE	1,595,605.00	22/06/10	PENDING PAYMENT
213	AG/KSM/MSN/CIV/37/0	MSN SRMCC 164/08	MILDRED A. AKOO	INTERIOR	ROAD TRAFFIC ACCIDE	1,551,735.00	26/01/10	PENDING PAYMENT
214	AG/GC/OP/119/13	NRB CMCC 2353/13	JOYCE NJERI MURIUKI	INTERIOR	ROAD TRAFFIC ACCIDE	1,541,299.00	26/04/17	PENDING PAYMENT
215	AG/OP//49/07	NRB CMCC 3583/07	EVELYNE ACHUPA	INTERIOR	ROAD TRAFFIC ACCIDE	1,523,952.00	10/03/16	PENDING PAYMENT
216	AG/ORP/CP/7/11	NRB HCMA 283/11	PHILLIP KARANJA MWAURA	INTERIOR	WRONGFUL SHOOTING	1,510,379.95	11/11/10	PENDING PAYMENT
217	AG/MSA/CIV/23/09	MSA JR NO. 19 OF 2016	DOMINIC MUNGUTI VS PS IN	INTERIOR	MALICIOUS PROSECUT	1,500,000.00	06/03/15	PENDING PAYMENT
218	AG/GC/IG/343/13	OGEMBO SPMCC 62/13	MOSES NYABUTO MOREKA	INTERIOR	MALICIOUS PROSECUT	1,471,700.00	15/10/15	PENDING PAYMENT
219	AG/GC/OP/427/12	KAKAMEGA HCAA NO. 18/12	NICKSON MAJANI	INTERIOR	MALICIOUS PROSECUT	1,455,966.29	19/06/14	PENDING PAYMENT
220	AG/GC/OP/427/12	KAK HCCA 18/12	NICKSON M. IDAGASI	INTERIOR	MALICIOUS PROSECUT	1,364,500.00	19/06/14	PENDING PAYMENT
221	AG/KSM/NYD/CIV// 164/	NYANDO SRMCC 226/08	BENARD OWINO WERE	INTERIOR	P.E.V.	1,340,000.00	16/02/12	PENDING PAYMENT
222	AG/KSM/NYD/CIV// 168/	NYANDO SRMCC 225/08	NICHOLAS OCHIENG ABODI	INTERIOR	P.E.V.	1,300,000.00	16/02/12	PENDING PAYMENT
223	AG/GC/CP/414/08	THIKA CMCC 812/08	SAMUEL K GITAU	INTERIOR	UNLAWFUL IMPRISONM	1,300,000.00	02/04/14	PENDING PAYMENT
224	AG/JRP/OP/123/17	NBRB HCJR 230 OF 2017	STANLEY BUNDI	INTERIOR	WRONGFUL SHOOTING	1,300,000.00	03/11/14	PENDING PAYMENT
225	AG/OP/154/2012	VIH. PMCC NO.32/2012	BEATRICE ADAGALA	INTERIOR	MALICIOUS PROSECUT	1,295,200.00	31/05/16	PENDING APPEAL
226	AG/CPT/OP/178/15	EMBU HCPT 3 OF 2015	KENNEDY MURIITHI	INTERIOR	TORTURE	1,292,205.00	04/01/17	PENDING PAYMENT
227	AG/GC/IG/548/06	KISII CMCC 694/04	MOHAMMED ALI IBRAHIM	INTERIOR	MALICIOUS PROSECUT	1,292,000.00	11/12/14	PENDING PAYMENT
228	AG/GC/CP/198/04	NRB CMCC 11155/04	HARDEV SINGH KALSI	INTERIOR	MALICIOUS PROSECUT	1,292,000.00	24/07/09	PENDING PAYMENT
229	AG/GC/IG/477/10	VIHIGA CMCC 44/10	NICKSON MAJANI IDAGIZA	INTERIOR	MALICIOUS PROSECUT	1,292,000.00	19/06/14	PENDING PAYMENT
230	AG/MSA/CIV/137/01	MSA HCCC 35/00	PETER JOHN THIONGO V AG	INTERIOR	ROAD TRAFFIC ACCIDE	1,292,000.00	07/05/08	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
231	AG/GC/OP/386/16	KGD PMCC NO. 15/16	STEPHEN GAKURE KIMAITI	INTERIOR	FATAL ACCIDENT	1,250,000.00	28/06/17	PENDING PAYMENT
232	AG/GC/OP/61/14	THK CMCCC 307/14	PHILLIP MUCHAI KIAI	INTERIOR	FATAL ACCIDENT	1,225,187.80	11/01/17	PENDING PAYMENT
233	AG/GC/CP/254/14	CMCC NO. 6783 /2014	GEOFREY NGANGA GITHUA	INTERIOR	MALICIOUS PROSECUT	1,212,460.00	01/03/17	PENDING PAYMENT
234	AG/GC/OP/404/11	NRB CMCC 330/11	FELIX J WEKESA	INTERIOR	ROAD TRAFFIC ACCIDE	1,208,383.85	31/10/12	PENDING PAYMENT
235	AG/GC/MHA/186/OO	MSA HCC 35/00	PETER JOHN THIONGO	INTERIOR	ROAD TRAFFIC ACCIDE	1,197,559.60	01/01/15	PENDING PAYMENT
236	AG/GC/IG/522/09	KISII CMCC NO. 713/2009	FLORENCE BARONGO	INTERIOR	MALICIOUS PROSECUT	1,120,619.00	28/09/11	PENDING PAYMENT
237	AG/GC/CP/267/13	LIMURU CMCC 357/13	KAMAU GACHUNGU	INTERIOR	ROAD TRAFFIC ACCIDE	1,114,000.00	03/07/15	PENDING PAYMENT
238	AG/GC/CP/463,08	THIKA CMCC 615/08	PETER WACHIRA	INTERIOR	MALICIOUS PROSECUT	1,102,355.00	02/09/16	PENDING PAYMENT
239	AG/NYK/CP/27/2013	NYK CMCC 6/13	Simon Lekorere	INTERIOR	MALICIOUS PROSECUT	1,080,000.00	04/09/18	PENDING PAYMENT
240	AG/KSM/MSN/SRMCC N	MSN SRMCC 288/06	WILSON MUKUNA OMULANG	INTERIOR	ROAD TRAFFIC ACCIDE	1,071,990.00	14/07/11	PENDING PAYMENT
241	AG/GC/IG/479/10	BUSIA CMCC 481/10	LEONARD NYENGENYE	INTERIOR	ROAD TRAFFIC ACCIDE	1,068,880.00	24/01/17	PENDING PAYMENT
242	AG/KSM/MSN/SRMCC N	MSN SRMCC 280/06	TIMOTHY ELABUNA NGALA V	INTERIOR	ROAD TRAFFIC ACCIDE	1,057,595.00	16/12/10	PENDING PAYMENT
243	AG/MLD/91/16	MLD HCJR	JEFFA J. NDORO	INTERIOR	COSTS	1,052,814.00	18/07/17	PENDING PAYMENT
244	AG/GC/CP/288/08	LIMURU CMCC 205/08	STEPHEN KAMAU NDIRANGU	INTERIOR	MALICIOUS PROSECUT	1,052,814.00	28/02/17	PENDING PAYMENT
245	AG/GC/OP/394/11	HOMABAY HCMA 17/16	JOSEPH ONYANGO AGENGA	INTERIOR	MALICIOUS PROSECUT	1,030,753.00	12/09/12	PENDING PAYMENT
246	AG/GC/CP/244/02	ELDORET 71/02	ELPHAS KIPRUGUT KOECH	INTERIOR	MALICIOUS PROSECUT	1,030,753.00	27/02/03	PENDING PAYMENT
247	AG/GC/OP/77/04	KAJIADO SRMCC 19/04	SIMON NGUGI	INTERIOR	ROAD TRAFFIC ACCIDE	1,030,650.00	22/03/17	PENDING PAYMENT
248	AG/TAMU/CIV/213/08/	TAMU RMCC 40/08	JEN DORCAS OCHIENG	INTERIOR	P.E.V.	1,024,185.00	10/12/09	PENDING PAYMENT
249	AG/GC/OP/418/12	BGM CMCC 157/12	DAVID KURIA NGURE	INTERIOR	ROAD TRAFFIC ACCIDE	1,012,144.00	05/08/13	PENDING PAYMENT
250	AG/KSM/CIV/268/06(12	MSN SRMCC 283/06	ZAKAYO KWENDO VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	1,000,000.00	10/02/08	PENDING PAYMENT
251	AG/GC/IG/382/11	ELD CMCC 105/11	WILSON KIPTOO	INTERIOR	ROAD TRAFFIC ACCIDE	1,000,000.00	12/05/11	PENDING PAYMENT
252	AG/JRP/OP/11/18	MRG HCMA 49/17	SAMUEL MUTHONDU NDUN	INTERIOR	MALICIOUS PROSECUT	1,000,000.00	25/06/16	PENDING PAYMENT
253	AG/MRU/CP/88/2011	MERU CMCC NO. 329/011	ELIAS MWANGANGI	INTERIOR	ROAD TRAFFIC ACCIDE	1,000,000.00	07/09/14	PENDING PAYMENT
254	AG/ELD/CP/172/11	ELD CMCC 428/11	HARRISON A. ABUKUTSE	INTERIOR	MALICIOUS PROSECUT	1,000,000.00	04/10/17	PENDING APPEAL
255	AG/GC/CP/239/08	NRB JR 1060/02	FATUMA SULEIMAN JAMA	INTERIOR	ROAD TRAFFIC ACCIDE	1,000,000.00	04/02/03	PENDING PAYMENT
256	AG/GC/CP/466/09	NRB CMCC NO. 564/09	AGNES WANJIRU	INTERIOR	ROAD TRAFFIC ACCIDE	994,055.00	22/03/17	PENDING PAYMENT
257	AG/TAMU/CIV/212/08/	TAMU RMCC 38/08	EMMANUEL OTIENO OUMA	INTERIOR	P.E.V.	981,293.00	10/12/09	PENDING PAYMENT
258	AG/TAMU/CIV/241/08/	TAMU RMCC 39/08	GEOFFRY OMONDI OKELLO	INTERIOR	P.E.V.	981,134.00	10/12/09	PENDING PAYMENT
259	AG/MOH/13/99	NRB CMCC 10839/06	JOHN MAIGUA	INTERIOR	WRONGFUL SHOOTING	954,452.00	18/09/13	PENDING PAYMENT
260	AG/KSM/CIV/9/08	MSN SRMCC 268/06	NAHASHON KIBUTA VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	951,785.00	09/11/08	PENDING PAYMENT
261	AG/KSM/MSN/SRMCC N	MSN SRMCC 303/06	REUBEN AINEAH OMULALA V	INTERIOR	ROAD TRAFFIC ACCIDE	942,390.00	12/02/10	PENDING PAYMENT
262	AG/GC/CP/330/03	MKS CMCC NO. 237 /05	BARAKO LEKALGITELE	INTERIOR	MALICIOUS PROSECUT	926,500.00	18/06/14	PENDING PAYMENT
263	AG/OP/2006	KK CMCC NO.372/2006	KENNEDY OKWENA & ANOTH	INTERIOR	MALICIOUS PROSECUT	903,000.00	13/12/16	PENDING PAYMENT
264	AG/GC/CP/523/06	NRB CMCC NO 12382	HENRY KISIANGANI	INTERIOR	MALICIOUS PROSECUT	889,473.00	01/08/12	PENDING PAYMENT
265	AG/JRP/OP/163/15	NRB HCC 275/15	ABDISALAM IBRAHIM ABDIA	INTERIOR	MANDAMUS	884,260.00	08/08/17	PENDING PAYMENT
266	AG/GC/OP/322/13	MLD CMCC 221/13	MUSA SAIDI KALULU	INTERIOR	MALICIOUS PROSECUT	866,400.00	15/10/15	AWAITING PAYMENT
267	AG/GC/IG/435/12	KILGORIS PMCC 28/12	JOHN LENKIRE	INTERIOR	MALICIOUS PROSECUT	852,158.00	19/08/16	PENDING PAYMENT
268	AG/GC/OP/117/15	CMCC NO.3516/2015	PETER NYABOGA	INTERIOR	MALICIOUS PROSECUT	848,409.00	30/06/17	PENDING PAYMENT
269	AG/GC/OP/347/13/92	ELDORET CMCC NO 1562/03	CHRISTINE JEPKORIR	INTERIOR	ROAD TRAFFIC ACCIDE	845,225.00	28/04/16	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
270	AG/GC/IG/541/03	WINAM SRMCC 422/08	KEVIN OTIENO	INTERIOR	WRONGFUL SHOOTING	822,553.00	26/11/13	PENDING PAYMENT
271	AG/CIV/723/04-CP	CMCC NO.2042/05	DANIEL KUNGU	INTERIOR	MALICIOUS PROSECUTI	800,000.00	12/01/17	PENDING PAYMENT
272	AG/JRP/OP/249/16	NRB JR 462/15	BENJAMIN MUTUKU NGUND	INTERIOR	WRONGFUL SHOOTING	800,000.00	16/04/15	PENDING PAYMENT
273	AG/JRP/IG/287/15	NKR/HCMA 413/15	HARUN ONDIMU MABEYA	INTERIOR	MALICIOUS PROSECUTI	799,200.00	12/04/13	PENDING PAYMENT
274	AG/GC/CP/259/14	CMCC NO.6784/14	JUSTUS MUGO MATHU	INTERIOR	MALICIOUS PROSECUTI	797,075.00	23/10/17	PENDING PAYMENT
275	AG/MRU/CP/279J/08	MERU CMCC NO. 449/08	JULIUS DANIEL MUTHINJA	INTERIOR	MALICIOUS PROSECUTI	792,862.00	06/11/15	PENDING PAYMENT
276	AG/OP/420/2014	VIH. PMCC NO.15/2014	WYCLIFF MALESI	INTERIOR	MALICIOUS PROSECUTI	791,724.00	07/04/10	PENDING PAYMENT
277	AG/GC/CP/220/06	NRB CMCC 859/06	JOHN MAKUMI MWANGI	INTERIOR	WRONGFUL SHOOTING	782,100.00	24/03/15	PENDING PAYMENT
278	AG/GC/OP/25/05	BUSIA PMCC 316/05	FIDEL WANYAMA	INTERIOR	ROAD TRAFFIC ACCIDE	775,125.57	19/07/07	PENDING PAYMENT
279	AG/GC/CP/266/13	LIMURU CMCC 356/13	JOHN NDUNG'U WAHU	INTERIOR	ROAD TRAFFIC ACCIDE	763,730.00	03/07/15	PENDING PAYMENT
280	AG/JRP/IG/293/15	NKU HCJR 14 OF 2015 AND I	FRANK HELGE NEUGEBAUER	INTERIOR	MANDAMUS	747,800.00	11/09/12	PENDING PAYMENT
281	AG/ELD/IG/253/2016	KIM PMCC 132/15	MILDRED NYONGESA	INTERIOR	ROAD TRAFFIC ACCIDE	742,204.00	13/09/17	PENDING PAYMENT
282	AG/GC/CP/217/07	NRB CMCC 1241/07	FRANCIS N. MUNGAI	INTERIOR	ROAD TRAFFIC ACCIDE	741,557.00	23/09/10	PENDING PAYMENT
283	AG/JRP/IG/229/15	NRB JR 296/15	ERIC MUTUKU	INTERIOR	WRONGFUL SHOOTING	740,180.00	27/03/13	PENDING PAYMENT
284	AG/GC/CP/309/08	EMBU PMCC 161/08	ELIJAH KITHAKA NTHIGA	INTERIOR	MALICIOUS PROSECUTI	724,284.00	15/08/16	PENDING PAYMENT
285	AG/CIV 98/2011	MALINDI CMCC 16 OF 2010	CHARLES MUTHII	INTERIOR	MALICIOUS PROSECUTI	719,355.00	13/06/17	PENDING PAYMENT
286	AG/GC/CP/505/07	NRB CMCC 2102/07	JOSPHAT LUMUMBA ABURAI	INTERIOR	MALICIOUS PROSECUTI	716,100.00	15/06/15	PENDING PAYMENT
287	AG/KSM/CIV/9/08	MSN SRMCC 275/06	HERBERT OKWEMBA VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	715,818.00	10/02/08	PENDING PAYMENT
288	AG/KSM/MSN/SRMCC N	MSN SRMCC 294/06	FRANCIS ASIENGA VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	697,952.00	21/09/10	PENDING PAYMENT
289	AG/GC/OP/463/10	NYERI CMCC NO 373/10	JOSEPH MAINA	INTERIOR	ROAD TRAFFIC ACCIDE	671,718.70	22/08/14	PENDING PAYMENT
290	AG/JRP/OP/78/17	NAIVASHA PMCC576/09	EMMANUEL SIMIYU	INTERIOR	REVIEW OF JUDGMENT	664,632.00	25/10/11	PENDING PAYMENT
291	AG/MRU/CP/182J/04	MERU CMCC. NO. 738/04	JAPHET GATOBU	INTERIOR	MALICIOUS PROSECUTI	663,000.00	14/04/14	PENDING PAYMENT
292	AG/JRP/CP/241/10	MKS HCJR 292 OF 2010	PAUL MAKAU	INTERIOR	ROAD TRAFFIC ACCIDE	662,805.00	22/06/10	PENDING PAYMENT
293	AG/JRP/MOH/240/10	MKS/HCJR 291 OF 2010	PAUL MAKAU	INTERIOR	ROAD TRAFFIC ACCIDE	655,999.10	22/06/10	PENDING PAYMENT
294	AG/KSM/CIV/9/09	MSN SRMCC 296/06	EDWARD OTIENO VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	641,225.00	18/11/10	PENDING PAYMENT
295	AG/JRP/OP/239/10	MKS HCJR 294 OF 2010	PAUL MAKAU	INTERIOR	ROAD TRAFFIC ACCIDE	635,000.00	22/06/10	PENDING PAYMENT
296	AG/GC/CP/24/17	GICHUGU 13/17	AGNES NJERI MBOGO	INTERIOR	MALICIOUS PROSECUTI	625,245.00	23/03/18	PENDING PAYMENT
297	AG/GC/CP/427/12	KRG CMCC 10/12	DICKSON BUNDI NJAGI	INTERIOR	MALICIOUS PROSECUTI	622,898.00	10/01/17	PENDING PAYMENT
298	AG/GC/OP/523/07	NYERI CMCC 752/07	MITHAMO MIANO	INTERIOR	MALICIOUS PROSECUTI	622,734.00	05/02/12	PENDING PAYMENT
299	AG/GC/CP/501/04	ELD CMCC 473/04	DISMAS WAMALWA MAKENJ	INTERIOR	MALICIOUS PROSECUTI	616,110.00	15/09/08	PENDING PAYMENT
300	AG/GC/CP/497/08	NRB CMCC 3124/08	FABIAN G. MUTHURU	INTERIOR	WRONGFUL SHOOTING	609,818.00	02/07/12	PENDING PAYMENT
301	AG/KSM/CIV/124/08	MSN SRMCC 251/08	PETER ADONGO JUMA	INTERIOR	P.E.V.	609,818.00	01/01/17	PENDING PAYMENT
302	AG/MRU/OP/875/06	MERU CMCC NO. 483/06	SALESIO KIURA NJAGI	INTERIOR	ASSAULT	609,058.00	17/01/14	PENDING PAYMENT
303	AG/MRU/CP/211J/04	MERU CMCC NO. 739/04	NCHEERE BAIGWATHU	INTERIOR	MALICIOUS PROSECUTI	604,926.00	05/02/17	PENDING PAYMENT
304	AG/MRU/184J/04	MERU CMCC NO. 737/04	JOSEPH BUNDI	INTERIOR	MALICIOUS PROSECUTI	603,900.00	05/02/17	PENDING PAYMENT
305	AG/GC/CP/365/11	THIKA CMCC 508/2011	WILLIAM MUGO	INTERIOR	MALICIOUS PROSECUTI	600,000.00	24/08/14	PENDING PAYMENT
306	AG/JRP/MHA/140/13	NRB HCMA 324/13	PATRICIA OLGA HOWSON	INTERIOR	MANDAMUS	600,000.00	04/10/16	PENDING PAYMENT
307	AG/GC/OP/534/09	KISII CMCC 404/09	DAVID SILAL	INTERIOR	MALICIOUS PROSECUTI	589,730.00	14/12/11	PENDING PAYMENT
308	AG/KSM/MSN/SRMCC N	MSN SRMCC 299/06	AMOS OTIKO MOYALE VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	579,816.00	12/09/10	PENDING PAYMENT

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309	AG/KSM/CIV/4/09	MSN SRMCC 304/06	NATHAN MULUMU ONYINO	INTERIOR	ROAD TRAFFIC ACCIDE	575,122.00	29/09/11	PENDING PAYMENT
310	AG/GC/CP/150/10	GARSEN PMCC 133/10	ABDALLA BUYA KOMORA	INTERIOR	MALICIOUS	570,000.00	19/07/12	AWAITING PAYMENT
311	AG/MRU/OP/174/00	MERU CMCC NO. 375/00	HABIBA ROBA BORU	INTERIOR	ROAD TRAFFIC ACCIDE	562,500.00	09/01/05	PENDING PAYMENT
312	AG/KSM/OYUGIS/CIV/2	OYUGIS 186/08	TOBIAS A. OMENDA	INTERIOR	WRONGFUL SHOOTING	562,000.00	19/04/11	PENDING PAYMENT
313	AG/GC/CP/222/13	NRB CMCC 4425/13	OSCAR OWINO	INTERIOR	MALICIOUS PROSECUT	561,763.00	12/06/15	PENDING PAYMENT
314	AG/GC/OP/347/13	EDL CMCC 1562/03	CHRISTINE J CHERUYIOT	INTERIOR	ROAD TRAFFIC ACCIDE	557,000.00	28/04/16	PENDING PAYMENT
315	AG/OP/95/2012	KK CMCC NO.4/2009	MARY ASIKO IMUKABU	INTERIOR	MALICIOUS PROSECUT	557,000.00	17/01/13	PENDING PAYMENT
316	AG/GC/CP/222/12	NRB CMCC 4425/13	OSCAR OWINO	INTERIOR	MALICIOUS PROSECUT	557,000.00	12/06/15	PENDING PAYMENT
317	AG/GC/IG/536/08	WINAM SRMC 421/08	JARED OKOTH OUMA	INTERIOR	WRONGFUL SHOOTING	547,286.00	18/04/13	PENDING PAYMENT
318	AG/ELD/CP/102/2010	BGM CMCC 377/2010	PIUS IKAAL OKADAPAO	INTERIOR	MALICIOUS PROSECUT	537,670.00	20/11/17	PENDING PAYMENT
319	CIV 151/2016	MALINDI CMCC 187/16	WILLIAN NYUNDO	INTERIOR	MALICIOUS PROSECUT	526,120.00	21/07/17	PENDING PAYMENT
320	AG/KK/ICNG/473/2015	KK CMCC NO. 219/2014	BENEDICT LUKENYA	INTERIOR	MALICIOUS PROSECUT	525,221.00	12/11/16	PENDING PAYMENT
321	AG/ICNG/50/2016	KK PET.NO.10/2016	GEORGE MAGENZI MUSUND	INTERIOR	MALICIOUS PROSECUT	518,739.70	09/03/17	PENDING PAYMENT
322	AG/MSA/CIV/183/15	MSA 00000	PETER MUTHAMA VS OCS M	INTERIOR	WRONGFUL SHOOTING	510,400.00	16/11/16	PENDING PAYMENT
323	AG/MSA/CIV/196/2013	MALINDI CMCC 196/13	AHMED KALE AHMED VS AG	INTERIOR	MALICIOUS PROSECUT	509,751.00	16/02/16	PENDING PAYMENT
324	AG/GC/IG/552/08	OYUGIS SPMCC 186/08	TOBIAS ANDHALA OMENDA	INTERIOR	WRONGFUL SHOOTING	508,365.00	19/04/11	PENDING PAYMENT
325	AG/KSM/UKW/OP/CIV/	UKWALA PMCC 14/13	CHRISPINE HAIRA OGINGO	INTERIOR	MALICIOUS PROSECUT	508,167.00	26/07/17	PENDING PAYMENT
326	AG/KSM/UKW/OP/CIV/	UKWALA PMCC 13/13	JACOB AKACH AGUTI	INTERIOR	MALICIOUS PROSECUT	500,000.00	26/07/17	PENDING PAYMENT
327	AG/MERU	MERU CMCC NO. 397/06	JESSEE KIRIINYA	INTERIOR	MALICIOUS PROSECUT	500,000.00	18/12/15	PENDING PAYMENT
328	AG/GC/OP/296/14	BONGOMA CMCC 456/14	PHILIP TOBDI NDIEMA	INTERIOR	MALICIOUS PROSECUT	500,000.00	19/07/16	PENDING PAYMENT
329	AG/GC IG/652/06	NYERICMCC 613/06	PETERSON THUMBI	INTERIOR	ROAD TRAFFIC ACCIDE	500,000.00	21/03/14	PENDING PAYMENT
330	AG/GC/OP/348/03	ELDORET CMCC NO 1561/03	EMMANUEL KIPCHIRCHIR	INTERIOR	ROAD TRAFFIC ACCIDE	496,911.00	28/04/16	PENDING PAYMENT
331	AG/GC/OP/350/03	ELDORET CMCC NO. 1725/0	LEONARD KIPKEMEI	INTERIOR	ROAD TRAFFIC ACCIDE	489,764.60	28/04/16	PENDING PAYMENT
332	AG/GC/OP/78/13	MLD CMCC 134/13	NYAMVULA DZOMNO	INTERIOR	MALICIOUS PROSECUT	488,887.00	15/10/14	PENDING PAYMENT
333	AG/ICNG/591/61	MUMIAS SPMCC NO.200/20	CORNEL ANDATI MACHIO	INTERIOR	MALICIOUS PROSECUT	488,431.00	10/05/17	PENDING PAYMENT
334	AG/GC/IG/647/06	MASENO SRMCC 283/06	ZAKAYO KWENDO	INTERIOR	ROAD TRAFFIC ACCIDE	483,129.00	02/10/08	PENDING PAYMENT
335	AG/GC/OP/OP/328/13	MLD CMCC/234/13	AMANI BAYA	INTERIOR	MALICIOUS	480,000.00	15/10/14	PENDING PAYMENT
336	AG/GC/OP/76/13	MLD CMCC 132/13	BAHATI M. MADZIKO	INTERIOR	MALICIOUS	471,618.00	15/10/14	PENDING PAYMENT
337	AG/MSA/CIV/234/2012	VOI PMCC 104 OF 2012	BAKARI TUNYA	INTERIOR	MALICIOUS PROSECUT	468,624.00	22/09/14	PENDING PAYMENT
338	AG/GC/OP/324/13	MLD CMCC 441/13	CHARO KIRAGA MUZUNGU	INTERIOR	MALICIOUS PROSECUT	464,424.00	15/10/15	PENDING PAYMENT
339	AG/GC/OP/326/13	MLD CMCC 439/13	LUCY NYEVU KARISA	INTERIOR	MALICIOUS PROSECUT	457,505.00	15/10/15	PENDING PAYMENT
340	AG/GC/OP/202/14	NRB CMCC 5628/14	GRACE WANJIKU	INTERIOR	ROAD TRAFFIC ACCIDE	457,360.00	24/08/16	PENDING PAYMENT
341	AG/GC/CP/186/13	MWINGI PMCC 66A/2013	STEVEN MBUTHI	INTERIOR	UNLAWFUL ARREST	443,000.00	05/09/14	PENDING PAYMENT
342	AG/GC/OO/73/13	MLD CMCC 128/13	RACHEAL K. KONDE	INTERIOR	MALICIOUS PROSECUT	441,656.40	15/10/14	PENDING PAYMENT
343	AG/GC/IG/513/09	ELD CMCC 662/09	DAVID SHIUNDU	INTERIOR	MALICIOUS PROSECUT	441,227.00	06/06/12	PENDING PAYMENT
344	AG/GC/OP/74/13	MLD CMCC 130/13	GRACE K. KONDE	INTERIOR	MALICIOUS PROSECUT	441,210.00	15/10/14	PENDING PAYMENT
345	AG/GC/CP/36/13	NRB 528/13	ZEBEDAYO MUSAROA BENJA	INTERIOR	NEGLIGENCE	438,272.00	26/02/16	PENDING PAYMENT
346	AG/GC/OP/327/13	MLD CMCC136/13	HALIMA RASHID	INTERIOR	MALICIOUS PROSECUT	433,225.00	15/10/15	PENDING PAYMENT
347	AG/GC/OP/75/13	MLD CMCC 131/13	AMINA RASHID	INTERIOR	MALICIOUS PROSECUT	425,913.00	15/10/14	PENDING PAYMENT

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348	AG/GC/OP/72/13	MLD CMCC 127/13	PATRICK I. MITSANZE	INTERIOR	MALICIOUS PROSECUT	419,700.00	15/10/14	PENDING PAYMENT
349	AG/MSA/32/16	MSA HCC 931/84	DUNCAN JEREMIAH MANDO	INTERIOR	ROAD TRAFFIC ACCIDE	417,560.00	19/09/89	PENDING PAYMENT
350	AG/GC/IG/648/0(	MASENO SRMCC 268/06	NASHON KIBUTA	INTERIOR	ROAD TRAFFIC ACCIDE	414,250.00	26/11/09	PENDING PAYMENT
351	AG/GC/OP/79/13	MLD CMCC 135/13	ELIZABETH BETTY	INTERIOR	MALICIOUS PROSECUT	413,960.00	15/10/14	PENDING PAYMENT
352	AG/GC/CP/417/0(	BGM 551/05	MOSES NYONGESA SIMIYU	INTERIOR	MALICIOUS PROSECUT	413,270.00	31/03/08	PENDING PAYMENT
353	AG/MSA/CIV/32/14	MSA PMCC NO.14/2014	HARANGA NYIRO VS AG	INTERIOR	MALICIOUS PROSECUT	404,250.00	02/02/15	PENDING PAYMENT
354	AG/MSA/CIV/33/14	MSA PMCC NO.15/2014	MWERO KITSAO VS AG	INTERIOR	MALICIOUS PROSECUT	400,000.00	02/02/15	PENDING PAYMENT
355	AG/JRP/OP/143/13	NRB HCMA 329/13	Kennedy Onyango Orundu	INTERIOR	MANDAMUS	400,000.00	13/06/13	PENDING PAYMENT
356	CIV 142/2015	MALINDI CMCC 169/14	THOMAS LANGO	INTERIOR	MATERIAL DAMAGE	400,000.00	13/03/18	PENDING PAYMENT
357	AG/GC/OP/473/10	ELDCMCC NO. 466/10	JONATHAN NOARI CHESAKRE	INTERIOR	ROAD TRAFFIC ACCIDE	400,000.00	30/08/13	PENDING PAYMENT
358	AG/MSA/CIV/15A/91	MSA SRMCC498/91/ JR .38/	MOHAMED BAISHE VS PS INT	INTERIOR	MALICIOUS PROSECUT	400,000.00	31/07/96	PENDING PAYMENT
359	AG/OP/12/2012	VIH PMCC NO.79/2011	JOSEPH OBIERO	INTERIOR	MALICIOUS PROSECUT	400,000.00	08/11/12	PENDING PAYMENT
360	AG/ELD/MLS/77/17	ELD E&LR 15/17	SAMUEL TANUI	INTERIOR	LABOUR	400,000.00	15/12/17	PENDING PAYMENT
361	AG/LIC/OP/219/14	NKR ELRC 54/2014	DAVID G. KIBUYA	INTERIOR	ALLOWANCES	399,207.00	21/11/14	PENDING PAYMENT
362	AG/NYK/IG/35/2015	NYK CMCC 56B/15	John Maruhi Gicheche	INTERIOR	MALICIOUS PROSECUT	396,390.00	01/11/18	PENDING PAYMENT
363	AG/OP/464/2014	BUTALI PMCC NO.162/2014	RAMADHAN KARUNGANI	INTERIOR	MALICIOUS PROSECUT	392,174.00	08/06/17	PENDING REVIEW
364	AG/GC/OP/348/03	ELD CMCC 1561/03	EMMANUEL KIPCHIRCHIR	INTERIOR	ROAD TRAFFIC ACCIDE	392,174.00	28/04/16	PENDING PAYMENT
365	AG/GC/OP/350/03	ELD CMCC 1725/03	LEONARD KIPKEMEI	INTERIOR	ROAD TRAFFIC ACCIDE	392,174.00	28/04/16	PENDING PAYMENT
366	AG/GC/IG/649/0(	MASENO SRMCC 296/06	EDWARD OTIENO	INTERIOR	ROAD TRAFFIC ACCIDE	380,000.00	18/11/10	PENDING PAYMENT
367	AG/NYI/OP/13/2005	NYI CMCC 945/05	Douglas Karlenye	INTERIOR	TRESPASS	380,000.00	07/06/14	PENDING PAYMENT
368	AG/GC/IG/550/04	KAKAMEGA CMCC NO. 29/0	JOSEPH MUKENYA	INTERIOR	MALICIOUS PROSECUT	377,334.00	19/01/17	PENDING PAYMENT
369	AG/NYI/OP/000/18	NYI HC JR 13/18	Ephraim Wanjohi Ngunjiri	INTERIOR	MANDAMUS	370,274.00	01/01/18	PENDING PAYMENT
370	AG/CPT/CP/281/13	NRB HCPT 470/13	JARED BICHANGA	INTERIOR	TORTURE	365,816.00	15/04/16	PENDING TAXATION
371	AG/ELD/IG/19/2016	KIM PMCC 133/15	MILDRED NYONGESA	INTERIOR	ROAD TRAFFIC ACCIDE	350,356.00	13/09/17	PENDING PAYMENT
372	AG/GC/CP/624/05	KTL 179/06	THOMAS ICHECHI	INTERIOR	MALICIOUS PROSECUT	350,000.00	29/02/12	PENDING PAYMENT
373	AG/GC/OP/18/01	NRB 2609/01	SETH ODOYO ONDIEKI	INTERIOR	WRONGFUL SHOOTING	340,560.00	20/09/05	PENDING PAYMENT
374	AG/MSA/CIV/189/04	MSA RMCC 499/04	FRANCIS DALU VS AG	INTERIOR	ROAD TRAFFIC ACCIDE	340,547.00	28/11/06	PENDING PAYMENT
375	AG/MSA/CIV/15E/91	MSA SRMCC 499/91 JR 38/1	RAMLA LALI VS PS INTERIO	INTERIOR	MALICIOUS PROSECUT	339,955.00	31/07/96	PENDING PAYMENT
376	AG/GC/CP/456/03	MASENO PMCC 153/08	FLORENCE N INDIMULI	INTERIOR	UNLAWFUL ARREST	339,280.00	11/02/10	PENDING PAYMENT
377	AG/OP/21/2014	KK HCC CONST.PET.NO.8/20	WILSON MASUNGI WEKESA	INTERIOR	MALICIOUS PROSECUT	336,300.00	03/10/14	PENDING PAYMENT
378	AG/GC/CP/248/14	EMBU CMCC 304/14	ANNE MUKAMI	INTERIOR	ROAD TRAFFIC ACCIDE	326,055.00	24/10/16	PENDING PAYMENT
379	AG/NYI/CIV/28/2007	NYI CMCC 534/07	Margaret Wambui Weru	INTERIOR	MALICIOUS PROSECUT	324,453.20	11/11/13	PENDING PAYMENT
380	AG/NYI/OP/116/15	Nyeri ELRC 123/2015	George Gitonga Kirika	INTERIOR	UNFAIR TERMINATION	318,200.00	16/12/16	PENDING APPEAL
381	AG/GC/OP/77/13	MLD CMCC 133/13	JACKLINE DHAHABU	INTERIOR	MALICIOUS PROSECUT	314,055.00	15/10/14	PENDING PAYMENT
382	AG/MRU/CP/16/010	MERU CMCC NO. 667/010	JAPHET MAINGI M'AMBUTU	INTERIOR	ROAD TRAFFIC ACCIDE	313,027.00	07/01/15	PENDING PAYMENT
383	AG/GC/OP/394/11	BUNGOMA CMCC 591/11	GABRIEL OTIMO LUKA	INTERIOR	MALICIOUS PROSECUT	310,500.00	06/09/11	PENDING PAYMENT
384	AG/GC/CP/265/13	LIMURU CMCC 358/13	JOHN NDUNG'U WAHU	INTERIOR	ROAD TRAFFIC ACCIDE	310,000.00	03/07/15	PENDING PAYMENT
385	AG/KISII/CIV/85/011	KISII HC PET NO 76/11	JOSEPH KOECH MUTAI	INTERIOR	CONSTITUTIONAL	138,088.00	01/01/17	PENDING PAYMENT
386	AG/KISII/CIV/07/015	BOMET PMCC 96/15	BENARD RONO	INTERIOR	ROAD TRAFFIC ACCIDE	125,420.00	01/01/17	PENDING PAYMENT

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387	KISII/CIV/29/015	KISII CMCC NO 144/15	ALEX KARIMI MURITHI VS AG	INTERIOR	MALICIOUS PROSECUT	120,895.00	07/07/17	PENDING PAYMENT
388	AG/KISII/CIV/05/015	BOMET PMCC 93/15	GAD TARA MABOI	INTERIOR	ROAD TRAFFIC ACCIDE	107,300.00	01/01/17	PENDING PAYMENT
389	AG/KISII/CIV/06/015	BOMET PMCC 94/15	PETER CHERUIYOT	INTERIOR	ROAD TRAFFIC ACCIDE	103,000.00	01/01/17	PENDING PAYMENT
390	AG/KISII/CIV/08/015	BOMET PMCC 95/15	JOHNSON CHERUIYOT	INTERIOR	ROAD TRAFFIC ACCIDE	101,895.00	01/01/17	PENDING PAYMENT
391	AG/GC/OP/496/03	MERU CMCCC 756/03	ROMANO MWENDA KAUKA	INTERIOR	MALICIOUS PROSECUT	101,000.00	07/07/11	PENDING PAYMENT
392	AG/JRP/OP/196/06	KERUGOYA MISC 44/06	ELIJAH K. KATHOKORO	INTERIOR	MANDAMUS	64,397.00	15/03/18	AWAITING RULING
393	AG/CPT/CP/133/08	NRB HCPT 822 OF 2008	SALIM A. SALIM	INTERIOR	TORTURE	300,000.00	31/07/13	PENDING PAYMENT
394	AG/GC/OP/381/16	MSA HCC 123/09	KENCENT HOLDINGS LTD	INTERIOR	LAND	300,000.00	12/10/11	PENDING PAYMENT
395	AG/CPT/CP/285/14	NRB HCPT 376 OF 2014	IRENE WANGARI & 6 OTHER	INTERIOR	NYAYO TORTURE	300,000.00	20/01/17	PENDING PAYMENT
396	AG/CPT/OP/285/14	NRB HCPT 360 & 6 OTHERS	CHEGE KURIA & 6 OTHERS	INTERIOR	NYAYO TORTURE	300,000.00	16/11/17	PENDING PAYMENT
397	AG/CPT/OP/69/16	NRB HCPT 126/16	RODGERS WAFULA VS AG	INTERIOR	NYAYO TORTURE	296,424.00	25/01/18	PENDING RULING
398	AG/CPT/OP/69/17	NRB HCPT 127/16	JACOB OMUKAKA VS AG	INTERIOR	NYAYO TORTURE	294,856.00	25/01/18	PENDING RULING
399	AG/CPT/OP/69/18	NRB HCPT 128/16	ESTHER NANGUNDA VS AG	INTERIOR	NYAYO TORTURE	278,800.00	25/01/18	PENDING RULING
400	AG/CPT/CP/413/12	NRB HCPT530 OF 2012	JASTON ONGULE ONYANGO	INTERIOR	NYAYO TORTURE	278,535.00	28/10/15	PENDING PAYMENT
401	AG/CPT/CP/166/15	NRB HCPT 237 OF 2015	DENNIS ITUMBI	INTERIOR	MALICIOUS PROSECUT	275,000.00	30/01/18	PENDING APPEAL
402	AG/CPT/OP/501/14	KISII HCPT 22 OF 2014	JOSEPH K. MUTAI	INTERIOR	UNLAWFUL DETENTION	275,000.00	30/05/13	PENDING PAYMENT
403	AG/CPT/OP/224/13	NRB HCPT 395/13	FLORENCE W. MUCHIRI	INTERIOR	MALICIOUS PROSECUT	273,180.00	12/05/17	PENDING TAXATION
404	AG/CPT/OP/73/15	NRB HCPT 91 OF 2015	KISILU MUTUA	INTERIOR	NYAYO TORTURE	250,000.00	05/12/17	PENDING PAYMENT
405	AG/CPT/MJ/108/11	NRB HCPT 132 OF 2011	FLORENCE AMUNGA	INTERIOR	P.E.V.	250,000.00	18/08/16	PENDING PAYMENT
406	AG/CPT/CP/128/13	NRB HCPT 200 OF 2013	NGETHE WA MURIMI	INTERIOR	NYAYO TORTURE	249,799.00	20/01/17	PENDING PAYMENT
407	AG/CPT/OP/130/16	NRB HCPT 202 OF 2016	KHADHIKA T. URMILA	INTERIOR	DEPORTATION	249,755.00	25/07/16	PENDING PAYMENT
408	AG/ELD/CP/120/2016	ITEN SRMCC 40/10	ISAAC KIPTOO KIPTUGEN	INTERIOR	MALICIOUS PROSECUT	248,549.00	30/01/18	PENDING APPEAL
409	AG/CPT/CP/19/12	NRB HCPT 375 OF 2014	KENNEDY KINUTHIA & 3 OTH	INTERIOR	NYAYO TORTURE	247,688.00	01/01/18	PENDING PAYMENT
410	AG/CPT/CP/390/14	NRB HCPT 523 OF 2014	CHRISTINA G. KUBAI	INTERIOR	MALICIOUS PROSECUT	240,180.00	26/07/17	PENDING PAYMENT
411	AG/CPT/OP/257/15	NRB HCPT 323 OF 2015	PETER NDEGWA KIAI	INTERIOR	ALCOHOL REGULATION	240,000.00	12/05/17	PENDING APPEAL
412	AG/CPT/CP/83/14	NRB HCPT 323 OF 2014	WILFRED OLAL	INTERIOR	NYAYO TORTURE	238,500.00	28/06/17	PENDING PAYMENT
413	AG/GC/OP/535/08	VIHIGA SPMCC 146/08	FREDRICK MUSOTSI	INTERIOR	WRONGFUL SHOOTING	235,032.00	24/09/13	PENDING PAYMENT
414	AG/GC/OP/217/04	NRB PMCC MSC 29/04	JAMES IRUNGU	INTERIOR	WRONGFUL SHOOTING	234,666.50	13/09/17	PENDING PAYMENT
415	AG/CPT/CP/19/12	NRB HCPT 25 OF 2012	WANYIRI KIHORO	INTERIOR	NYAYO TORTURE	232,020.00	27/05/16	PENDING PAYMENT
416	AG/GC/CP/206/14	MKS CMCC 811/14	MARY MALI KAINDI	INTERIOR	MALICIOUS PROSECUT	226,130.00	27/09/16	PENDING PAYMENT
417	AG/CPT/CP/134/13	NRB HCPT 208 OF 2013	BENARD KIHIU MATAMA	INTERIOR	NYAYO TORTURE	226,130.00	09/11/15	PENDING APPEAL
418	AG/GC/OP/95/12	WANGURU PMCC 48 OF 201	REBECCA MUTHONI	INTERIOR	ROAD TRAFFIC ACCIDE	225,638.00	19/04/16	PENDING PAYMENT
419	AG/KSM/CIV/206/08	KSM SRMCC 497/08	MATHER A ANDANGO	INTERIOR	WRONGFUL SHOOTING	224,725.00	16/12/10	PENDING PAYMENT
420	AG/KSM/CIV/104/08	KSM SRMCC 402/08	MICHAEL OLUOCH	INTERIOR	WRONGFUL SHOOTING	224,000.10	23/09/11	PENDING PAYMENT
421	AG/KSM/CIV/178/08	KSM SRMCC 491/08	ALEX AMBANI	INTERIOR	WRONGFUL SHOOTING	222,926.00	27/09/11	PENDING PAYMENT
422	AG/KSM/CIV/198/08	KSM SRMCC 498/08	SILAS JUMA EKOINE	INTERIOR	WRONGFUL SHOOTING	222,850.00	15/12/10	PENDING PAYMEN T
423	AG/WNM/CIV/160/08	WNM SRMCC 416/08	WILLIS OMONDI OTIENO	INTERIOR	WRONGFUL SHOOTING	220,401.50	29/04/10	PENDING PAYMENT
424	AG/WNM/CIV/1621/08	WNM SRMCC 417/08	JEMIMA AUMA AYWAYA	INTERIOR	WRONGFUL SHOOTING	219,910.00	26/11/11	PENDING PAYMENT
425	AG/WNM/CIV/170/08	WNM SRMCC 414/08	PATRICK ONYANGO	INTERIOR	WRONGFUL SHOOTING	219,640.00	18/04/13	PENDING PAYMENT

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426	AG/KSM/CIV/195/08	KSM SRMCC 338/08	PAUL N OGOLA	INTERIOR	WRONGFUL SHOOTING	219,540.00	10/06/11	PENDING PAYMENT
427	AG/KSM/CIV/103/08	KSM SRMCC 398/08	ALFRED ODHIAMBO OBWAN	INTERIOR	WRONGFUL SHOOTING	218,640.00	15/05/12	PENDING PAYMENT
428	AG/KSM/CIV/108	KSM SRMCC 405/08	WILLIAM SUDHE OJORO	INTERIOR	WRONGFUL SHOOTING	213,762.00	19/04/11	PENDING PAYMENT
429	AG/WNM/CIV/171/08	WNM SRMCC 415/08	ERICK OTIENO ONYANGO	INTERIOR	WRONGFUL SHOOTING	213,500.00	14/05/13	PENDING PAYMENT
430	AG/KSM/CIV/194/08	KSM CMCC 492/08	JOSEPH OWUOR NYAMORI	INTERIOR	WRONGFUL SHOOTING	212,500.00	30/05/11	PENDING PAYMENT
431	AG/KSM/CIV/201/08	KSM CMCC 495/08	ERICK ONANDA OTANGA	INTERIOR	WRONGFUL SHOOTING	207,896.00	09/03/10	PENDING PAYMENT
432	AG/KSM/CIV/210/08	KSM 506/08	KENNEDY ODHIAMBO OCHIG	INTERIOR	WRONGFUL SHOOTING	205,575.00	27/10/11	PENDING PAYMENT
433	AG/WNM/CIV/167/08	WNM SRMCC 422/08	KEVIN OTIENO	INTERIOR	WRONGFUL SHOOTING	194,527.00	26/09/13	PENDING PAYMENT
434	AG/KSM/CIV/106/08	KSM SRMCC 400/08	WASHINGTON ODHIAMBO	INTERIOR	WRONGFUL SHOOTING	194,527.00	16/09/09	PENDING PAYMENT
435	AG/KSM/CIV/180/08	KSM SRMCC 483/08	SILPA MUSA	INTERIOR	WRONGFUL SHOOTING	192,640.00	26/06/12	PENDING PAYMENT
436	AG/KSM/CIV/191/08	KSM SRMCC 489/08	FELIX OLUOCH OREYO	INTERIOR	WRONGFUL SHOOTING	191,000.00	27/09/11	PENDING PAYMENT
437	AG/KSM/CIV/187/08	KSM SRMCC 485/08	DICKENS ODHIAMBO	INTERIOR	WRONGFUL SHOOTING	181,800.00	26/06/12	PENDING PAYMENT
438	AG/KSM/CIV/105/08	KSM SRMCC 399/08	DANIEL ACHUTI OPIYO	INTERIOR	WRONGFUL SHOOTING	180,000.00	24/01/12	PENDING PAYMENT
439	AG/KSM/CIV/200/08	KSM SRMCC 488/08	SIMON PETER ODHIAMBO	INTERIOR	WRONGFUL SHOOTING	171,150.00	12/08/11	PENDING PAYMENT
440	AG/KSM/CIV/102/08	KSM SRMCC 401/08	ROY OKOTH OPIYO	INTERIOR	WRONGFUL SHOOTING	170,000.00	27/11/11	PENDING PAYMENT
441	AG/WNM/CIV/169/08	WNM SRMCC 423/08	GEORGE ODHIAMBO OLOO	INTERIOR	WRONGFUL SHOOTING	163,400.00	26/09/13	PENDING PAYMENT
442	AG/KSM/CIV/110/08	SRMCC 403/08	NICHOLAS ODHIAMBO AKUM	INTERIOR	WRONGFUL SHOOTING	161,106.60	20/04/11	PENDIING PAYMENT
443	AG/WNM/CIV/162/08	WNM SRMCC 418/08	GEOFREY MAVINDA OBULUK	INTERIOR	WRONGFUL SHOOTING	158,935.00	26/08/14	PENDING PAYMENT
444	AG/KSM/CIV/179/08	KSM SRMCC 493/08	BERNARD OKOTH ONYANGO	INTERIOR	WRONGFUL SHOOTING	155,705.00	16/01/14	PENDING PAYMENT
445	AG/KSM/CIV/209/08(42	KSM 505/08	DANIEL OCHIENG KETA	INTERIOR	WRONGFUL SHOOTING	155,705.00	09/09/09	PENDING PAYMENT
446	AG/WNM/CIV/92/08	WNM SRMCC 92/08	BOAZ OOKO ONANDA	INTERIOR	WRONGFUL SHOOTING	153,000.00	02/02/10	PENDING PAYMENT
447	AG/KSM/CIV/204/08	KSM 503/08	EDWIN OTIENO OLAGO	INTERIOR	WRONGFUL SHOOTING	151,436.00	16/01/14	PENDING PAYMENT
448	AG/KSM/VHG/59/08	VIHIGA 59/08	EVANS ABUKUSE ALUBA	INTERIOR	ROAD TRAFFIC ACCIDE	151,288.00	29/07/09	PENDING PAYMENT
449	AG/KSM/VHG/62/08	VIHIGA 62/08	JOHN K. ROTICH	INTERIOR	ROAD TRAFFIC ACCIDE	150,053.00	29/07/09	PENDING PAYMENT
450	AG/KSM/VHG/60/08	VIHIGA 60/08	SAMSON K. KIPRONO	INTERIOR	ROAD TRAFFIC ACCIDE	150,000.00	29/07/09	PENDING PAYMENT
451	AG/WNM/CIV/166/08	WNM SRMCC 421/08	JARED OUMA	INTERIOR	WRONGFUL SHOOTING	149,784.00	04/10/13	PENDING PAYMENT
452	AG/KSM/VHG/61/08	VIHIGA 61/08	PIUS K. MUTAI	INTERIOR	ROAD TRAFFIC ACCIDE	145,250.00	29/07/09	PENDING PAYMENT
453	AG/KSM/CIV/107/08	KSM SRMCC 397/08	JACOB OGWENO ODERO	INTERIOR	WRONGFUL SHOOTING	145,043.00	16/06/09	PENDING PAYMENT
454	AG/KSM/CIV/203/08	KSM/502	DENIS OGUTU OWINO	INTERIOR	WRONGFUL SHOOTING	138,230.00	15/12/10	PENDING PAYMENT
455	AG/KSM/CIV/192/08	KSM SRMCC 487/08	JOHN OMARI AMISI	INTERIOR	WRONGFUL SHOOTING	100,000.00	19/10/10	PENDING PAYMENT
456	AG/KSM/CIV/272/08	KSM SRMCC 443/08	KENETH OWUOR	INTERIOR	ROAD TRAFFIC ACCIDE	95,000.00	08/06/13	PENDING PAYMENT
457	AG/KSM/CIV/202/08	KSM SPMCC 501/08	ALLAN GUSA NGOTA	INTERIOR	WRONGFUL SHOOTING	80,000.00	05/12/14	PENDING PAYMENT
458	AG/KSM/CIV/273/08	KSM SRMCC 444/08	LEO WERE OYENGO	INTERIOR	ROAD TRAFFIC ACCIDE	52,020.00	25/05/12	PENDING PAYMENT
459						9,451,999,824.23		
460	AG/CPT/DOJ/73/17	NRB HCPT 120 OF 2017	JOSPHAT M. MUTUA	JUDICIARY	AUCTIONEER LICENSIN	5,000,000.00	08/03/18	PENDING PAYMENT
461	AG/GC/JD/129/08	NRB CMCC 2675/08	LINDA TUJU AYAYO	JUDICIARY	NEGLIGENCE	443,000.00	03/05/14	PENDING PAYMENT
462	AG/LIC/JD/29/13	NRB ELRC NO.129/13	PETER SANGANYI	JUDICIARY	UNFAIR DISMISAL	413,510.00	31/05/16	PENDING PAYMENT
463						5,856,510.00		
464	AG/LIC/ML/37/13	NRB.ICC No.442/2013	Mary Gitao	LABOUR	UNFAIR TERMINATION	4,791,200.00	05/05/17	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
465	AG/GC/CP/151/13	MURANG'A CMCC NO. 174 /	NELLY WANGARI MWANGI	LABOUR	NEGLIGENCE	2,600,000.00	08/10/15	PENDING PAYMENT
466	AG/GC/ML/228/12	NRB CMCC 4068/12	DIMPLES ENTERTAINMENT V	LABOUR	BREACH OF CONTRACT	1,004,098.00	02/07/14	PENDING PAYMENT
467	AG/GC/ML/376/11	NYAHURURU CMCC 129/11	WAWERU GATAMA	LABOUR	ROAD TRAFFIC ACCIDE	636,320.00	11/09/14	PENDING PAYMENT
468	AG/GC/MLS/296/11	NRB CMCC NO. 4163/11	ZINGO INVESTSMENTS LTD	LABOUR	MATERIAL DAMAGE	185,700.00	19/06/17	PENDING PAYMENT
469						9,217,318.00		
470	AG/MSA/CIV/12/2011	MSA HCC PET 47/2012	RAHIM KHAN & OTHRS VS CH	LANDS	LAND	9,855,000,000.00	20/06/17	PENDING APPEAL
471	AG/ELD/MLS/60/12	ELD E&I PET 10/13	PIUS KIBET TOTT	LANDS	COMPENSATION	4,500,000,000.00	01/12/18	PENDING APPEAL
472	AG/ELD/MLS/41/18	ELD E&L 112/16	NATIONAL LAND COM VS AG	LANDS	COMPENSATION	2,950,000,000.00	23/10/17	PENDING APPEAL
473	AG/L&E/MLS/000/16	MBSA HCPT 170/16	MIRITINI FREE PORT LTD &AN	LANDS	COMPULSORY ACQUISI	1,475,486,485.00	15/12/15	PENDING APPEAL
474	AG/ELD/MLS/23/13	ELD CA 51/16	CHIEF LAND RG VS. NATHAN	LANDS	LAND COMPENSATION	1,347,214,076.00	15/04/16	PENDING APPEAL
475	AG/CPT/MLS/13/13	NRB HCPT 248/13	ARNAGHERRY LTD	LANDS	LAND COMPENSATION	1,098,970,735.00	17/10/14	PENDING PAYMENT
476	AG/L&E/MLS/000/16	MBSA HCPT 170/16	AFRICAN GAS & OIL -	LANDS	TITLE CANCELLATION	519,913,977.00	01/07/16	PENDING APPEAL
477	AG/L&E/MLS/194/11	MLD ELC 120/11	JOYCE NYOKABI	LANDS	CANCELLATION OF TITL	382,080,000.00	25/09/15	PENDING PAYMENT
478	AG/L&E/MLS/195/11	MLD ELC 119/11	KENNETH K. BOIT	LANDS	CANCELLATION OF TITL	334,006,575.00	25/09/15	PENDING PAYMENT
479	AG/MSA/CIV/115/13	MLD ELC 000/13	JOYCE NYOKABI VS. AG	LANDS	CANCELLATION OF TITL	288,000,000.00	25/09/15	PENDING APPEAL
480	AG/L&E/MLS/211/08	MLD ELC 107/08	ROSE K. MWIVITHI	LANDS	CANCELLATION OF TITL	285,948,075.00	25/09/15	PENDING PAYMENT
481	AG/MSA/CIV/116 OF 20	MLD ELC 000/13	KENNETH K. BOIT VS AG	LANDS	CANCELLATION OF TITL	251,763,750.00	25/09/15	PENDING APPEAL
482	AG/E&L/MLS/247/13	ELD E&I 20/13	HARJIT PANDHAL SINGH V. A	LANDS	LAND COMPENSATION	250,000,000.00	20/05/16	PENDING APPEAL
483	AG/MSA/CIV/41/09	MLD ELC 000/13	ROSE KAVITA MWIVITHI	LANDS	CANCELLATION OF TITL	215,538,750.00	25/09/15	PENDING APPEAL
484	AG/L&E/MLS/212/08	MLD ELC 102/08	MARIAM M. MUSEMBI	LANDS	CANCELLATION OF TITL	200,243,750.00	25/09/15	PENDING PAYMENT
485	AG/MSA/CIV/42/09	MLD ELC 000/13	MARIAN MUENI MUSEMBI	LANDS	CANCELLATION OF TITL	150,937,500.00	25/09/15	PENDING APPEAL
486	AG/JRP/MLS/124/17	NRB HCJR 323 OF 2017	KHIMJI BHIMJI SEYANI	LANDS	LAND	138,953,642.70	13/03/15	PENDING PAYMENT
487	AG/MLS/L&E/2/11	NRB HCC 569/2011	ANTHONY KUBONDO VS LAN	LANDS	DOUBLE ALLOCATION	17,000,000.00	01/01/18	PENDING PAYMENT
488	CIV /195/2017	MALINDI MISC 2/17	JOYCE WACIUMA	LANDS	LAND OWNERSHIP DIS	8,211,184.00	04/04/14	PENDING PAYMENT
489	CIV 109/07	MALINDI ELC NO 86/07	MADETENI LTD	LANDS	LAND OWNERSHIP	4,913,073.28	01/01/17	PENDING PAYMENT
490	AG/CPT/MLS/148/12	NRB ELC 961/12	SHIMONI RESORTS	LANDS	LAND OWNERSHIP	4,704,957.70	15/04/16	PENDING PAYMENT
491	AG/MLS/JR/000/15	NRB HC JR 193/15	ONGATA WORKS LTD	LANDS	BREACH OF CONTRACT	2,083,360.00	01/01/17	PENDING TAXATION
492	AG/JRP/MF/13/17	NRB JR 19/17	JEPHITHA NTAMWEYA NYAN	LANDS	ROAD TRAFFIC ACCIDE	1,080,209.00	18/06/14	PENDING PAYMENT
493	AG/LIC/MLS/3/07	NRB ELRC NO. 1001/14	OBADIAH KITONYI	LANDS	UNFAIR DISMISAL	1,000,000.00	06/04/18	PENDING PAYMENT
494	AG/JRP/MLS/228/13	MSA HCC 4/13	WYCLIFFE SAYIA OKUNGU	LANDS	COMPENSATION	774,269.00	25/04/14	PENDING PAYMENT
495	AG/GC/MLS/624/05	KAKAMEGA NO 107/05	FESTUS MUKUNDA	LANDS	LAND OWNERSHIP	712,720.00	28/03/07	PENDING PAYMENT
496	AG/JRP/MLS/290/15	KISII HCJR 11 OF 2015	CHRITINE ROBI SENZO	LANDS	ROAD TRAFFIC ACCIDE	682,925.00	12/06/97	PENDING PAYMENT
497	AG/GC/MLS/217/08	NRB CMCC 8102/08	KAMAU THITU	LANDS	ROAD TRAFFIC ACCIDE	485,850.00	18/01/13	PENDING PAYMENT
498	AG/GC/MLS/13/13	NRB CMCC 396/13	FANICE MANY'ULA NANDWA	LANDS	ROAD TRAFFIC ACCIDE	450,000.00	01/09/17	PENDING PAYMENT
499	AG/MLS/74/91	NYERI HCC 138/91	JOSEPH GITONGA GITHONGO	LANDS	LAND OWNERSHIP	435,998.30	20/09/05	PENDING PAYMENT
500	AG/JRP/192/17	MKS HCJR 65 OF 2017	NATHAN TIROP KOECHMUTE	LANDS	LAND OWNERSHIP	388,965.00	04/10/17	PENDING PAYMENT
501	AG/LIC/MLS/13/13	ELRC 983/13	BEATRICE MATHENGE	LANDS	UNPAID SALARIES	323,448.00	21/07/17	PENDING TAXATION
502	AG/ELD/MLS/65/2017	BGM ELR 5/17	SAMWEL W. MABONGA	LANDS	LABOUR	224,197.00	26/01/18	PENDING PAYMENT
503	AG/ELD/MLS/65/17	BGM E&L 5/17	SAMWEL WANYONYI MABON	LANDS	ALLOWANCES	222,600.00	26/01/18	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
504	AG/LIC/ML/136/15	NRB ELRC NO.1962 /15	SIMON P KAMAU	LANDS	EMPLOYMENT	150,723.00	13/04/17	PENDING PAYMENT
505	AG/JRP/MLS/328/12	NRB HCJR85 OF 2005	RICHARD KWOBA NABIBIA	LANDS	COSTS	114,000.00	26/07/12	PENDING PAYMENT
506						24,288,015,794.98		
507	AG/GC/NA/1/16	NRB HCC MISC 24/16	PROF. PETER ANYANG NYON(	NATIONAL ASSEM	LEGAL FEES	2,568,020.24	23/02/11	PENDING PAYMENT
508						2,568,020.24		
509	AG/L&E/MENR/155/09	NRB HCC 375/09	CORBY LIMITED	PETROLEUM	CANCELLATION LICENC	1,385,476,780.00	01/01/17	PENDING PAYMENT
510	AG/LIC/MERD/54/13	NRB ELRC 1314/13	SELEST N. KILINDA	PETROLEUM	WRONGFUL DISMISSAL	24,449,600.00	28/02/18	PENDING PAYMENT
511						1,409,926,380.00		
512	AG/LIC/PSC/86/13	NRB ELRC 550/13	JAMES NYANGIYE	PUBLIC SERVICE	RETRENCHEMENT DUE	1,575,528,510.00	27/06/12	PENDING PAYMENT
513	AG/NYI/NYS/42/2017	NYI CMCC 159/17	Naromoru River Lodge	PUBLIC SERVICE	DEBT	4,269,289.55	07/05/17	PENDING PAYMENT
514	AG/GC/MCSS/451/09	MWINGI SRMCC 204/09	CECILIA M MUITHYA	PUBLIC SERVICE	ROAD TRAFFIC ACCIDE	1,080,010.50	20/06/12	PENDING PAYMENT
515	AG/LIC/PSC/27/12	NRB ELRC 51/12	EMMANUEL MUKORO	PUBLIC SERVICE	UNPAID SALARY	962,000.00	01/09/17	PENDING PAYMENT
516	AG/GC//CP/201/12	NRB ELC 1145/12	PIUS KAKONO KAU	PUBLIC SERVICE	UNFAIR DISMISSAL	656,000.00	15/02/17	PENDING PAYMENT
517	AG/LIC/PSC/7/15	NRB ELRC PET 14/15	PETER MWENDWA KALIKI	PUBLIC SERVICE	UNFAIR TERMINATION	342,342.00	16/10/16	PENDING PAYMENT
518						1,582,838,152.05		
519	AG/GC/MACA/566/07	BUSIA CMCC 197/11	MAXIMILA K AILE	SPORTS	ROAD TRAFFIC ACCIDE	280,003.00	06/05/13	PENDING PAYMENT
520						280,003.00		
521	AG/LIC/MTW/13/12	NRB ELRC 2344/12	MUTUA NZIOKA PATRICK	TOURISM	WRONGFUL DISMISSAL	12,960,000.00	07/12/17	PENDING PAYMENT
522						12,960,000.00		
523	AG/ARB/MLG/20/21	ARBITRATION	NYORO CONSTRUCTION V M	TRANSPORT	BREACH OF CONTRACT	3,060,138,933.00	02/05/17	PENDING PAYMENT
524	AG/L&E/MOW/151/11	NRB ELC 1303/14	MIKE MAINA	TRANSPORT	LAND OWNERSHIP	711,588,204.00	29/11/17	PENDING APPEAL
525	AG/L&E/MOW/151/11	NRB HCC 1303/2014	MIKE MAINA	TRANSPORT	DEMOLITION	711,000,000.00	01/01/18	PENDING PAYMENT
526	AG/CAR/MOW/5/06	NRB HCC. 704/06 AND 705/(	COASTAL ENTERPRISES LIMIT	TRANSPORT	BREACH OF CONTRACT	359,682,498.10	01/01/17	PENDING PAYMENT
527	AG/ARB/MLG/20/12	ARBITRATION	NYORO CONSTRUCTION V M	TRANSPORT	BREACH OF CONTRACT	203,694,950.00	03/10/17	PENDING PAYMENT
528	AG/CAR/MLS/25/17	ARBITRATION	ITALBUILD IMPORTS LIMITED	TRANSPORT	BREACH OF CONTRACT	48,375,232.58	01/01/17	PENDING PAYMENT
529	AG/L&E/MLS/113/08	NRB ELC 67/16	JULIUS MUSYOKA	TRANSPORT	LAND	10,886,777.20	15/02/18	PENDING PAYMENT
530	AG/GC/CP/18/06	NAIROBI HC 531/06	KAVATA MWANZI	TRANSPORT	VEHICLE IMPOUNDED	4,729,417.80	08/04/11	PENDING PAYMENT
531	AG/JRP/MOW/82/14	NRB MSC HCC 174/14	TOTEM SERVICES STATION LI	TRANSPORT	BREACH OF CONTRACT	3,901,897.95	01/01/17	PENDING PAYMENT
532	AG/GC/MOW/351/13	NYANDO SPMCC NO 184/13	FANUEL MISANGO	TRANSPORT	ROAD TRAFFIC ACCIDE	1,524,745.30	14/10/14	PENDING PAYMENT
533	AG/JRP/MOW/246/16	NRB HCTR 518/16	NANCY WAIRIMU KIRUNDI	TRANSPORT	MANDAMUS	974,980.00	10/01/17	PENDING PAYMENT
534	AG/GC/OP/520/08	NRB CMCC 2788/15	KAMENWA NJENGA	TRANSPORT	BREACH OF CONTRACT	782,961.00	16/01/18	PENDING PAYMENT
535	AG/GC/MOW/488/09	MACHAKOS CMCC 1174/09	MOSES SAMMY	TRANSPORT	ROAD TRAFFIC ACCIDE	644,920.20	06/07/17	PENDING PAYMENT
536	AG/KSM/NYD/CIV/ 87/0	NYANDO SRMCC 157/08	RUTH ODHIAMBO OTIENO	TRANSPORT	ROAD TRAFFIC ACCIDE	640,971.00	05/10/12	PENDING PAYMENT
537	AG/JRP/MOW/78/04	MSA JR 760/04	OSMAN SALIM MADEI	TRANSPORT	ROAD TRAFFIC ACCIDE	591,592.00	05/07/07	PENDING PAYMENT
538	AG/GC/MOW/19/97	MSA RMCC 1742/97	ZACHARIA M GICHERU	TRANSPORT	OCCUPATIONAL INJURY	436,546.25	22/09/03	PENDING PAYMENT
539	AG/MSA/CIV/73/98	MSA SRMCC 5446/99	ELSON MWANGOVI	TRANSPORT	ROAD TRAFFIC ACCIDE	373,000.00	08/03/10	PENDING PAYMENT
540	AG/MSA/CIV/19/1997	MSA RMCC 1742/97	ZACHARIA GICHERE VS AG	TRANSPORT	WORKMAN COMPENSA	234,560.00	22/09/03	PENDING PAYMENT
541	AG/GC/MOW/294/08	NRB CMCC 3630/08	FRANCIS KAGACA	TRANSPORT	ROAD TRAFFIC ACCIDE	200,000.00	25/07/16	PENDING PAYMENT
542	AG/NYI/MOW/5/2004	NYR HCC APP 6/14	Margaret Wangui Ritho	TRANSPORT	ROAD TRAFFIC ACCIDE	157,990.10	21/07/17	PENDING PAYMENT

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	JUDGEMENT	JG-DATE	STATUS
543	AG/GC/MOW/377/11	MWINGI SRMCC 70/11	NZAU NGANDE	TRANSPORT	ROAD TRAFFIC ACCIDE	145,134.50	14/11/12	PENDING PAYMENT
544	AG/GC/MOW/220/10	LIMURU SPMCC 27 OF 2010	EQUIP AGENCIES	TRANSPORT	ROAD TRAFFIC ACCIDE	139,608.00	11/06/15	PENDING PAYMENT
545	AG/GC/MTC/616/05	NRB CMC 14250/05	FLORENCE AUMA OCHIENO	TRANSPORT	ROAD TRAFFIC ACCIDE	94,900.00	06/03/08	PENDING PAYMENT
546	AG/GC/MLS/539/04	NYERI CMCC 901/04	ELIAS JOHN KARIUKI	TRANSPORT	LAND OWNERSHIP	89,978.70	12/08/05	PENDING PAYMENT
547	AG/GC/MOW/292/08	NRB CMCC 3095/06	ANTHONY MUTURI MUGO	TRANSPORT	ROAD TRAFFIC ACCIDE	60,000.00	25/05/12	PENDING PAYMENT
548						5,121,089,797.68		
549	AG/CAR/MF/9/05	NRB HCC 499/05	KENNETH KIPLAGAT VS. AG	TREASURY	LEGAL FEES	400,000,000.00	01/01/05	PENDING PAYMENT
550	AG/JRP/MF/174/02	NRB JR 642/05	CHARLES RATEMO OYIEKO	TREASURY	MANDAMUS	402,704.00	29/06/15	PENDING PAYMENT
551	AG/GC/MF/401/10	NRB CMCC 1146/10	WILLIAM O OKUMU	TREASURY	ROAD TRAFFIC ACCIDE	153,633.86	22/02/12	PENDING PAYMENT
552						400,556,337.86		
553	AG/JRP/MOW/137	NRB HCCC 43/02 / JR MISC 2	BIOMEDICA LABORATORIES L	WATER	BREACH OF CONTRACT	9,418,127.00	01/01/17	PENDING TAXATION
554	AG/GC/MWD/60/00	KGM CMCC 635/00	CHARLES TAMBA	WATER	ROAD TRAFFIC ACCIDE	2,569,809.00	24/08/05	PENDING PAYMENT
555	AG/GC/MEWNR/154/15	KITHI CMCC 219/15	KYALO MUTUKU	WATER	ROAD TRAFFIC ACCIDE	812,305.00	28/09/16	PENDING PAYMENT
556	AG/GC/MEWNR/155/15	KITHI CMCC 220/15	PATRICK WAITA WAMBUA	WATER	ROAD TRAFFIC ACCIDE	487,305.00	28/09/16	PENDING PAYMENT
557	AG/GC/MWD/1/08	KERUGOYA SRMCC 89/08 E	ELIUD NDUGUTU	WATER	LAND OWNERSHIP	244,664.00	13/09/13	PENDING PAYMENT
558	AG/GC/MEWNR/156/15	KITHI CMCC 221/15	MUNYAO MUTAVA	WATER	ROAD TRAFFIC ACCIDE	182,000.00	28/09/16	PENDING PAYMENT
559	AG/MLS/296/11	NRB CMCC 4163/11	ZINGO INVESTMENTS LTD	WATER	ROAD TRAFFIC ACCIDE	180,500.00	19/06/17	PENDING PAYMENT
						13,894,710.00		
	TOTAL					**115,690,143,403.72**		

ONGOING CLAIMS WITH QUANTIFIABLE FINANCIAL EXPOSURE AS AT 7TH MAY 2018
OFFICE OF THE ATTORNEY GENERAL AND DEPARTMENT OF JUSTICE
CIVIL LITIGATION

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
1	AG/MRU/MLS/33/2014	MERU ELC NO. 163 OF 201	MOHAMUD ILTARAKWA KOCHALI	DEVOLUTION	ACQUISITION	448,000,000,000.00	PENDING HEARING
2	AG/MWD/18/92	HCC 5732/92	GEORGE KARIUKI	WATER	CONTRACT	103,018,023,514.00	AWAITING RULING
3	AG/L&E/DOD/40/12	NRB ELC 282/12	NAIROBI CITY COUNTY	DEFENCE	LAND CLAIM	61,000,000,000.00	PART HEARD
4	AG/CIV/1172/12	ADD NO. 006/12	AFRICAN COMMISSION HUMAN R	REPUBLIC OF KEN	INTERNATIONAL HUMA	29,710,457,800.00	PENDING HEARING
5	AG/ARB/OP/3/08	ARBITRATION	NJUGUNA BUILDERS LTD VS. AG	INTERIOR	BREACH OF CONTRACT	14,099,457,926.57	AWAITING HEARING
6	AG/CAR/MOH/11/95	NRB HCC 2332/95	UNITED MEDICAL SUPPLIES LTD V	HEALTH	BREACH OF CONTRACT	12,516,329,548.00	NEGOTIATIONS
7	AG/NKR/MLS/111/2017	NAKURU 456/2017	RACHAEL WAMBUI KIONGO VS TH	LANDS	LANDS	10,800,000,000.00	PENDING RULING
8	AG/MLS/CP/220/05	NRB HCC 2028/2009	WILSON MUTUMBA WOMEN GRF	INTERIOR	LAND CLAIM	8,000,000,000.00	PART HEARD
9	AG/MLS/CP/216/11	NRB C A 227/11	JOSEPH MBURU GITAU	INTERIOR	LAND CLAIM	8,000,000,000.00	PENDING APPEAL
10	AG/CAR/RG/37/15	NRB HCPT 560/2015	MUGO MUNGAI VS AG & OTHERS	ATTORNEY GENEF	ILLEGAL SALE	7,000,000,000.00	PART HEARD
11	AG/L&E/MOW/13/09	NRB ELC 596/09	FLEUR INVESTMENTS LIMITED	TRANSPORT	LAND CLAIM	7,000,000,000.00	PART HEARD
12	AG/ARB/MENR/4/16	ARBITRATION	KIARIGI BUILDING CONTRACTORS	ENVIRONMENT	BREACH OF CONTRACT	3,503,577,194.00	HEARING ONGOING
13	AG/CAR/MDP/17/10	ARBITRATION	SPENCON (K) LTD VS. AG	DEVOLUTION	BREACH OF CONTRACT	3,159,665,033.65	AWAITING HEARING
14	AG/GC/CP/516/09	NRB HCCC 398/09	INTRASPEED LOGISTIC	INTERIOR	PEV	2,977,060,450.00	PENDING HEARING
15	AG/CP/266/05	NRB HCC 644/05	AKIBA MICRO FINANCE -V-AG	INTERIOR	MALICIOUS PROSECUTI	2,840,000,000.00	MEDIATION
16	AG/L&E/MOW/125/12	NRB ELC 545/12	BELGO HOLDINGS LIMITED	TRANSPORT	LAND CLAIM	2,600,000,000.00	PART HEARD
17	AG/CAR/MOW/18/09	NRB HCC 885 OF 2009	KIRINYAGA CONSTRUCTION	TRANSPORT	BREACH OF CONTRACT	2,498,958,757.42	PENDING HEARING
18	AG/CAR/MOH/27/15	NRB HCC 406/15	UNITED MEDICAL SUPPLIES LTD V	HEALTH	BREACH OF CONTRACT	1,967,373,590.00	NEGOTIATIONS
19	AG/ARB/MDP/2/15	ARBITRATION	NK BROTHERS LTD V NYS	PUBLIC SERVICE	BREACH OF CONTRACT	1,936,090,902.76	PENDING RULING
20	AG/AB/OP/19/16	ARBITRATION	N.K BROTHERS LTD VS NYS	PUBLIC SERVICE	BREACH OF CONTRACT	1,936,090,902.76	AWAITING HEARING
21	AG/ELD/MLS/9/15	ELD ELC PET 9/14	SUSAN CHERUBET CHELUGUI	LANDS	LAND	1,700,000,000.00	PENDING HEARING
22	AG/L&E/MLS/227/16	NRB ELC PET1488/16	OKIYA OMATATA	LANDS	COMPULSORY ACQUISIT	1,417,812,851.00	PENDING HEARING
23	AG/LE/MENR/165/09	HCC 375/09	CORBY LIMITED -V-HON AG	PETROLEUM	TORT	1,385,476,780.00	PARTIES NEGOTIATING
24	AG/LIC/EC/37/14	PET. 22/2014	David Gachini Moko	TREASURY	TERMINAL DUES	1,309,768,705.00	PENDING JUDGMENT
25	AG/GC/MLG/518/08	NRB HCC284/08	KABUITO CONSTRUCTION LTD V H	TRANSPORT	BREACH OF CONTRACT	1,223,668,596.71	HEARING
26	AG/COA/MLS/2/08	NRB CA 6/09	EMBAKASI PROPERTIES LIMITED	LANDS	LAND CLAIM	1,200,000,000.00	PENDING HEARING
27	AG/L&E/MLS/255/14	NRB ELC 950/14	KUKAM LIMITED	LANDS	LAND CLAIM	1,200,000,000.00	PENDING HEARING
28	AG/L&E/MOR/129/10	NRB ELC 537/10	MWAFA COURT LIMITED	TRANSPORT	LAND CLAIM	1,200,000,000.00	PENDING HEARING
29	AG/GC/MOH/411/10	PET 302/14	VIJAYKUMAR SHAMJI PATEL	LANDS	LAND CLAIM	1,100,000,000.00	AWAITING RULING
30	AG/KSM/KRC/DOD/CIV/1	KCO ELRC PT. 3/2017	JUSTUS ANCHIGA KABARI & OTHE	DEFENCE	1982 COUP	1,000,000,000.00	PENDING HEARING
31	AG/KSM/MLD/CIV/356/(	KSM HCC PET. NO. 53/10	KOGONY COUNCIL OF ELDERS	LANDS	EVICTION	1,000,000,000.00	PENDING HEARING
32	AG/L&E/MOW/12/09	NRB ELC 474/09 & 475/09	ROY PROPERTIES LTD	TRANSPORT	LAND CLAIM	1,000,000,000.00	PENDING HEARING
33	AG/CPT/MLS/26/14	NRB HCPT 158 OF 2014	KENYA POST OFFICE LAND SAVIN	LANDS	COMPENSATION	974,268,000.00	PENDING HEARING
34	AG/ARB/MOW/9/13	ARBITRATION	G. ISSAIAS & CO. KENYA LTD VS A	TRANSPORT	BREACH OF CONTRACT	949,029,563.00	AWAITING AWARD

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
113	AG/CAR/OP/17/13	NRB HCCC NO 247 OF 201	JULIUS WAINAINA MIIRA	INTERIOR	BREACH OF CONTRACT	53,869,570.16	PENDING HEARING
114	AG/MSA/CIV/0000/16	MSA ELC 254/16	FIDELITY COMMERCIAL BANK	LANDS	OWNERSHIP	53,000,000.00	PENDING HEARING
115	AG/GC/CP/289/04	NRB HCCC NO. 1246/04	ABUBAKAR AHMED	INTERIOR	CONVERSION OF GOODS	50,000,000.00	PENDING JUDGMENT
116	AG/CAR/MTI/1/18	NRB HCCC NO. 17/18	DUBAI BANK KENYA LTD VS KURA	TRANSPORT	BREACH UNDERTAKING	49,940,467.00	AWAITING HEARING
117	AG/LIC/MJ/59/17	NRB ELRC 765/17	KENNETH WAIGANJO	ATTORNEY GENE	UNPAID GRATUITY	48,449,151.00	SETTLEMENT
118	AG/GC/MWD/13	NRB.ICC794/13	ENG. KITHOME	TRANSPORT	TERMINATION	48,000,000.00	AWAITING HEARING
119	AG/LIC/MPND/198/14	NRB ELRC 1716/14	PROF. MWANGI KIMENYI	TREASURY	UNFAIR TERMINATION	45,555,208.00	PENDING HEARING
120	AG/CPT/MOW/110/18	KIAMBU HCPT 10/18	WANGAI GACHERU	TRANSPORT	COMPULSORY ACQUISIT	45,000,000.00	PENDING HEARING
121	CIV 11/2007	MALINDI ELC 97/2007	JOHN MUGWE	LANDS	DOUBLE ALLOCATION	41,904,697.00	AWAITING JUDGMENT
122	AG/DOJ/72/13	COA. CA NO 66/2013	ISAAC ALUOCHIER	ATTORNEY GENE	PETITION	39,500,000.00	PENDING HEARING
123	AG/CAR/MTI /12/17	NRB MSC HCC 258/17	PYRAMID CONSTRUCTION LIMITE	TRANSPORT	BREACH OF CONTRACT	36,187,782.05	PENDING HEARING
124	AG/LIC/OP/58/17	NRB ELRC 831/17	MARIANNE KITANY	INTERIOR	UNFAIR DISMISSAL	35,876,484.00	AWAITING HEARING
125	AG/LIC/CP/9/15	NRB ELRC 154/15	GEORGE JOSHUA OKUNGU	INTERIOR	UNLAWFUL DISMISSAL,	32,730,000.00	PENDING HEARING
126	AG/GC/CP/490/07	NRB HCC 540/07	STOJANOVIC MILAN & ANOR	INTERIOR	MALICIOUS PROSECUTIO	30,993,286.00	PENDING APPLICATION
127	AG/GC/PSC/529/08	NRB ICC NO. 1294/17	GEORGE NYAKUNDI	TRANSPORT	TERMINATION	30,860,475.00	AWAITING DIRECTION
128	AG/CAR/OP/19/13	NRB HCC 178 OF 2013	DANNY CONSTRUCTION COMPAN	INTERIOR	BREACH OF CONTRACT	30,834,750.00	PENDING HEARING
129	AG/CAR/MERD/29/12	ARBITRATION	HERITAGE CONSULTANTS LTD	DEVOLUTION	BREACH OF CONTRACT	28,742,700.00	PENDING AWARD
130	AG/CAR/ MF/11/17	NRB HCCC 280/17	ELEVONIC LIFTS SERVICES LIMITE	TREASURY	BREACH OF CONTRACT	28,121,955.00	AWAITING ARBITRATION
131	AG/CIV/314/16	CIV	CONTRACT FOR GARBAGE COLLE	ENVIRONMENT	RETIREMENT DUES	26,332,242.00	PENDING INSTRUCTIONS
132	AG/CAR/MENR/3/01	NRB HCCC NO 1312 OF 20	JOHN WANJOHI T/A METROLAB	WATER	BREACH OF CONTRACT	25,000,000.00	PENDING DECREE
133	AG/CAR/EDU/27/16	NRB CMCC 7926 /2016	ALFATECH CONTRACTORS VS AG	EDUCATION	BREACH OF CONTRACT	23,706,908.00	PART HEARD
134	AG/LIC/PSC/2/15	NRB ELRC 29/15	JAMES MOTURI NYAKWARA	PUBLIC SERVICE	UNLAWFUL TERMINATI	23,299,200.00	AWAITING HEARING
135	AG/LIC/IG/130/16	CPT 119/16	FELISTER WAITHAGIENI	INTERIOR	TERMINATION	21,911,200.00	AWITING HEARING
136	AG/ARB/MTI/7/14	NAIROBI HCCC NO 315 OF	M/S SECURE HOMES LTD	TRANSPORT	NEGLIGENCE	21,370,867.00	PENDING PRETRIAL
137	AG/GC/CP/19/96	NRB HCC 2881/96	SIBUSSISIO MKHIZE WELDONE &	INTERIOR	MALICIOUS	21,087,540.00	AWAITING CONSENT
138	AG/LIC/MDP/164/16	ELRC NO.2195/2016	Kahindi James Mangi	DEVOLUTION	UNFAIR TERMINATION	20,566,769.00	PENDING HEARING
139	AG/LIC/IG/76/16	NRB ELRC 1125/16	JAMES NGANGA NJINJU	INTERIOR	UNLAWFUL DISMISSAL	20,557,229.00	AWAITING HEARING
140	AG/LIC/MIB/8/18	NRB ELRC PET 7/18	FRANCIS WANGUSI	ICT	WRONGFUL SUSPENSIO	20,000,000.00	AWAITING RULING
141	AG/CPT/IG/142/16	NRB HCPT 226 OF 2016	DAVID IRUNGU MWANGI	INTERIOR	TORTURE	20,000,000.00	PENDING HEARING
142	AG/CPT/OP/327/13	NRB HCPT 500/13	ZIPPORAH SERONY	INTERIOR	TORTURE	20,000,000.00	PENDING HEARING
143	AG/ARB/MOA/14/12	ARBITRATION	KENYA KOCH LIGHT INDUSTRIES L	AGRICULTURE	BREACH OF CONTRACT	18,758,897.00	AWAITING HEARING
144	AG/LIC/MOA/1/2013	ELRC.NO 1686/2013	Edward Machuka Nyamora	AGRICULTURE	UNFAIR TERMINATION	18,660,000.00	PENDING HEARING
145	AG/CAR/JD/2016	NRB CMCC 7094 OF 2016	NIC BANK VS AG	JUDICIARY	BREACH OF CONTRACT	18,186,043.09	PENDING HEARING
146	AG/LIC/DOD/146/16	NRB ELRC 2055/16	HENRY ODHIAMBO	DEFENCE	UNFAIR DISMISSAL	17,242,848.00	AWAITING HEARING
147	AG/LIC/CP/186/14	NRB ELRC 2261/14	YUSTO OPIYO ONYANGO	INTERIOR	UNLAWFUL DISMISSAL	16,744,320.00	AWAITING JUDGMENT
148	AG/LIC/MOA/122/15	NRB ELRC NO. 1729/15	GLADYS NJERI MAINA	AGRICULTURE	UNFAIR DISMISSAL	16,280,256.00	PENDING HEARING
149	AG/KSM/OP/CIV/246/12	KSM HCC PET NO.9/12	HEZRON OMBAYO OTIENO	INTERIOR	RIGHTS	15,000,000.00	PENDING APPEAL
150	AG/CPT/IG/19/16	NRB HCPT 23, 300,299/16	SILLAS MUHIA	INTERIOR	TORTURE	15,000,000.00	PENDING HEARING
151	AG/CPT/OP/15/13	NRB HCPT 10/13	CHARLES RUBIA & OTHERS	INTERIOR	TORTURE	15,000,000.00	PENDING HEARING

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
152	AG/CPT/MLS/186/14	NRB HCPT NO.265/14	BROADWAY ENT-VS-AG	TRANSPORT	COMPENSATION	13,768,934.00	PENDING PAYMENT
153	AG/MRU/EDU/24J/2018	MERU HCC NO. 6/2018	JAMES KARIUKI KITHINJI	EDUCATION	DEBT	13,727,740.00	PENDING HEARING
154	AG/LIC/CP/33/15	NRB ELRC NO. 551/15	JARED KERONGO	INTERIOR	UNFAIR DISMISSAL	13,616,362.00	PENDING HEARING
155	AG/LIC/MOH/35/13	NRB ELRC/1303/13	KENYA NTL UNION OF NURSES	HEALTH	UNLAWFUL DISMISSAL	13,267,775.00	AWAITING HEARING
156	AG/ARB/CP/5/16	ARBITRATION	JOHN OMOLLO NYAKONGO TRAD	INTERIOR	BREACH OF CONTRACT	12,901,073.00	ARBT FEES PENDING HEAR
157	AG/CAR/MOA/36/15	CMCC 7375/2015	SYPRUS ENGINEERING CO LTD	AGRICULTURE	BREACH OF CONTRACT	12,807,550.00	AWAITING HEARING
158	AG/CAR/OP/7/16	NRB MEDIATION NO. 115/	FAHARI BLDG & CIVIL ENGINEERS	PUBLIC SERVICE	BREACH OF CONTRACT	12,554,980.00	AWAITING MEDIATOR
159	AG/MOW /9/99	HCCC 1302/2005	KANTARIA INVESTMENTS LIMITED	TRANSPORT	BREACH OF CONTRACT	11,287,080.56	AWAITING HEARING
160	AG/LIC/IG/60/2015	NRB ICC 552/2015	Edith Munjaku Jenkins	INTERIOR	UNFAIR TERMINATION	11,000,000.00	PENDING HEARING
161	AG/LIC/ML/47/17	NRB ELRC 808/17	KUEVACO	LABOUR	WRONGFUL DISMISSAL	11,000,000.00	AWAITING HEARING
162	AG/LIC/PSC/130/14	ELRC 1437/14	JAMES ANDREW WANDERA KAFW	PUBLIC SERVICE	UNFAIR DISMISSAL	10,333,664.00	PENDING HEARING
163	AG/LIC/DOD/36/14	ELRC. NO. 668/2014	ADAM ISILU MUTINDA	DEFENCE	EMPLOYMENT CLAIM	10,000,000.00	PART HEARD
164	AG/LIC/OP/165/14	ELRC NO. 2012/2014	EZEKIEL OTIENDE & OTHERS	INTERIOR	EPLOYMENT CLAIM	10,000,000.00	PENDING JUDGMENT
165	AG/LIC/OP/143/17	ELRC NO. 91/2017	PETER KATHAE AND 2 OTHERS	INTERIOR	EMPLOYMENT CLAIM	10,000,000.00	PENDING JUSDGMENT
166	AG/LIC/MTA/23/17	ELRC NO. 430/2017	CLATUS ODHIAMBO MACOWENGA	TRANSPORT	EMPLOYMENT CLAIM	10,000,000.00	PENDING HEARING
167	AG/LIC/IG/124/15	NRB ELRC NO.1884/15	JOHN MUREITHI	INTERIOR	UNFAIR DISMISSAL	9,912,780.00	PENDING HEARING
168	AG/LIC/MDP/85/16	NRB.ELRC 1216/16	Bartholomew Wanyama	DEVOLUTION	UNFAIR TERMINATION	9,743,136.00	PENDING HEARING
169	AG/JRP/OP/303/16	EMBU HCMA 4/16	MUSA MOHAMED DAGANE	INTERIOR	MANDAMUS	8,066,000.00	PENDING HEARING
170	AG/LIC/MLS/131/14	NRB ELRC 1276/14	PETER WACHIRA NJUGUNA	LANDS	UNFAIR TERMINATION	7,973,600.00	PENDING HEARING
171	AG/LIC/PSC/19/12	ELRC.298/12	Michael Odongo-	ATTORNEY GENE	UNFAIR TERMINATION	7,395,005.00	PENDING JUDGMENT
172	AG/LIC/OP/24/18	NRB ELRC 278/18	PAUL KIPRUTO SANG	INTERIOR	TERMINAL BENEFITS	7,259,580.00	PENDING HEARING
173	AG/LIC/CP/31/14	NRB. ICC 549/2014	Marcus Otieno Opiyo	INTERIOR	UNFAIR TERMINATION	6,584,400.00	PENDING HEARING
174	AG/LIC/ML/4/10	ELRC 252/10	TODD MICHAEL DICK	LABOUR	EMPLOYMENT CLAIM	6,560,300.00	PENDING HEARING
175	AG/GC/OP/209/15	NRB CMCC7067/15	MOLYN CREDIT LTD	INTERIOR	LOANS TO CIVIL SERVAN	6,494,940.00	PENDING HEARING
176	AG/LIC/OP/41/17	ELRC 577/17	MARGARET ADHIAMBO OBARA	INTERIOR	UNFAIR DISMISSAL	6,052,626.66	PENDING HEARING
177	AG/LIC/MLS/162/16	ICC 2255/16	CAROLINE AUMA	LANDS	WRONGFUL TERMINATI	5,826,000.00	AWAITING HEARING
178	AG/GC/JD/131/17	CMCC 4809/2017	SUNJUA BUILDERS LIMITED	JUDICIARY	BREACH OF CONTRACT	5,739,000.00	AWAITING HEARING
179	AG/LIC/PSC/9/17	PET15/15	PURITY MWIRIGI	PUBLIC SERVICE	TERMINATION	5,433,770.14	AWAITNG HEARING
180	AG/GC/IG/100/17	NRB CMCC 4011/17	JAMES WAITITU	INTERIOR	MALICIOUS PROSECUTIC	5,384,000.00	AWAITING JUDGEMENT
181	AG/LIC/MENR/40/13	NRB ELRC 233/13	MICHEAL MAKOKHA ODERA	ENVIRONMENT	UNFAIR TERMINATION	5,280,000.00	AWAITING JUDGMENT
182	AG/KSM/MOD/CIV/271/	KSM ICC 330/2014	VINCENT KARANI ASIMUGU	DEFENCE	WRONGFUL DISMISSAL	5,000,000.00	AWAITING JUDGMENT
183	AG/KSM/MOD/CIV/79/1	KSM ELRC. 20 OF 2016	MAURICE OTIENO ODUOR VS AG	DEFENCE	WRONGFUL DISMISSAL	5,000,000.00	PENDING HEARING
184	AG/KSM/CA/28/16	KSM CA NO.28/016	HEZRON OMBAYO OTIENO	DEFENCE	APPEAL	5,000,000.00	PENDING HEARING
185	AG/CPT/DOD/141/16	NRB HCPT 158/16	MAGDALIN AKOMO	DEFENCE	NYAYO TORTURE	5,000,000.00	PENDING HEARING
186	AG/LIC/MFA/2/12	ELRC 2142/12	MARGARET AYUMA KATUNGU	FOREIGN	UNFAIR DISMISSAL	5,000,000.00	PENDING HEARING
187	AG/KSM/OOP/CIV/194	KSM HCC CONST 10/016	WILLIS OKACH RANDIGA	INTERIOR	MALCIOUS PROSECUTIC	5,000,000.00	AWAITING JUDGMENT
188	AG/CPT/IG/000/15	NRB HCPT 159/15	PHILIP TIROP KITUR	INTERIOR	NYAYO TORTURE	5,000,000.00	PENDING HEARING

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
189	AG/CAR/OP/3/14	NRB HCC. 149 OF 2014	PIULVA ENGINEERING & TECHNO	INTERIOR	BREACH OF CONTRACT	4,950,000.00	AWAITING JUDGMENT
190	AG/LIC/OP/40/17	NRB ICC 575/17	JACINTA WANJIKU KERU	INTERIOR	UNFAIR DISMISSAL	4,707,205.66	PENDING HEARING
191	AG/LIC/IG/29/18	NRB ELRC PT 33/18	JANE ATIENO OTIENO	INTERIOR	UNFAIR TERMINATION	4,434,320.00	PENDING HEARING
192	AG/CAR/MIED/7/17	NRB CMCC 902 OF 2017	DESIRAL LTD	INDUSTRIALIZATI	BREACH OF CONTRACT	4,350,143.00	PART HEARD
193	AG/LIC/DOD/63/14	NRB.ELRC 130/17	GABRIEL MULINGA	DEFENCE	WRONGFUL TERMINATI	4,202,706.85	AWAITNG HEARING
194	AG/LIC/MENR/72/13	ELRC .NO 291/2013	Dr.David Okioga	ENVIRONMENT	UNFAIR TERMINATION	4,000,000.00	PENDING HEARING
195	AG/LIC/ML/50/13	NRB.ICC NO. 1953/2013	Stephen Otiende Obaga	LABOUR	UNFAIR TERMINATION	4,000,000.00	PENDING HEARING
196	AG/CAR/MENR/20/13	NRB HCC MISC 418 OF 201	THE KENYA METE DEPT	ENVIRONMENT	BREACH OF CONTRACT	3,985,360.00	PENDING DECREE
197	AG/GC/OP/146/16	THIKA CMCC893/16	NEW FULILIA HOTEL	INTERIOR	DAMAGE TO PROPERTY	3,959,200.00	PENDING HEARING
198	AG/GC/CP/33/09	NRB ELRC NO. 8449/09	NANCY WAMBUIKIIRU	INTERIOR	UNFAIR DISMISSAL	3,728,838.00	PENDING HEARING
199	AG/GC/IG/20/16	NRB HCCC NO. 50/16	ABDRAHMAN MOHAMMED VS AG	INTERIOR	RECOVERY OF FUNDS	3,600,000.00	AWAITING PRE-TRIAL
200	AG/CPT/MOW/447/12	ARBITRATION	MINTS ELECTRICAL VS AG	TRANSPORT	BREACH OF CONTRACT	3,575,000.00	PENDING HEARING
201	AG/LIC/MLG/12/12	NRB.ELRC 1149/12	REX SIMUYU	DEVOLUTION	EMPLOYMENT CLAIM	3,571,200.00	AWAITING JUDGMENT
202	AG/LIC/EDU/3/12	NRB. ELRC NO. 171/12	MATHEW MAINGI	EDUCATION	UNFAIR DISMISSAL	3,569,736.00	PENDING HEARING
203	AG/CAR/MDP/20/14	NRB JR MCA NO. 518/17	AFRICA PROJECT CO-ORDINATION	TRANSPORT	BREACH OF CONTRACT	3,439,489.00	AWAITING HEARING
204	AG/LIC/PSC/108/15	NRB ELRC NO.1045 /15	JOYCE GESARE	LANDS	UNFAIR DISMISSAL	3,263,820.00	PENDING HEARING
205	AG/CAR/JD/22/17	CMCC 5842/2017	SUNJUA BUILDERS LIMITED	JUDICIARY	BREACH OF CONTRACT	3,249,050.00	AWAITING PRETRIAL
206	AG/LIC/EDU/153/17	NRB ELRC 2036/16	DIC HEZEKIAH KAMECHERWOA	EDUCATON	TERMINAL BENEFITS	3,133,598.00	PENDING HEARING
207	AG/CAR/MERD/17/12	NRB MSC HCC 472/12	N.K. BROTHERS LIMITED	ENVIRONMENT	BREACH OF CONTRACT	3,068,088.14	PENDING RULING
208	AG/GC/EDU/337/13	NRB HCC. 399 OF 2013	VINCENT GICHOMO T/A KICHE GE	EDUCATION	BREACH OF CONTRACT	3,039,571.00	PENDING HEARING
209	AG/CPT/DOD/195/14	NRB HCPT NO. 261/14	ROBERT NYAGAH-VS-AG	DEFENCE	NYAYO TORTURE	3,031,153.00	PENDING PAYMENT
210	AG/LIC/MJ/52/13	NRB.ICC 88/2013	Willis Owotsi Walwanga	ATTORNEY GENE	UNFAIR TERMINATION	3,000,000.00	PENDING HEARING
211	AG/CPT/OP/276/16	NRB HCPT NO.12/16	DAN ALILA-VS-AG	INTERIOR	COMPENSATION	3,000,000.00	PENDING HEARING
212	AG/LIC/IG/17/13	NRB ELRC 328/18	LAWRENCE NJUGUNA	INTERIOR	MALICIOUS PROSECUTI	3,000,000.00	AWAITING HEARING
213	AG/LIC/IG/67/15	ELRC PET.60/15	AG SP JOB CHERUIYOT KERUI	INTERIOR	UNFAIR TERMINATION	3,000,000.00	PENDING JUDGMENT
214	AG/LIC/ML/90/16	NRB ELRC/574/16	ANASTACIA WAIRIMU	LABOUR	UNLAWFUL DISMISSAL	2,967,844.00	AWAITING HEARING
215	AG/LIC/MLG/3/10	ICC NO.212/2010	DAVID OMWANSA	DEVOLUTION	WRONGFUL TERMINATI	2,752,860.00	AWAITING HEARING
216	AG/LIC/MOH/69/13	NRB.ICC.NO. 1147/15	JOYCE WANJIKU	HEALTH	WRONGFUL DISMISSAL	2,752,860.00	AWAITING JUDGMENT
217	AG/CAR/OP/11/4	NRB CMCC502 OF 2003	ISAIAH NGOTHO VS AG	INTERIOR	BREACH OF CONTRACT	2,743,861.00	PENDING HEARING
218	AG/GC/IG/169/17	NRB CMCC 6576/16	PHILLIP OKOMBA SAKWA	INTERIOR	MATERIAL DAMAGE	2,734,888.00	PENDING HEARING
219	AG/MLD/15/2017	MALINDI CMCC 102 / 2017	MUSTAFA HASANALIS	INTERIOR	BREACH OF CONTRACT	2,725,466.00	PENDING HEARING
220	AG/LIC/OP/162/1	NRB.ICC NO.1785/14	MICHAEL NJAU NGARI-V-AG	INTERIOR	UNFAIR TERMINATION	2,500,000.00	PENDING HEARING
221	AG/LIC/OP/73/15	ICC NO.1102/2015	David Gituto Ngundo	INTERIOR	UNFAIR TERMINATION	2,500,000.00	PENDING HEARING
222	AG/LIC/MLS/89/15	Nrb ICC.1348/2015	Charles Musyoki Tekisi	LANDS	UNFAIR TERMINATION	2,500,000.00	PENDING HEARING
223	AG/LIC/EDU/13/11	NRB ICC 280/11	ESTHER M. DANIEL	EDUCATION	UNFAIR DISMISSAL	2,415,358.00	PENDING HEARING
224	AG/LIC/ML/137/15	NRB ELRC 2046/15	JACKTON OCHANDA	LABOUR	UNFAIR DISMISSAL	2,413,500.00	AWAITING HEARING
225	AG/GC/JD/19/14	NRB CMCC 566/14	DAVEGA ENTERPRISES CO LTD	JUDICIARY	BREACH OF CONTRACT	2,373,156.00	AWAITING HEARING
226	AG/LIC/EDU/17/16	NRB ICC 34 OF 2016	ESBORNE NYAGA GICHOGO	EDUCATION	UNFAIR TERMINATION	2,300,000.00	PENDING HEARING
227	AG/GC/CP/134/12	NRB HCC 247/12	ANNE AKINYI	INTERIOR	DAMAGES	2,030,000.00	AWAITING HEARING

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
228	AG/COA/IG/44/17	NRB CA NO. 190/17	PRISCILLA KIMANI-vs-AG	INTERIOR	NYAYO TORTURE	2,000,000.00	PENDING HEARING
229	AG/COA/IG/43/17	NRB CA NO. 189/17	MICHAEL KAMAMI -VS-AG	INTERIOR	NYAYO TORTURE	2,000,000.00	PENDING HEARING
230	AG/COA/IG/42/17	NRB CA NO. 188/17	MONICA WAMWERE	INTERIOR	NYAYO TORTURE	2,000,000.00	PENDING HEARING
231	AG/COA/IG/61/17	NRB CA NO. 253/17	NJUGUNA GITHIRU-VS-AG	INTERIOR	NYAYO TORTURE	2,000,000.00	PENDING HEARING
232	AG/CAR/MOH/11/14 NF	NRB CMCC 3315/17	GEOSURV LIMITED	HEALTH	BREACH OF CONTRACT	1,958,000.00	AWAITING HEARING
233	AG/DOD/11/11	NRB CMCC 3331/2011	RENTOLILL INTITIAL VS AG	INTERIOR	BREACH OF CONTRACT	1,956,203.00	PART HEARD
234	AG/LIC/CP/32/12	NRB ICC 33/2012	Eliphan Ager Orimba	INTERIOR	UNFAIR TERMINATION	1,849,357.00	PENDING HEARING
235	AG/GC/MWI/235/17 NR	NRB CMCC 8241/17	OPTACE LIMITED	WATER	BREACH OF CONTRACT	1,624,232.00	AWAITING HEARING
236	AG/LIC/OP/98/15	NRB.IC 1147/15	RASHID MOHAMED	INTERIOR	WRONGFUL TERMINATI	1,622,437.00	AWAITING HEARING
237	AG/LIC/EDU/43/17	NRB ELRC 615/17	JAMES MURAGE NGURU	EDUCATION	RETIREMENT BENEFITS	1,608,875.00	AWAITING HEARING
238	AG/EM/GC/2/17	EMBU CC 45/14	ALEXANDER JEREMIAH NTHAKAN	INTERIOR	WRONGFUL SHOOTING	1,600,000.00	PENDING HEARING
239	AG/LIC/OP/1/02	ELRC NO.42/02	SAMSON MAKUBO	INTERIOR	WRONGFUL TERMINATI	1,575,288.00	AWITING HEARING
240	AG/LIC/CP/135/14	ICC NO. 370/14	GREGORY OMWAMI	INTERIOR	WRONGFUL TERMINATI	1,486,212.00	AWIATING HEARING
241	AG/LIC/MIG/12/12	ICC. 1145/2012	ENED ONDUSO	INTERIOR	EMPLOYMENT CLAIM	1,407,289.00	AWAITING HEARING
242	AG/GC/CP/384/12	NRB CMCC 5947/12	WASTON LITUNYA	INTERIOR	DAMAGES	1,370,461.00	AWAITING HEARING
243	AG/LIC/MWI/193/16	ICC 2637/16	JOSEPH SHAMWATA	WATER	WRONGFUL TERMINATI	1,347,109.00	AWAITING HEARING
244	AG/LIC/MENR/202/16	ELRC 492/16	JAMES MBOYA OYWERA	WATER	UNLAWFUL TERMINATI	1,292,720.00	PENDING HEARING
245	AG/MOH/21/86	NRB HCCC 3753	GEORGE RAGUKA	HEALTH	TAXATION	1,286,473.00	AWAITING RULING
246	AG/CAR/MH/19/12	NRB CMCC 2889/2012	CONSOLIDTED BANK VS AG	ATTORNEY GENE	BREACH OF CONTRACT	1,255,362.00	PENDING HEARING
247	AG/CIV/EDU/526/17	CIV	MALISON ENTERPRISES	EDUCATION	BREACH OF CONTRACT	1,254,000.00	NEGOTIATIONS
248	AG/LIC/EDU/109/17	NRB ELRC 93/17	KUDHEIHA	EDUCATION	UNFAIR DISMISSAL	1,178,656.67	AWAITING RULING
249	AG/LIC/PSC/8/15	PET 15/15	MUTEMI MUSYOKA	PUBLIC SERVICE	WRONGFUL TERMINATI	1,172,627.00	AWAITING HEARING
250	AG/JRP/CP/216/17	KIAMBU HCJR 24/12	DAVID KAMAU CHEGE	ATTORNEY GENE	MANDAMUS	1,167,970.00	PENDING HEARING
251	AG/L&E/MLS/62/15	NRB ELC 12/15	DAIMA PROPERTIES LTD	LANDS	LAND OWNERSHIP	1,100,000.00	AWAITING HEARING
252	AG/MLG/7/07	NRB CMCC 7347/2006	THE COPY CAT LTD VS AG	DEVOLUTION	BREACH OF CONTRACT	1,041,164.00	PENDING HEARING
253	AG/KRY/IG/124/2014	KRG HCC 17 of 2013	Geoffrey Muriuki Murage	INTERIOR	MALICIOUS PROSECUTI	1,000,000.00	PENDING JUDGMENT
254	AG/KRY/IG/2/2014	KRG HCC 18 of 2013	Benard Kamuchere Rubari	INTERIOR	MALICIOUS PROSECUTI	1,000,000.00	PENDING JUDGMENT
255	AG/KRY/IG/3/2014	KRG HCC 32 of 2013	Elias Gatimu Kimunga	INTERIOR	MALICIOUS PROSECUTI	1,000,000.00	PENDING JUDGMENT
256	AG/CAR/EDU/16/17	NRB CMCC 3903/17	SCIENCE LAB LIMITED	EDUCATION	BREACH OF CONTRACT	982,085.00	AWAITING PRETRIAL
257	AG/EM/GC/3/17	EMBU CMC 39/17	SCIENCE LAB LIMITED	EDUCATION	DEBT	982,085.00	PENDING HEARING
258	AG/LIC/CP/51/15	NRB ELRC 827/15	KENNEDY OMOLLO	INTERIOR	UNLAWFUL DISMISSAL	978,340.00	AWAITING HEARING
259	AG/LIC/CP/133/14	NRB ELRC 86/14	REUBEN PARKINBUN ASHIONO	INTERIOR	MALICIOUS PROSECUTI	967,084.00	AWAITING HEARING
260	AG/CAR/EDU/5/14	PMCC 178/2014	HAMIBS CONTRACTORS LIMITED	EDUCATION	BREACH OF CONTRACT	951,510.00	AWAITING HEARING
261	AG/LIC/MTI/120/15	ELRC 1750/15	JOHN NYENDE	INDUSTRIALIZATI	UNLAWFUL TERMINATI	898,782.80	PENDING HEARING
262	AG/LIC/EDU/90/16	NRB ELRC 1310/16	PATROBAS OWITI OGUMU	EDUCATION	UNLAWFUL DISMISSAL	897,686.70	AWAITING HEARING
263	AG/GC/CP/535/08	NRB CMCC 2756	WILSON ARAP ROTICH	INTERIOR	DAMAGES	893,500.00	AWAITING JUDGMENT
264	AG/LIC/ML/144/16	NRB ELRC 632/16	MOHAMMED ABDULAHI ALI	LABOUR	UNLAWFUL DISMISSAL	880,324.00	AWAITING HEARING
265	AG/LIC/ML/162/16	NRB ICC 2255/16	CAROLINE AUMA MALACKY	LANDS	WRONGFUL TERMINATI	860,000.00	AWAITING HEARING
266	AG/LIC/CP/134/14	ICC 1372/14	GEORGE OSERO	INTERIOR	WRONGFUL TERMINATI	856,352.00	AWAITING HEARING

NO.	REF. NO.	CASE NO	PARTIES	CLIENT MINISTRY	NATURE OF CLAIM	ESTIMATED FINANCIAL EXPOSURE	STATUS
267	AG/CAR/EDU/1[illegible]/14	MACHAKOS SPMCC 74 OF	PASHA ENTERPRISES VS BOG KIIM	EDUCATION	BREACH OF CONTRACT	813,750.00	PENDING HEARING
268	AG/LIC/EDU/20/2011	NRB. ICC 246/2011	Kudheihia –V- Dandora	EDUCATION	UNFAIR TERMINATION	780,810.00	PENDING HEARING
269	AG/CAR/MOA/35/15	CMCC 7376/2015	BREMA CONSTRUCTION CO.LTD	AGRICULTURE	BREACH OF CONTRACT	768,800.00	AWAITING JUDGMENT
270	AG/CAR/MOA/36/15	NRB HCC. 7950, 7951, 795	WAITHAKA MOTORS	INTERIOR	BREACH OF CONTRACT	768,800.00	PENDING HEARING
271	AG/GC/OP/354/12	NRB CMCC 6241/2012	JOSEPH MATHII NDUNGU	PUBLIC SERVICE	ROAD TRAFFIC ACCIDEN	752,000.00	PENDING HEARING
272	AG/LIC/OP/97/17	NRB ELRC 1620/17	JOSEPH KIRIA KINYUA	INTERIOR	UNFAIR TERMINATION	748,944.00	PENDING HEARING
273	AG/CPT/MOA /[illegible]21/17	NARB HCPT 569/17	JACK MUNIALO-V-AG	AGRICULTURE	CONSTITUTIONAL	745,700.00	PENDING HEARING
274	AG/EM/GC/8/1[illegible]	WANGURU PMCC 1/16	SHEM KIEMA	EDUCATION	BREACH OF CONTRACT	744,845.00	PENDING HEARING
275	AG/LIC/ML/34/[illegible]2	NRB ELRC 27/12	TOM JOSEPH ORINA	LABOUR	UNLAWFUL TERMINATI	705,542.00	AWAITING HEARING
276	AG/JRP/MTI/166/17	MISC. APPLICATION NO. 5	NAPHAS MMENYA T/A MUAMALA	DEVOLUTION	BREACH OF CONTRACT	637,286.00	PENDING HEARING
277	AG/CAR/DOD/21/07	NRB HCC 581 OF 2007	JOHN KIBUNJA MWANGI T/A CAR	DEFENCE	BREACH OF CONTRACT	631,254.60	PENDING HEARING
278	AG/LIC/IG/203/16	NRB ELRC 1684/16	MICHAELMBUGUA	INTERIOR	MALICIOUS PROSECUTI	624,000.00	PENDING HEARING
279	AG/LIC/CP/55/16	NRB ICC. 827/16	Richard Ramatta Jillo	INTERIOR	UNFAIR TERMINATION	615,060.00	PENDING HEARING
280	AG/LIC/OP/72/15	NRB ELRC 1113/15	SAMMY EKATOROT NAWOI	INTERIOR	UNLAWFUL DISMISSAL	606,858.00	AWAITING HEARING
281	AG/CAR/EAC/19/17	NRB HCCC 144/17	MWASURU ENTERPRISES LIMITED	EAST AFRICAN CO	BREACH OF CONTRACT	605,750.00	AWAITING PRETRIAL
282	AG/GC/IG/159/16	MAVOKO 895/16	FRANCIS KAMAU	INTERIOR	MALICIOUS PROSECUTI	600,000.00	AWAITINGHEARING
283	AG/NYI/MOW/65/16	NYI ELRC 9/2014	Peter Muthuci Njiru	TRANSPORT	PENSION	599,431.00	PENDING JUDGMENT
284	AG/GC/CP/42/10	EMB HCMA 69/11	MARY WAMBUI MURIITHI	INTERIOR	CONTEMPT	575,725.00	PENDING HEARING
285	AG/LIC/IG/84/17	NRB. ELRC NO.1515/17	HUMPHREY GITONGA IRUNGU	INTERIOR	UNFAIR DISMISSAL	521,092.00	PENDING HEARING
286	AG/GC/CP/211/17	NRB HCC 215/17	ABDULHALIM MOHAMMED	INTERIOR	MALICIOUS PROSECUTI	505,040.00	PENDING HEARING
287	AG/GC/CP/29/14	NRB CMCC 785/14	JOSEPH NJUGUNA GACHOHI	INTERIOR	MALICIOUS PROSECUTI	500,000.00	PENDING HEARING
288	AG/GC/NA/95/[illegible]6	KANGUNDO PMCC 71 OF 2	ALFA THOMAS VS CDF BOARD AN	NATIONAL ASSEM	BREACH OF CONTRACT	495,849.00	PENDING HEARING
289	AG/GC/EDU/145/14	KIKUYU SPMC146/14	PADMORE BOOKSHOP	EDUCATION	BREACH OF CONTRACT	468,270.00	PENDING HEARING
290	AG/MLD53/2017	MALINDI CMCC 11/2016	JOSHUA CHARO	INTERIOR	MALICIOUS PROSECUTI	450,000.00	PENDING HEARING
291	AG/JRP/IG/215/17	KIAMBU HCJR 25/17	JASAN MBURU	ATTORNEY GENE	MANDAMUS	435,015.00	PENDING HEARING
292	AG/LIC/PSC/86/15	ELRC 1286/15	BENEDICTA KINYA MUTUAMWAR	PUBLIC SERVICE	UNLAWFUL TERMINATI	404,000.00	PENDING RULING
293	AG/LIC/CP/104/14	NRB ICC 1108/14	EVANS MOSES SAETA	INTERIOR	UNFAIR TERMINATION	402,000.00	PENDING HEARING
294	AG/GC/MDP/20/17	NRB CMCC 701/17	PAUL OGUTU AYIMBA	DEVOLUTION	MATERIAL DAMAGE	400,953.00	PENDING HEARING
295	AG/EM/GC/12/17	EMBU CMCC 130/17	SALOME MWARI RUKARIA	INTERIOR	ROAD TRAFFIC ACCIDEN	400,000.00	PENDING HEARING
296	AG/LIC/EDU/178/16	Nrb. ELRC 2097/16	Shadrack Otieno Ayieta	EDUCATION	UNFAIR TERMINATION	398,938.00	PENDING HEARING
297	AG/LIC/EDU/132/15	NRB ELRC 1566/15	JOSEPH LAWRENCE ABOGA	EDUCATION	WRONGFUL DISMISSAL	384,160.00	AWAITING HEARING
298	AG/LIC/MLS/17/14	NRB ELRC 141/14	JOSHUA MUTHAMA MUSYIMI	LANDS	UNFAIR DISMISSAL	365,504.00	AWAITING RULING
299	AG/CAR/EDU/19/15	THIKA CMCC 621 OF 2015	THIKA SHEPHERD VS BOM NJAHI S	EDUCATION	BREACH OF CONTRACT	336,800.00	PENDING HEARING
300	AG/JRP/CP/5/11	EMB HCMA 68/11	CYRUS IRUNGU GACHOGU	INTERIOR	CONTEMPT	326,170.00	PENDING HEARING
301	AG/LIC/DPP/194/17	NRBELRC NO. 2594 /16	PAUL WAHU	DPP	UNFAIR DISMISSAL	320,000.00	PENDING HEARING
302	AG/LIC/OP/1/02	ELRC NO.42/02	SAMSON MAKUBO	INTERIOR	TERMINATION	307,913.00	AWAITING HEARING
303	AG/GC/IG/171/17	KGM SRMCC 230/17	STEPHEN KIHARA KURIA	INTERIOR	MALICIOUS PROSECUTI	300,000.00	PENDING HEARING
304	AG/GC/IG/221/15	MILIMANI HCC 404/2015	ROBERT MUCHANGI KIRAGU	INTERIOR	MALICIOUS PROSECUTI	300,000.00	PENDING HEARING
305	AG/GC/CP/82/13	NRB HCC 153/13	ROWLAND CLEOPHAS MARENDE	INTERIOR	FATAL SHOOTING	285,745.00	PENDING HEARING

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON LANDS

REPORT ON THE SCRUTINY OF THE 2018/2019 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1112- Ministry of Lands and Physical Planning
Vote 2021- The National Land Commission

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2018

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1.0 PREFACE

Mr. Chairperson,

On behalf of the Departmental Committee on Lands and pursuant to provisions of Standing Order 207 (6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Departmental Committee on Lands on its consideration of the Annual Estimates of 2018/19 and the medium term.

1.1 Mandate of the Committee and Membership

The Departmental Committee on Lands is one of the fifteen departmental committees of the House established pursuant to Article 124 of the Constitution and Standing Order 216 of the National Assembly and mandated to:

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

(b) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.

(c) 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 inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;

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

(g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Departmental Committee on Lands oversights the Ministry of Lands and Physical Planning and the National Land Commission.

1.2 Committee Membership

Chairperson	The Hon. Dr. Rachael Nyamai, MP
Vice Chairperson	The Hon. Khatib Mwashetani, MP
	The Hon. Jayne Wanjiru Kihara, MP
	The Hon Joshua Kutuny Serem, MP

The Hon. Kimani Ngunjiri, MP
The Hon. Mishi Mboko, MP
The Hon. Omar Mwinyi, MP
The Hon. Ali Mbogo, MP
The Hon. Babu Owino, MP
The Hon. Caleb Kipkemei Kositany, MP
The Hon. Catherine Waruguru, MP
The Hon George Aladwa, MP
The Hon George Risa Sunkuyia,MP
The Hon. Jane Wanjuki Njiru,MP
The Hon. Josphat Gichunge Kabeabea, MP
The Hon. Owen Yaa Baya, MP
The Hon. Samuel Kinuthia Gachobe, MP
The Hon. Simon Nganga Kingara, MP
The Hon Teddy Mwambire, MP

1.3 Committee Secretariat

Clerk Assistant I	Mr. Leonard Machira
Clerk Assistant III	Mr. Ahmad Guliye
Legal Counsel I	Ms. Jemimah Waigwa
Researcher III	Mr. Joseph Tiyan
Senior Fiscal Analyst	Mr. Joash Kosiba
Audio Officer	Mr. John Mungai
Media Relations Officer III	Ms. Winnie Kizziah

1.4 Overview of the examination of the Estimates

The Budget Estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya and Standing Order 235 and subsequently tabled on the floor of the House on 3rd May 2018. The Committee held consultative meetings with the Ministry of Lands and Physical Planning - Vote 1112 and the National Land Commission – Vote 2021. The meetings were preceded by a briefing by the Parliamentary Budget Office.

In its consultations and deliberations, the Committee made the following observations, that:

1. The proposed Expenditure Estimates for the Land Policy and Planning programme, vote 1112, Ministry of Lands and Physical Planning in the FY 2018/2019 is Ksh. 6.020 billion comprising of Ksh. 2.69 billion for current expenditures and Ksh. 3.33 billion for capital expenditures. The approved BPS 2018 provided for a total expenditure ceiling of Ksh. 5.811 billion comprising of Ksh. 2.332 billion for recurrent expenditures and Ksh. 3.480 billion for capital expenditures. The proposed estimates reflects a positive deviation (increment) of Ksh. 359 million on the recurrent expenditure estimates and a reduction of Ksh. 150 million in capital expenditure estimates resulting to a total overall net expenditure increment of Ksh. 209 million. However the Ministry explained that the amount will be used to cater for deficit in salaries, arrears due to advancement to next grade, lifting of interdicts and promotions.

2. The Ministry of Lands and Physical Planning and the National Land Commission are implementing Land Information Management (LIM) Systems. The two should work in harmony to ensure the country has a single Integrated Land Management Information system and the Committee is of the view that the Land Information Management System should be domiciled at the Ministry of Lands and Physical Planning.

3. The Ministry of Lands and Physical Planning has pending bills amounting to Ksh. 2,035,874,402.47 arising from court and arbitration awards. This was majorly occasioned by commission or omission and falsification of documents by Ministry personnel.

4. Construction and renovation of land registries was greatly hampered by cases of pending bills. To ensure, the 6 land registries planned for the FY 2018/2019 are realized, the Ministry should ensure that activities are undertaken within the approved budget, procurement and cash flow plans. All the designated Authority to Incur Expenditure (AIE) holders in the Ministry should only make commitment after confirming availability of cash to settle the bills;

5. The enactment of the Physical Planning Bill is still pending before Parliament. Its finalization will anchor and harmonize national and county physical planning.

6. The Land Value indexing is instrumental in stabilization of land prices in the country which is presently based on speculation rather than market forces of demand and supply. There is need to prioritize the enactment of the Land Value Index Bill 2018 which *is* an instrument for harmonization of the value *of* land across the country for the primary purpose of determining land rent, land rates, stamp duty on conveyance of land and compensation of expropriated land.

7. Development of Geo-spatial data completion of the national atlas is instrumental in advancing sustainable development goals (SDGs). provision of adequate financing of the completion of geo-spatial data is critical.

8. The National Spatial Plan which was completed and launched in March 2017 has not been implemented. There is need for the Ministry to put in place a robust support system to capacity build the Counties in developing the County Spatial Plans; and further the Ministry needs to finalize the Physical Planning Handbook and guidelines and offer technical assistance to counties in the development of physical plans.

9. The provision of Ksh. 340 million in the FY 2018/2019 for purchase of lands for settlement of the landless including squatters and forest evictees is inadequate. The Ministry estimates that it requires a total of Ksh.10.171 billion over three-year period to settle 4,500 squatters in Mikanjuni, 3,000 squatters in Minarani, and 16,000 squatters in Chakama Kilifi County alone. A robust resettlement programme with defined timeline and financing strategies needs to be put in place.

10. The National Land Commission had not finalized the development of historical land injustices (HLI) rules and regulation including the development HLI claims register as part of implementation of various reports on HLI; and further the Commission had not finalized the development of Traditional/Alternative Dispute Resolutions (TDR/ADR) to address numerous land succession cases clogging the judicial system.

11. There is an increment of Kshs. 15,214,997 for foreign travel and **Ksh. 13,169,131** for Printing, advertising and information supplies and services in the 2018/18 allocation in Land Administration and Management Programme, vote R 2021 National Land Commission compared to the allocation of the same item in the 2017/18 Budget Estimates.

1.5 Committee Recommendations

The Committee recommends that:

1. The Land Information Management Systems being implemented by the Ministry of Information Communication and Technology on behalf of the Ministry of Lands & Physical Planning and the National Land Commission be harmonized to have a single integrated Land Information Management system for the Country to be domiciled in the Ministry of Lands and Physical Planning.

2. The National Land Commission should finalize the development of historical land injustices (HLI) rules and regulation including the development HLI claims register as part of implementation of various reports on HLI; and further finalize the development of Traditional/Alternative Dispute Resolutions (TDR/ADR) to address numerous land succession cases clogging the judicial system

Reallocations

1. **Kshs. 300,000,000** domiciled in the ICT Infrastructure Development – 0210000 programmee in vote 1121, Ministry of Information Communication and Technology for the development of the Public Land Management System for the National Land Commission be reallocated to the Land Policy and Planning programme- 0101000 in Vote 1112, Ministry of Lands and Physical Planning to cater for the following:

i. Ksh. 80, 000,000 is reallocated to County Land Offices – Head (1112001101) to cater for allowances and travel expenses for the Land Control Boards.
ii. Ksh 110,000,000 is reallocated to Sub Programme 0101050, Land settlement to cater for the resettlement of landless citizens
iii. Ksh 110,000,000 is reallocated to Sub Programme 0101010, Development and Land Reforms to cater for titling of land in the country

2. **Ksh. 28,384,128** is reallocated from Land Administration and Management Programme(**Ksh. 15,214,997** for foreign travel, and **Ksh. 13,169,131** for Printing, advertising and information supplies and services) vote 2021 National Land Commission (Recurrent) to the Land Policy and Planning programme- 0101000 in Vote 1112, Ministry of Lands and Physical Planning County Land Office – Head (1112001101) to cater for allowances for the Land Control Boards

1.5 Acknowledgements

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 the Ministry and the Commission under its purview for their participation during the Committee scrutiny of the 2018/2019 Budget Estimates.

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. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Lands to submit its Report on the scrutiny of the 2018/2019 Budget Estimate.

THE HON. DR. RACHAEL NYAMAI, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LANDS

PART II

2. BROAD OVERVIEW OF THE ESTIMATES THE BIG FOUR AGENDA IN FY 2018/2019

In the FY 2018/2019 Budget Estimates, the government has allocated Ksh. 460.2 billion to implement the ''Big Four'' Agenda under all clusters for drivers and enablers. The proposed allocation for main drivers' amounts to Ksh. 82 billion while cross cutting enablers amounts to Ksh. 322.2 billion while other enablers amount to Ksh. 56.7 billion.

The Land Sector as an Enabler of the "Big 4 Agenda": - The land sector is expected to play a critical enabler role in the "Big Four Agenda" especially in areas such as:

(i) Facilitating acquisition of lands for housing, Standard Gauge Railways (SGR) parks and other industrial parks including general utilization of idle public lands;
(ii) Providing legal framework to cap the cost of leasing land so as to attract private/foreign investors;
(iii) Providing legal framework to halt further subdivision of arable land; and
(iv) Unlocking land for development through various measures such as establishment of land bank, land swap with Public Private Partnerships (PPPs) developers, creating incentives for private land owners or idle land tax policy.

In the FY 2018/2019 the medium-tem, the government plans to implement various programmes and projects outlined in the MTP III (2018-2022) of the Kenya Vision 2030. Under the land reform agenda, the government plans to implement the following Kenya Vision 2030 flagship projects in the FY 2018/2019- FY 2020/2021:

(i) Registration, Processing and issuance of Tittle Deeds at an estimated cost of Ksh.13.5 billion
(ii) National Land Management Information System through the digitization of land registries at an estimated cost of Ksh. 5.082 billion;
(iii) Modernization of land registries through construction, renovation/refurbishment of land registries at an estimated cost of Ksh. 1.12 billion;
(iv) Development of the national land value index at an estimated cost of Ksh. 500 million;
(v) Implementation of the National Spatial Plan through the development of geo-spatial data at an estimated cost of Ksh. 5.7 billion;
(vi) Development of national cadaster through geo-referencing of land parcels at an estimated cost of Ksh. 1.1 billion;
(vii) National Physical Planning that includes the preparation of the physical planning handbook at an estimated cost of Ksh. 1.68 billion;
(viii) Survey and maintenance of the national and international land boundaries through inspection and maintenance of international land borders and infrastructure improvement

at Kenya Institute of Survey and Mapping at a cost of approximately Ksh. 550 million; and

(ix) Settlement of landless through regularization of squatter schemes and purchase of farms through settlement fund trustee to settle squatters, displaced persons and forest evictees at a total estimated cost of Ksh. 4 billion.

3. VOTE BY VOTE REVIEW

3.1 Ministry of Lands and Physical Planning- Vote 1112

The proposed gross total Expenditure Estimates for vote 1112 Ministry of Lands and Physical Planning in the FY 2018 is Ksh. 6.020 billion comprising of Ksh. 2.69 billion for recurrent expenditures and Ksh. 3.33 billion for capital expenditures. The total gross expenditure estimates for the Ministry represent an increment of approximately 17.42 percent which is Ksh. 893.51 million compared to the revised total Expenditure Estimate of Ksh. 5.126 billion in the FY 2017/2018.

In the FY 2018/2019, the Ministry plans to implement one budget programme namely: Land Policy and Planning. The objective of the programme is to ensure efficient and effective administration and sustainable management of land resources. The budget programme has five sub-programmes namely: Development Planning and Reforms; Land Information Management; Land Survey; Land use; and Land Settlement.

Submissions by the Principal Secretary, Ministry of Lands and Physical Planning

The Committee held a meeting with the Principal Secretary, Ministry of lands and Physical Planning on Tuesday 22nd May 2018. During the meeting the Principal Secretary responded to issues raised by the Committee as follows:

Status report on the implementation of the Public Accounts Committee recommendations on the report on Audited Accounts for the FY2013/2014

As per the National Treasury Memorandum on Public Accounts Committee Report for the FY2013/2014, under paragraph 305-364, the Ministry of Lands and Physical Planning had satisfactorily responded to all issues raised.

Status report on the stock of Ministry's pending bills as at 31st March 2018.

The Ministry had cleared pending bills amounting to Ksh. 363,922,055.51 carried forward from FY2016/2017: The pending bills were because of lack of exchequer. As at 9th January 2018 the Ministry had pending bills amounting to Ksh. 2,035,874,402.47 arising from court and arbitration awards.

Status report on the approved FY 2017/2018 financial and non-financial performance.

Financial performance

In FY2017/2018, the approved budget for the Ministry approved was Ksh. 5.09 billion compared to total expenditure of Ksh. 3.7 billion (as at 31st March 2018). This translated to absorption rate of 62.5% in recurrent and 79.6% in development.

	Approved Estimates	**Expenditures as at 31st March, 2018**	**Balances**	**Absorption rate**
Recurrent	2,300,464,351	1,437,576,696	862,887,655	62.5%
Development	2,797,595,734	2,228,079,528	569,516,206	79.6%
TOTAL	**5,098,060,085**	**3,665,656,224**	**1,432,403,861**	

As at 15th May 2018, total expenditure stood at Ksh. 4,633,230,099 (91% absorption levels). Recurrent Expenditure accounted for Ksh. 1,849,233,091 (80% absorption levels) and Development Expediture was Ksh. 2,783,997,008 (99% absorption levels). The balance of Ksh. 1,230,609,252, a total of Ksh. 470,630,860 was for recurrent and Ksh. 779,377,992 was for development.

Under the approved recurrent estimate, Ksh. 1,988,602,048 was for compensation of employees while the remaining Ksh. 311,862,303 was for operations and maintenance.

The Ministry was experiencing a shortfall of Ksh. 92,881,972 to cater for the following areas:

a) Deficit in salaries Ksh. 26,048,786
b) Arrears due to lifting of interdictions Ksh. 23,452,746
c) Arrears due to advancement to next grade Ksh. 23,176,760

List of Medium Term Expenditure Programmes, Projects and activities earmarked for implementation in FY2018/2019

The Ministry's Medium-Term Expenditure Programmes, Projects and Activities for implementation in the FY2018/2019 include:

1. Processing and registration of 350,000 title deeds from land buying companies, survey and planning of market centres, subdivisions, ongoing land adjudication sections and settlement schemes and school titling programme. This will improve people's livelihoods through security of tenure, enhanced food production and promotion of investments.

2. Development of a National Land Value index to determine the cost of land in different parts of the country, in order to make the cost of public projects more predictable.

3. Digitization of land registries to guarantee investor confidence through reduced timelines in registering property, protecting investors and property owners from fraudulent land transactions and also unlocking the financial potential of the land owners.

4. Construction of 6 land registries[1] and renovation of 15 land offices[2] to facilitate easy access, storage, retrieval and sharing of land information.

5. Implementation of a National Spatial Plan and National Land Use Policy so as to ensure optimal and sustainable use of land. It will also facilitate development of special economic zones, balancing competing land uses for urbanization, housing and agriculture.

6. Development of Geospatial data to develop base maps for planning, design and implementation of mega projects, such as LAPSSET, SGR, Konza Techno-city and housing. This will entail:

    a) Finalization of Kenya National Spatial Data Infrastructure Policy.
    b) Development of Kenya National Spatial Data Infrastructure for accessing, sharing and use of geospatial information in decision making.
    c) Establishment of a Modern Geodetic Reference Framework.
    d) Updating and digitization of maps.

7. Development of Hydrographic database to enhance safety of life in waters, discovery and support of the blue economy. This will entail reservation and protection of Exclusive Economic Zones in line with United Nations Convention on the Laws of the Sea (UNCLOS) and for use by navigators.

8. Surveying and maintenance of 250km of National and International boundaries to support industrialization through mapping of natural resources and promotion of peaceful co-existence among the locals and between Kenya and her neighboring countries so as to attract investors in food production, real estate and manufacturing.

9. Georeferencing of land parcel boundaries for the registration of land, minimizing land disputes and supporting the Land Information Management System. This would entail:

    a) Development of a national homogeneous and seamless cadastral plan
    b) Establishment of land parcel boundaries in line with Land Laws (Amendment) Act 2016.

10. Settlement of 6,000 squatters and forest evictees in Lamu, Kilifi, Taita Taveta, Mombasa, Trans Nzoia and Kwale counties to guarantee security of tenure.

11. Infrastructure Improvements at Kenya Institute of Surveying and Mapping.

12. Capacity building and provision of technical support to counties on Physical Planning matters, in line with the Constitution, Fourth Schedule Part I (32).

The Ministry would fast track the following legislative agenda:

a) Physical Planning Bill No. 34 of 2017.
b) Land Value Index (Amendment) Bill, which is before the Departmental Committee on Lands.
c) Review of Survey Act,
d) Community Land Act Regulations.
e) Amendment of Sectional Properties Act, to make it possible to have title deeds for apartments and align it with other laws in the sector.

3.2 The National Land Commission- Vote 2021

The proposed gross total Expenditure Estimates for vote 2021-National Land Commission in the FY 2018/19 is Ksh. 1.275 billion for recurrent expenditure. The allocation of development expenditure of Ksh. 300 million that was approved in the 2018/2019 Budget Policy Statement which was mainly for Public Land Information Management (PLIM) System has since been moved to the Ministry of ICT to be implemented from there. The total gross proposed expenditure estimates for the Commission represents a slight reduction of Ksh. 31.5 million or approximately 2 percent compared to the revised total expenditure estimate of Ksh. 5.126 billion in the FY 2017/2018.

The National Land Commission plans to implement one programme namely Land Administration and Management. The programme's objective is to facilitate equitable access and use of land for social-economic development and environmental sustainability. The programme has four sub-programmes namely: Land Administration and Management; General Administration, Planning and Support Services; Land Disputes and Conflict Resolutions; and Public Land Information Management (PLIM) systems.

Submissions by the Chairperson National Land Commission

The Committee held a meeting with the Chairperson, National land Commission on Tuesday 22nd May 2018. During the meeting the Chairperson responded to issues raised by the Committee as follows:

A status report on the implementation of the Public Accounts Committee (PAC) recommendations on the report on Audited Accounts for the FY 2013/2014 for the Ministry and FY 2014/2015 and FY 2015/2016 for the National Land Commission;

The Commission was cleared by the Public Accounts Committee on the issue which was raised in the Financial Year 2014/15. The issue raised was excess expenditure without authorization from the National Treasury on use of goods and services budget lines. The excess expenditure in the said budget lines was funded from acquisition of assets budget lines. In the subsequent financial years, the Commission has adhered to its approved itemized budget lines. For the FY 2015/16 the PAC recommended a special audit by KENAO on the Compensation of Persons Affected by Projects (PAPs) upon Compulsory acquisition. The same is currently ongoing.

Status report on the up to date stock of pending bills including commitments in the Ministry and Agencies as at 31st March 2018.

The Commission's pending bills for Recurrent Vote was **Ksh 75,516,727** whereas for the Development Vote it stood at **Ksh 72,795,000**. Therefore **as at 31st March 2018. The total amount for pending bills was Kshs 148,311,727.**

Planned Output for Financial Year 2018/19

The Commission's planned output for 2018/19 included:

I. 5,000 leases and grants executed (such as those of Manufacturing, Agriculture, public health facilities), 8,000 allotment letters issued and 2,000 allotment letters verified
II. 4,700 no of titles and transfer documents processed.
III. Inventory of Public Land completed in 10 Counties (identify public land available for investment purposes such as Manufacturing, Agriculture and Housing)
IV. Land transfer documents for 4,700 public institutions processed including school titling programme, public facilities e.g. hospitals, public housing, Kalro, ADC, Kenya Prisons, security, KFS,KWS, etc
V. 42 Land use oversight reports. Assist Counties to plan e.g. infrastructure and residential developments.
VI. 22 natural resource maps and databases developed
VII. 50% of Historical Land Injustices (HLI) received claims investigated and redressed
VIII. Implementation of PLIM completed at 30% level
IX. 56 compulsory acquisition project applications processed and 200 compulsorily acquired parcels of land vested. This provides land for development such as GoK Vision 2030 Flagship projects being done by other GoK Agencies.
X. 6,000 land disputes through ADR/TDR mechanism processed and resolved. Peaceful co-existence enhancing farming leading to food security and manufacturing.

The Committee was informed that the Commission was an enabler in the delivery of the BIG FOUR Agenda for the implementation of MTP III FY 2018/2022 in the following areas;

- Compulsory acquisition of land for Public Projects including vesting and development of an inventory of all publicly acquired land.
- Development of the Land Bank for National and County Governments (Process ongoing of Inventory of Public Land).

- Resolving of land disputes, amongst which is Public Land, where the BIG FOUR shall be undertaken.
- Advisory on Comprehensive Registration of Titles in Kenya process on going.
- Development of Public Land Information Management System (PLIM) to hasten Public Land administration and management.
- Undertaking survey on state of Land Use Planning throughout Kenya.
- School titling which will be expanded to all public institutions (Titling of all Public institution)

4. OBSERVATIONS

The Committee made the following observations:

1. The Committee observed that the proposed Expenditure Estimates for the Land Policy and Planning programme, vote 1112, Ministry of Lands and Physical Planning in the FY 2018/2019 is Ksh. Ksh. 6.020 billion comprising of Ksh. 2.69 billion for current expenditures and Ksh. 3.33 billion for capital expenditures. The approved BPS 2018 provided for a total expenditure ceiling of Ksh. 5.811 billion comprising of Ksh. 2.332 billion for current expenditures and Ksh. 3.480 billion for capital expenditures. There proposed estimates reflect a positive deviation (increment) of Ksh. 359 million on the current expenditure estimates and a reduction of Ksh. 150 million in capital expenditure estimates resulting a total overall expenditure increment of Ksh. 209. However the Ministry explained that the amount will be used to cater for deficit in salaries, arrears due to advancement to next grade, lifting of interdicts and promotions.

2. The Ministry of Lands and Physical Planning and the National Land Commission are implementing a Land Information Management (LIM) Systems. The two should work in harmony to ensure the country has a single Integrated Land Management Information system and the Committee is of the view that the Land Information Management System should be domiciled at the Ministry of Lands and Physical Planning.

3. The Ministry of Lands and Physical Planning has pending bills amounting to Ksh. 2,035,874,402.47 arising from court and arbitration awards. This was majorly occasioned by commission or omission and falsification of documents by ministry personnel.

4. Construction and renovation of land registries was greatly hampered by cases of pending bills. To ensure, the 6 land registries planned for the FY 2018/2019 are realized, the Ministry should ensure that activities are undertaken within the approved budget, procurement and cash flow plans. All the designated Authority to Incur Expenditure (AIE) holders in the Ministry should only make commitment after confirming availability of cash to settle the bills.

5. The enactment of the Physical Planning Bill which has been pending before Parliament should be finalized to anchor and harmonize national and county physical planning.

6. The Land Value indexing is instrumental in stabilization of land prices in the country which is presently based on speculation rather than market forces of demand and supply. Therefore, Parliament should prioritize the enactment of the Land Value Index Bill 2018 which *is* an instrument for harmonization of the value *of* land across the country for the primary purpose of determining land rent, land rates, stamp duty on conveyance of land and compensation of expropriated land.

7. Development of Geo-spatial data completion of the national atlas is instrumental in advancing sustainable development goals (SDGs). The Ministry and Parliament should provide adequate financing to the completion of geo-spatial data

8. The National Spatial Plan which was completed and launched in March 2017 should be implemented. The Ministry should put in place a robust support system to capacity build the Counties in developing the County Spatial Plans; and further the Ministry should finalize the Physical Planning Handbook and guidelines and offer technical assistance to counties in the development of physical plans.

9. The provision of Ksh. 340 million in the FY 2018/2019 for purchase of lands for settlement of the landless including squatters and forest evictees seems inadequate. The Ministry estimates that it requires a total of Ksh.10.171 billion over three-year period to settle 4,500 squatters in Mikanjuni, 3,000 squatters in Minarani, and 16,000 squatters in Chakama Kilifi County alone. The government should put in place a robust resettlement programme with defined timeline and financing strategies.

10. The National Land Commission had not finalized the development of historical land injustices (HLI) rules and regulation including the development HLI claims register as part of implementation of various reports on HLI; and further the Commission had not finalized the development of Traditional/Alternative Dispute Resolutions (TDR/ADR) to address numerous land succession cases clogging the judicial system.

11. There is an increment of Kshs. 15,214,997 for foreign travel and Ksh. 13,169,131 for Printing, advertising and information supplies and services in the 2018/18 allocation for Land Administration and Management Programme, vote R 2021 National Land Commission compared to the allocation of the same item in the 2017/18 Budget Estimates

5.0 RECOMMENDATIONS

The Committee recommends that:

1. The Land Information Management Systems being implemented by the Ministry of Information Communication and Technology on behalf of the Ministry of Lands & Physical Planning and the National Land Commission should be harmonized to have a single integrated Land Information Management system for the Country to be domiciled in the Ministry of Lands and Physical Planning developed.

2. The National Land Commission should finalize the development of historical land injustices (HLI) rules and regulation including the development HLI claims register as part of implementation of various reports on HLI; and further finalize the development of Traditional/Alternative Dispute Resolutions (TDR/ADR) to address numerous land succession cases clogging the judicial system

Reallocations

1. **Kshs. 300,000,000** domiciled in the ICT Infrastructure Development – 0210000 programmee in vote 1121, Ministry of Information Communication and Technology for the development of the Public Land Management System for the National Land Commission be reallocated to the Land Policy and Planning programme- 0101000 in Vote 1112, Ministry of Lands and Physical Planning to cater for the following:

i. **Ksh. 80, 000,000** is reallocated to County Land Offices – Head (1112001101) to cater for allowances and travel expenses for the Land Control Boards.;
ii. **Ksh 110,000,000** is reallocated to Sub Programme 0101050, Land settlement to cater for the resettlement of landless citizens; **and**
iii. **Ksh 110,000,000** is reallocated to Sub Programme 0101010, Development and Land Reforms to cater for titling of land in the country.

3. **Ksh. 28,384,128** is reallocated from Land Administration and Management Programme(**Ksh. 15,214,997** for foreign travel, and **Ksh. 13,169,131** for Printing, advertising and information supplies and services) vote 2021 National Land Commission (Recurrent) to the Land Policy and Planning programme- 0101000 in Vote 1112, Ministry of Lands and Physical Planning County Land Office – Head (1112001101) to cater for allowances for the Land Control Boards

Signature: ..... **Date:** 28/5/2018

THE HON. DR. RACHAEL NYAMAI, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LANDS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON
COMMUNICATION, INFORMATION AND INNOVATION

REPORT ON THE SCRUTINY OF THE 2018/2019 BUDGET ESTIMATES FOR THE MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY:

Vote 1121- Ministry of ICT

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI

MAY, 2018

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1.0 Preface.

1.1 Mandate of the Committee

The Departmental Committee on Communication, Information and Innovation is one of the fifteen departmental committees of the House established pursuant to Article 124 of the Constitution of Kenya, 2010 and Standing Order 216 of the National Assembly and mandated to:

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

(b) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;

(c) 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 inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;

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

(g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Departmental Committee on Communication, Information and Innovation oversights the Ministry of Information, Communication and Technology -**Vote number 1121.**

1.2 Committee Membership

1. Hon.Kisang William Kipkemoi, M.P - **Chairperson**
2. Hon.George Macharia Kariuki, M.P - **Vice Chairperson**
3. Hon.Liza, Chelule Chepkorir, M.P.
4. Hon.Alfah, O. Miruka, M.P.
5. Hon.Annie Wanjiku Kibeh, M.P.
6. Hon.Joshua Kimilu, Kivinda, M.P.
7. Hon.Marwa Kitayama Maisori, M.P.
8. Hon.Mwambu Mabongah, M.P.
9. Hon.Maritim Sylvanus, M.P.
10. Hon.Mwangaza Kawira, M.P.
11. Hon.Jonah Mburu, M.P.
12. Hon.Gertrude Mbeyu Mwanyanje , M.P.
13. Hon.Wamuchomba, Gathoni, M.P.
14. Hon.(Eng)Mark Nyamita Ogola,M.P
15. Hon.John Kiarie Waweru, M.P.
16. Hon.Erastus Nzioka Kivasu, M.P.
17. Hon.Innocent Momanyi, Obiri, M.P.
18. Hon.Godfrey Osotsi, Atieno , M.P.
19. Hon.Anthony, Tom Oluoch, M.P.

Committee Secretariat

1. Mr. Nicholas Emejen Deputy Director Committee Services (Lead Clerk)
2. Ms.Ella Kendi Third Clerk Assistant

3.	Mr.Ronald Walala	Legal Counsel
4.	Ms.Lorna Okatch	Research Officer
5.	Ms.Catherine Gati	Fiscal Analyst.
6.	Ms.Debra Mepusi	Media Relations Officer.

Overview of the examination of the Estimates

The Budget Estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution and Standing Order 235 and subsequently tabled in the House 0n 3rd May, 2018.The Committee held a total of six consultative meetings whereby they were briefed by the Parliamentary Budget Office and met with the Ministry of Information, Communication.

1.3 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

1.3.1 Committee Observations

In its consultations and deliberations, the Committee made the following observations, THAT:

1) The allocation to the Ministry of ICT does not meet the resource requirements of the Ministry. This may affect the implementation of the programmes.
2) The Ministry had accumulated pending bills arising from the budget cuts as well as delayed budget releases from the exchequer account during the financial year 2017/18.
3) The Konza Techno city had been underfunded over the financial years and this has adversely affected its completion.
4) The Ministry headquarters is understaffed and this affects the implementation of its mandate.
5) The inadequate financing and delayed budget release had resulted into un-achievement of pre-planned targets by the state departments.
6) The Ministry was intending to spearhead the implementation of seamless e-government services and this required adequate funding
7) There was a consultation to be done to deliberate on the performance of the Digital Literacy programme
8) The Ministry was intending to install a 1,000km fibre optic cable under the NOFBI project; this would provide a platform for the government shared services. The Ministry was as well intending to have an inter-connectivity between various health facilities countrywide in order to promote the universal health care agenda.
9) In the previous years, the state departments had recorded low absorption rates and this is attributed to the delay in the disbursement of funds from the exchequer account.

1.3.2 Committee Recommendations

After careful scrutiny, analysis and deliberations the Committee recommends, THAT;

A. Policy recommendations

1 The National Treasury should ensure timely disbursement of funds from the exchequer account to enhance effective and efficient implementation of projects.

2 The Ministry undertakes consultations with the county governments so as to agree on the interdependency of procuring ICT services.

3 The Ministry of ICT should present a report to the Committee on the performance and the actual implementation status of the Presidential Digital Talent Programme;

4 The Ministry should create awareness regarding the Ajira programme (Presidential Digital Talent Programme) to enable more youths to apply and be trained.

B. Financial recommendations.

Realloactions

a) **Kshs 100 million is deducted from R 1121000113 ICT shared services and to be allocated to R 1121000700 Konza Technopolis Development Authority.** This amount is to be used for the payment of salaries and the advertisement costs in marketing of Konza.

b) **Kshs 100 million is deducted from R 1121000113 ICT shared services and to be allocated to R 1121002701 Media Council of Kenya (Current transfers to government agencies).** This amount is to be used for payment of salaries and wages of employees, this item has been underfunded.

c) **Kshs 200 million is deducted from D 112100901 Consultancies (MDP2) and allocated to 112100701 Konza Complex- Headquarters.** This amount will be used to cater for the accumulated pending bills in the Project.

WISHLIST

There is urgent need for the National Treasury to allocate;

1. Funds for establishment of **Constituency Innovation Hubs** in the remaining constituencies.
2. **50M** to Kenya Year Book Editorial Board to enhance its operations

2.0 Acknowledgements

The Committee appreciates the support offered by the Offices of the Speaker and the Clerk of the National Assembly for both logistical and technical support during its sittings and deliberations. The Committee wishes to thank the Ministry of ICT for actively participating during the scrutiny of the 2018/19 budget estimates.

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.

Honorable Chair, It is my pleasant duty and privilege, on behalf of the Departmental Committee on Communication, Information and innovation to submit its Report on the scrutiny of the 2018/2019 Budget Estimates.

Signature: .....**Date:** 28/05/2018

THE HON. KISANG WILLIAM KIPKEMOI, M.P

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

3.0 BROAD OVERVIEW OF THE BUDGET ESTIMATES

The Budget estimates have been prepared at time when the Government is geared towards promoting and achieving its Big four (4) agenda. The ICT sector is a major enabler of the big four agenda for instance;

i) In the boosting of the manufacturing sector, the government intends to invest in key areas such as ICT. A comprehensible ICT and relevant infrastructure will enhance the easiness of doing businesses for instance the process of acquiring licenses and work permits will be made faster.

The Digital Literacy programme has several components including the setup of two local assembly lines for laptops, tablets and other devices

Projects under the Digital Literacy programme that supports manufacturing are

a) procurement of 100,000 devices to be assembled locally in JKUAT facility, Kiambu County and Moi University facility in Eldoret, Uasin Gishu County; and

b) Conduct of proof concept (POC) for lab model in 3 schools per sub county to test and refine the next phase of DLP covering upper primary.

ii) Enhancing food and nutrition security to all Kenyans by 2020

In the enhancement of food security the government intends to innovate and strengthen a warning system that will be providing timely weather and climate information which is important in triggering appropriate early action and decision making in relation to food and nutrition security. The CT connectivity is used in commodity exchange in sharing of market information in agriculture.

iii) Provide universal health coverage to guarantee quality and affordable healthcare to all Kenyans

The Government intends to continue with the digitization of the health information management especially the National Hospital Insurance Fund (NHIF). This will increase efficiency and reduce the overhead costs by 3% and foster faster online registration. To enhance service delivery, the

Government will establish national data centres (NDC)/Radiology hubs at the Kenya National Hospital and Moi Teaching and Referral Hospital

The use of e-procurement and online access of medical supplies and e-health will as well make the healthcare more efficient.

iv) Provision of affordable and decent housing for all Kenyans: the digitization of the housing records has increased investor confidence country wide and this will stimulate more houses to be built.

The government intends to invest in infrastructure development to unlock growth potential and drive the big four plan. It intends to promote the use of information, communication and technology (ICT).

For the last four years the government has implemented a number of initiatives to enhance the use of ICT including; the expansion of optic fibre backbone infrastructure across the counties in order to facilitate internet connectivity; Recruiting and training of ICT graduates under the presidential Digital talent Programme aimed at enhancing ICT skills among the youths to enhance their employability;Training of 10,000 youth on online jobs under *Ajira* Programme and leveraging on ICT to improve Government service delivery through initiatives such as e-procurement, *Huduma* Kenya, e-citizen, *i*-tax and IFMIS.

The government intends to improve on the ICT infrastructure and increase Information, Communication and Technology skills and innovation in order to drive the attainment of the big four plan.

In the financial year 2018/19 and the medium term the government intends to focus on expanding ICT infrastructure connectivity by further rolling out of the national optic fibre backbone (NOFBI) broadband; connecting all state Departments to unified Government communications System management and improving cyber security and increasing the number of youths trained under the Presidential Talent Initiative and Ajira Kenya initiative and facilitating their absorption to the job market.

In addition, the Government will continue to increase online access to Government records through digitizing Government records; complete the construction of Konza Complex and

provide funds to facilitate provision of infrastructure that will attract investors to Konza Techno City project.

During this financial year, all the ICT procurement plans have been consolidated in the Ministry hence there is an additional funding to the Ministry to spearhead the implementation of an integrated ICT framework within government.

4.0 VOTE BY VOTE REVIEW

4.1 Ministry of Information, Communication and Technology- Vote 1121

In this Financial year 2018/19, the Ministry has one vote number 1121 which is a merger of the pre-existing state departments; Vote 1122 (State Department for ICT) and vote 1123 (State department for broadcasting and telecommunications). In as much as these two state departments have been merged, the programmes have remained the same.

The Ministry of ICT has a total of five (5) programmes namely:

(a) General administration, planning & support service- **Kshs 443 million**.
(b) ICT Infrastructure Development- **Kshs 24,077 million**
(c) E-government services- **Kshs 3,906 million**
(d) Information and communication services- **Kshs 3,018 million**
(e) Mass media skills development- **Kshs 458 million**

Following the 75% development budget cuts earlier in the year, the Ministry could not meet its planned performance targets. Unpredictable exchequer releases has also negatively affected budget execution in the Ministry.

In the financial year 2017/18 the ministry recorded fairly low absorption rates due to the delay in the disbursement of funds from the exchequer account to the state departments in the Ministry. The ministry submitted that the Konza project had been completed upto 50%, Digital Literacy programme had made a stride and over 21,000 public primary schools had been supplied with the laptops. In this financial year 2018/19 the ministry was targeting 3,000 schools.

In the financial year 2018/19, the Ministry of ICT has been allocated a total of **Kshs 31,900.9 million**. This is composed of **Kshs 4,854.3 million** meant for recurrent expenditure and **Kshs 27,046.6 million** meant for development expenditure.

In this financial year 2018/19 the ministry intends to review the ICT sector and legal regulatory framework, roll out 2,500 km of NOFBI Phase II expansion to connect to sub counties headquarters, hospitals and public institutions, implement the digital literacy programme in 3,000 remaining schools, complete Konza project Phase I and formulate policies to guide public communication and broadcasting.

In this regard, the ministry may not be able to implement all the objectives as outlined due to underfunding. In addition, the underfunding may hamper service delivery as allocations to the personnel emoluments items have not been funded to 100%.

The Ministry made an appearance to the Public Accounts Committee in March 2018 to deliberate on matters raised by the Auditor general for the financial statements of 2014/15 as they had been issued an unqualified opinion. The Ministry submitted that the submissions to the PAC were satisfactory however; the report had not been finalized.

In the financial year 2018/19, there is a new policy that intends to have all ICT procurement in government ministries and state corporations centralized under the Ministry of Information, Communication and Technology (ICT) in order to assure economies of scale, and optimize upon the shared services strategy.

5.0 COMMITTEE OBSERVATIONS.

In its consultations and deliberations, the Committee made the following observations, THAT;

1. The allocation to the Ministry of ICT does not meet the resource requirements of the Ministry. This may affect the implementation of the programmes.
2. The Ministry had accumulated pending bills arising from the budget cuts as well as delayed budget releases from the exchequer account during the financial year 2017/18.
3. The Konza Techno city had been underfunded over the financial years and this has adversely affected its completion.
4. The Ministry headquarters is understaffed and this affects the implementation of its mandate.
5. The inadequate financing and delayed budget release had resulted into un-achievement of pre-planned targets by the state departments.
6. The Ministry was intending to spearhead the implementation of seamless e-government services and this required adequate funding
7. There was a consultation to be done to deliberate on the performance of the Digital Literacy programme
8. The Ministry was intending to install a 1,000km fibre optic cable under the NOFBI project; this would provide a platform for the government shared services. The Ministry was as well intending to have an inter-connectivity between various health facilities countrywide in order to promote the universal health care agenda.
9. In the previous years, the state departments had recorded low absorption rates and this is attributed to the delay in the disbursement of funds from the exchequer account.

6.0 COMMITTEE RECOMMENDATIONS

After careful scrutiny, analysis and deliberations the Committee recommends, THAT;

A. Policy recommendations

1. The National Treasury should ensure timely disbursement of funds from the exchequer account to enhance effective and efficient implementation of projects.
2. The Ministry undertakes consultations with the county governments so as to agree on the interdependency of procuring ICT services.
3. The Ministry of ICT should present a report to the Committee on the performance and the actual implementation status of the Presidential Digital Talent Programme;
4. The Ministry should create awareness regarding the Ajira programme (Presidential Digital Talent Programme) to enable more youths to apply and be trained.

B. Financial recommendations.

Realloactions

a) **Kshs 100 million is deducted from R 1121000113 ICT shared services and to be allocated to R 1121000700 Konza Technopolis Development Authority.** This amount is to be used for the payment of salaries and the advertisement costs in marketing of Konza.

b) **Kshs 100 million is deducted from R 1121000113 ICT shared services and to be allocated to R 1121002701 Media Council of Kenya (Current transfers to government agencies).** This amount is to be used for payment of salaries and wages of employees, this item has been underfunded.

c) **Kshs 200 million is deducted from D 112100901 Consultancies (MDP2) and allocated to 112100701 Konza Complex- Headquarters.** This amount will be used to cater for the accumulated pending bills in the Project.

WISHLIST

There is urgent need for the National Treasury to allocate;

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2. **50M** to Kenya Year Book Editorial Board to enhance its operations

ANNEX 1 MINUTES

MINUTES OF THE 44TH SITTING OF THE DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION HELD IN 5TH FLOOR CONTINETAL HOUSE ON 15TH MAY, 2018 AT 2.30PM

PRESENT

1. Hon. William Kipkemoi, M.P. **-Chairperson**
2. Hon. George Macharia Kariuki, M.P. **-Vice- Chairperson**
3. Hon. Marwa Kitayama Maisori, M.P.
4. Hon. Mwambu Mabongah, M.P.
5. Hon. Mwangaza Kawira, M.P
6. Hon. Joshua Kimilu Kivinda, M.P.
7. Hon. Gertrude Mbeyu Mwanyanje, M.P.
8. Hon. (Eng.). Mark Nyamita, M.P
9. Hon. Jonah Mburu, M.P.

APOLOGIES

1. Hon. Liza Chelule Chepkorir ,M.P
2. Hon. Wamuchomba Gathoni, M.P.
3. Hon. Alfah O. Miruka, M.P.
4. Hon. Erastus Nzioka Kivasu, M.P.
5. Hon. Maritim Sylvanus, M.P
6. Hon. John Kiarie Waweru, M.P
7. Hon. Annie Wanjiku Kibeh,M.P
8. Hon. Godfrey Osotsi Atieno, M.P
9. Hon. Innocent Momanyi Obiri, M.P
10. Hon. Anthony Tom Oluoch, M.P.

National Assembly Secretariat

1. Ms Ella Kendi — Clerk Assistant
2. Ms.Catherine Gati — Fiscal Analyst
3. Albert Atunga — Serjeant at arms

MINUTE NO. 150/2018: PRELIMINARIES

The meeting was called to order at thirty minutes past two o'clock followed with a word of prayer.

MINUTE NO.151/2018: BRIEFING BY THE FISCAL ANALST ON BUDGET ESTIMATES FOR THE FY 2018/19

The Fiscal analyst appeared before the Committee and informed them as follows;

1. The estimates of revenue and expenditure for the national government were submitted to the national assembly on 26th April 2018. This is in adherence to the provision of the constitution of Kenya, 2010 which provides that that the Estimates of Revenue and expenditure of the national government should be submitted to the National

Assembly at least two months before the current financial year ends. These were consequently tabled in the house on 3rd May 2018.

2. Consequently, section 37 (1) of the Public Finance Management Act, 2012 provides that the Cabinet Secretary shall submit to the national assembly by the 30th April in that the following documents: the budget estimates excluding those of parliament and the judiciary; documents supporting the submitted estimates and any other bills required to implement the national government budget.
3. Section 235 (4) of the Standing orders provide that upon being laid before the house the Estimates shall be committed to each Departmental committee to consider and make recommendations to the budget and appropriations committee within twenty one days of committal.
4. Standing order 216 highlights that the functions of the Departmental Committee on Communication, Information and Innovation shall be:

    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) Study and review all legislation referred to it;

    d) study, assess and analyze the relative success of the Ministries and departments as measured by the results investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem obtained as compared with their stated objectives;

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

    f) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;

    g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;

    h) Consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of examine any questions raised by Members on a matter within its mandate. Article 254 of the Constitution; and

    i) Examine any questions raised by Members on a matter within its mandate.

5. In addition, Departmental committee shall oversight matters relating to Communication, information, media and broadcasting (except for broadcast of parliamentary proceedings), Information Communications Technology (ICT), development and advancement of technology and modernization of production strategies.
6. The committee on Communication, information and innovation is in charge of one vote 1121, Ministry of Information Communications and Technology. In the previous financial year the Committee was in charge of two votes 1122- State Department of ICT and Vote 1123 State Department for broadcasting and telecommunications. These have been amalgamated to form one vote 1121- Ministry of ICT. It is worth noting that, despite the alterations in the vote numbers, the programmes under the purview of the committee have remained the same.

HIGHLIGHTS OF THE 2018/19 BUDGET ESTIMATES

Fiscal Framework

1. Revenue Projections: The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of Kshs. 1,923.3 billion(19.6 percent of the GDP) from Kshs. 1,659.6 billion(19.2 per cent of the GDP) in the FY 2017/2018. Ordinary Revenues are projected at Kshs. 1,743.4 billion (17.8 percent of the GDP) in the FY 2018/19 from the projected Kshs 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18.
2. Expenditure Projections: The total budgetary allocation is projected to be 3,074, 160 million with ministerial expenditure amounting to a sum of Kshs 1,676,654 million, while the Judiciary and Parliament have a proposed allocation of Kshs. 17 billion and Kshs.42 billion respectively as shown in the table 1 below.

	2017/18	2018/19	2019/20	2020/21
National Government	**1,660,073.00**	**1,676,654.00**	**1,829,370.00**	**2,005,628.00**
recurrent	1,077,211.00	1,022,949.00	1,127,521.00	1,226,699.00
development	582,862.00	653,705.00	701,849.00	778,929.00
Judiciary *	**18,051.00**	**17,768.00**	**20,073.60**	**17,571.15**
recurrent	13,922.00	13,719.00	15,974.60	16,571.15
development	4,129.00	4,049.00	4,099.00	1,000.00
Parliament ***	**37,166.00**	**42,548.00**	**43,907.00**	**47,160.00**

recurrent	34,016.00	39,348.00	41,107.00	44,510.00
development	3,150.00	3,200.00	2,800.00	2,650.00
CFS	**726,857.00**	**962,562.00**	**885,012.00**	**976,482.00**
County Allocation	**331,681.00**	**374,627.00**	**372,164.00**	**381,909.00**
Overall Budget	**2,773,828.00**	**3,074,160.00**	**3,150,526.60**	**3,428,750.15**

Source: The National Treasury

Allocation towards the Big Four

1. On 12th December 2017, His Excellency President Uhuru Kenyatta announced his new plan, the 'Big Four', which would guide the development agenda of the country in the period 2018-2022. It focuses on key basic needs that are critical in uplifting the standard of living of Kenyans on the path to becoming an upper middle-income country by 2030. Prioritized is affordable and decent housing, affordable healthcare, food and nutritional security, and employment creation through manufacturing. These four areas are expected to bolster strong inclusive economic growth
2. In the 2018/2019 proposed estimates, the Government has allocated Kshs. 460.2 billion to implement the ''Big Four'' Agenda under all clusters for drivers and enablers. The proposed allocation for the drivers amounts to Kshs. 82 billion while cross cutting enablers amounts to Kshs. 322.2 billion while other enablers amounts to Kshs. 56.7 billion. The following table summarizes the allocations to the big four interventions.

Table 3:Allocations to Drivers of the Big Four

S/No.	Agenda	Kshs in Billions
1)	Enhancing Food and Nutrition security to all Kenyans by 2022	43.1
2)	Providing Universal Health Coverage and Guaranteeing quality and affordable Healthcare to all Kenyans	44.6
3)	Provision of affordable and decent Housing for all Kenyans	6.5

4) Supporting value addition and raising manufacturing sector share of GDP to 15% by 2022 3.1

The Big Four however will be implemented alongside the pillars of the Economic Transformation Agenda which will be serving as enablers to achieving the big four. The enablers generally will provide Conducive Business Environment for Investment and Job creation. They include Macro-economic stability, deficit financing policy, Business Regulatory Reforms, Improving National Security among others.

The relationship of the sector to the Big four agenda

The Budget estimates have been prepared at time when the Government is geared towards promoting and achieving its Big four (4) agenda. The ICT sector is a major enabler of the big four agenda for instance;

I. In the boosting of the manufacturing sector, the government intends to invest in key areas such as ICT. A comprehensible ICT and relevant infrastructure will enhance the easiness of doing businesses for instance the process of acquiring licenses and work permits will be made faster.
The Digital Literacy programme has several components including the setup of two local assembly lines for laptops, tablets and other devices

Projects under the Digital Literacy programme that support manufacturing are i) procurement of 100,000 devices to be assembled locally in JKUAT facility, Kiambu County and Moi University facility in Eldoret, Uasin Gishu County and ii) Conduct of proof concept (POC) for lab model in 3 schools per sub county to test and refine the next phase of DLP covering upper primary.

II. Enhancing food and nutrition security to all Kenyans by 2020

In the enhancement of food security the government intends to innovate and strengthen a warning system that will be providing timely weather and climate information which is important in triggering appropriate early action and decision making in relation to food and nutrition security. The CT connectivity used in commodity exchange in sharing of market information in agriculture

III. Provide universal health coverage to guarantee quality and affordable healthcare to all Kenyans

The Government intends to continue with the digitization of the health information management especially the National Hospital Insurance Fund (NHIF). This will increase efficiency and reduce the overhead costs by 3% and foster faster online registration. To enhance service delivery, the Government will establish national data centres (NDC)/Radiology hubs at the Kenya National Hospital and Moi Teaching and Referral Hospital

The use of e-procurement and online access of medical supplies and e-health will as well make the healthcare more efficient.

IV. Provision of affordable and decent housing for all Kenyans: the digitization of the housing records has increased investor confidence country world and this will stimulate more houses to be built.

The government intends to invest in infrastructure development to unlock growth potential and drive the big four plan. It intends to promote the use of information, communication and technology (ICT).

For the last four years the government has implemented a number of initiatives to enhance the use of ICT including; the expansion of optic fibre backbone infrastructure across the counties in order to facilitate internet connectivity; Recruiting and training of ICT gradates under the presidential Digital talent Programmee aimed at enhancing ICT skills among the youths to enhance their employability ;Training of 10,000 youth on online jobs under *Ajira* Programme and leveraging on ICT to improve Government service delivery through initiatives such as e-procurement, *Huduma* Kenya, e-citizen, *i*tax and IFMIS.

The government intends improve on the ICT infrastructure and increase Information, Communication and Technology skills and innovation in order to drive the attainment of the big four plan.

In the financial year and the medium term the government intends to focus on expanding ICT infrastructure connectivity by further roll out of the national optic fibre backbone (NOFBI) broadband; connecting all state Departments to unified Government communications System management and improving cyber security and increasing the number of youths trained under the Presidential Talent Initiative and Ajira Kenya initiative and facilitating their absorption to the job market.

In addition, the Government will continue to increase online access to access to Government records through digitizing Government records; complete the construction of Konza Complex and provide funds to facilitate provision of infrastructure that will attract investors to Konza Techno City project.

In the financial year 2018/19, the ICT department being an enabler of the Big four agenda, the key expenditure in the ministry geared towards leveraging on information, communication and technology is as follows:

Single Window support project- Kshs 300 million.

Roll out of IFMIS- Kshs 1,200 million.

Development at Konza Technopolis- Kshs 7,900 million

Digital Literacy programme (School laptop project) - Kshs 11,900 million.

Digital migration (KBC)- Kshs 300 million.

Presidential Digital Talent programme- Kshs 100 million.

VOTE BY VOTE ANALYSIS

Ministry of Information Communications and Technology

The table 2 below shows the allocation to the programmes in the Ministry.

FY	BPS 2018-19 Ceilings			Budget Estimates 2018-19 Allocation		
Item	Current	capital	**Total**	Current	capital	**Total**
General Admin. Planning & support services	537	-	**537**	443	-	**443**
ICT Infrastructure Development	311	30,759	**31,070**	279	23,798	**24,077**

E-government services	578	-	**578**	1,345	2,561	**3,906**
Information & Communication Services	2,296	428	**2,724**	2,580	438	**3,018**
Mass media skills Development	196	260	**456**	207	250	**458**
Total	**3,918**	**31,447**	**35,365**	**4,854**	**27,047**	**31,901**

Source: National Treasury- Program based budget and Budget summary

In the financial year 2018/2019, the Ministry of ICT has been allocated a total of **Kshs 31,901 million**. Out of this amount, **Kshs 4,854 million** is for recurrent expenditures while **Kshs 27,047 million** is for development expenditure.

The allocation to the Ministry's programmes is **Kshs 3,464 million** less as compared to what was expected in accordance to the financial year 2018 Budget policy statement ceilings.

The reduction in the allocations is attributed to the reasons in the table below:

Item	BPS 2018-19 Ceilings-Total	BPS 2018-19 Allocation-Total	Variance	Remarks
General Admin. Planning & support services	537	443	(94)	budget rationalization
ICT Infrastructure Development	31,070	24,077	(6,993)	reduction due to increase in donor commitments
E-government services	578	3,906	3,328	consolidation of ICT expenditures from MDAs
Information & Communication Services	2,724	3,018	294	additional expenditure for strengthening of KBC

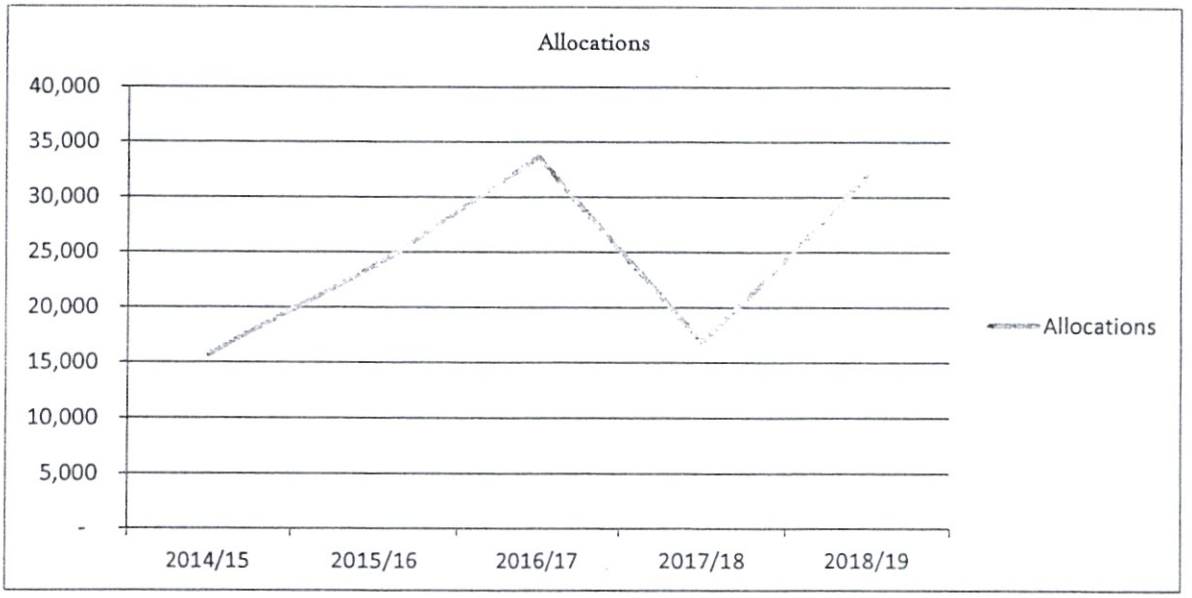
Mass media skills Development	456	458	2	salary shortfall for media council
Total	35,365	31,901	(3,464)	

A keen analysis of the past year's allocations to the programmes reveals that the allocation to the ministry has not followed a predictable trend due to various adjustments especially due to the supplementary estimates. The table 3 and graph below illustrates:

Table 2: Ministry of ICT

Item	Approved budget				
Programme	2014/15	2015/16	2016/17	2017/18	2018/19
General Admin. Planning & support services	1,816	2,340	598	572	443
ICT Infrastructure Development	8,098	14,413	27,554	11,635	24,077
E-government services	1,111	492	582	1,205	3,905
Information communications services	3,948	5,919	4,247	3,155	3,018
Mass media skills development	712	644	656	261	457
Total	15,685	23,808	33,637	16,828	31,900

The decrease in allocation for the previous year was attributed to budget rationalization. In the financial year 2018/19 the programme, ICT infrastructure development has been given a priority as compared to other programmes.



Analysis of the recurrent expenditure and the Development expenditure.

Analysis of Recurrent Expenditure

Out of the gross estimates **Kshs 4,854 million** allocated to the recurrent expenditure, **Kshs 3,754 million** (77%) is financed by the government of Kenya/ exchequer account. The appropriation in aid in the Ministry totals to Kshs 1,100 million (23%). The appropriation in aid is emanates from the following agencies:

I. Directorate of communication- Kshs 80 million
II. Government advertising agency- Kshs 1,000 million.
III. News and information services- Kshs 4 million
IV. Kenya Institute of mass communication- Kshs 12 million.
V. Media council of Kenya- Kshs 4 million.

Analysis of the Development expenditure.

1. The programme, ICT infrastructure development harbours projects such as *the Konza complex, digital literacy programme, constituency innovation hubs as well as the presidential digital talent programme.*
2. The projects have been allocated relatively higher amount of monies because they directly promote the achievement of universal access to affordable and quality ICT infrastructure and services given that ICT is major enabler of the Big four (4) agenda.

3. The table 4 below highlights the projects that are ongoing in the Ministry, the estimated costs, status and source of funding. In addition the table gives a preview of the start dates and the expected dates of completion of the said projects:
4. From the analysis, it is shown that the GOK's allocation to the development projects accounts form 61% whilst foreign financing forms up to 39%. The foreign financing is a loan from various countries:

    a) Government of Sweden- Kshs 1,000 million.

    b) Government of Italy- Kshs 7,200 million.

    c) Government of China- Kshs 2,061 million

    d) Government of Poland- Kshs 200 million.

Total loans from foreign governments - Kshs 10,461 million.

estimated cost of project	start date	end date	status	allocation FY2018/19 (Kshs millions)	
				GOK	Foreign
KBC analogue to digital TV migration	1/7/2014	30/6/2021	ongoing	310	-
KBC rollout of studio mashinani	1/7/2016	30/6/2021	ongoing	54	-
modernization of KNA National Desk and press	1/7/2016	20/6/2021	ongoing	74	-
450 bed capacity five storey building-KIMC	1/7/2018	30/6/2019	ongoing	64	-
modernization of KIMC media training facilities	1/7/2015	30/5/2021	ongoing	186	-
supply and installation of an internet based 4000 Network	1/1/2016	31/12/2018	ongoing	115	1,000
Kenya Transparency & communication Infrastructure Project	1/7/2010	31/12/2018	ongoing	16	-

(TCIP)					
East African Trade and Transport facilitation project	1/7/2016	31/12/2021	ongoing	-	200
NOFBI II	1/6/2011	31/12/2018	ongoing	50	261
NOFBI II phase II expansion	1/1/2014	31/12/2020	ongoing	100	1,800
Constituency innovation Hubs	1/7/2016	31/12/2021	ongoing	90	-
Konza complex	1/1/2016	30/11/2021	ongoing	550	-
Access roads Konza	1/1/2015	31/12/2021	ongoing	133	-
Consultancies (MDP2)	1/1/2014	31/12/2019	ongoing	350	-
Konza ECPF	1/1/2017	31/12/2021	ongoing	-	7,200
Digital literacy programme-laptop	1/1/2016	31/12/2021	ongoing	11,933	-
government shared services	1/1/2015	31/12/2024	ongoing	550	-
ICT shared services	none	none	none	2,010	-
Total				**16,585**	**10,461**

5. In the current financial year, the Ministry intends to review the ICT sector legal and regulatory framework; roll out 2,500 km of NOFBI Phase II expansion to connect to sub counties headquarters, hospitals and public institutions; implementation of the Digital literacy programme phase II; compete Konza project phase ia, publish weekly MyGOv Newspaper, continue with digital TV coverage and formulate policies to guide public communication and broadcasting.

6. Given the amount of funds allocated to various programmes under which these projects fall, it will be possible for the Ministry to achieve these outcomes. However, the efficiency of this implementation will highly depend on the external factors such as negative supplementary estimates.

Budget performance of The Ministry in the previous financial years

The table 5 below illustrates the absorption rates of the Ministry in the previous financial years.

Budget performance of the programmes in the Ministry									
Item	Approved budget			Actual expenditure			Absorption rates		
Programme	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
General Admin. Planning & support services	1,447	2,065	598	567	504	567	91%	97%	81%
ICT Infrastructure Development	8,098	14,413	27,554	6,469	14,137	25375	80%	98%	92%
E-government services	1,111	492	582	943	230	230	85%	47%	40%
Information communications services	3,948	5,919	4,247	2,291	1,880	2,183	58%	32%	51%
Mass media skills development	712	644	656	664	322	310	93%	50%	47%
Total	15,685	23,808	33,991	3,278	2,462	2,816	65%	36%	54%

An analysis of the approved allocations and the actual expenditure to the departments reveals that the Ministry has over the years recorded very low absorption rates. This is attributed to unavailability of funds from the exchequer account, as well as the delay in the procurement plans for the development projects.

Pending Bills.

1. The recurrent pending bill of the ministry as at 2016/17 was Kshs 14,790 million. These occurred due to lack of a provision.
2. The development pending bill of the ministry as at 2016/17 was Kshs 12 million. These occurred due to lack of provision.

Auditor general's Report

For the financial year 2015/16, the ministry of information, communication and technology had **an unqualified opinion**. This entails that there were no material issues noted during the audit of this revenue statement.

For the financial year 2014/15, the ministry of information, communication and technology was given a qualified opinion. The following was the basis for qualified opinion:

(i) misappropriation of legal fees

(ii) unlawful transfer of grants to the Kenya Yearbook Editorial Board

(iii) overpayment of funds to the connected East Africa summit

(iv) unclear transfer of grants to ministry departments

(v) Unauthorized expenditure on purchase of motor vehicles.

(vi) unconfirmed agency and disbursements fees to Huawei technologies ltd

(vii) unaccounted for imprest

(viii) payment for goods not delivered in the construction of men's hostel at KIMC

(ix) unauthorized extension of the project completion date

(x) failure to deduct withholding tax on payments to the contractor

Hard Budget Constraints/Policy options.

1. Prioritization of ongoing projects: There is need to give a priority to the projects that are already ongoing to curb the growth of pending bills.

2. Timely disbursement of funds: The National treasury needs to disburse funds to the Ministry on timely to ensure that the funds are absorbed appropriately.

3. Low allocation to the ministry: The Ministry's allocation is likely to face a challenge in implementing the programmes in its mandate; this is because the funds allocated to the programmes are lesser than the resource requirements.

4. Enhancement of performance appropriation in aid: there is need to strengthen the agencies that raise appropriation in aid to make them self-sustainable.

5. Accurate reporting of AIA: There is a need to compel the agencies that collect appropriations in aid to give/ report accurate AIA.

Following the presentations and deliberations the Committee resolved as follows;

1. To organize site visits to various programmes under the Ministry to determine their implementation status.
2. The Ministry to provide response on the status of the audit queries raised by the Office of the Auditor General in the FY 2014/15.
3. The Ministry to inform the Committee on the status of the recurrent and development pending bills.

MINUTE NO.152/2018 ADJOURNMENT

There being no business the meeting was adjourned at 3.40pm

Signed.....**Date**.....28/01/2018

Chairperson

PARLIAMENT OF KENYA



12TH PARLIAMENT (SECOND SESSION)

THE NATIONAL ASEMBLY

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON THE BUDGET ESTIMATES FY 2018/19

The National Treasury – Vote 1071

State Department for Planning – Vote 1072

State Department for Devolution – Vote 1032

The Commission on Revenue Allocation- Vote 2061

The Salaries and Remuneration Commission – Vote 2081

The Office of the Controller of Budget – Vote 2121

Clerks Chamber

Parliament Buildings
NAIROBI

MAY, 2018

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PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Finance and National Planning and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the annual estimates of 2018/19 and the medium term.

MANDATE OF THE COMMITTEE AND MEMBERSHIP

The Departmental Committee on Finance & 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:

1. **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;**
2. To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
3. To study and review all the legislation referred to it;
4. 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;
5. 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;
6. 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);
7. To examine treaties, agreements and conventions;
8. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
9. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
10. To examine any questions raised by Members on a matter within its mandate.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, Public finance, Monetary policies, Public debt, Financial institutions (excluding those in securities exchange), Investment and divestiture policies, Pricing policies, Banking, Insurance, Population revenue policies including taxation and National planning and development.

In executing its mandate, the Committee oversees the following government Ministries and Commissions;

i. The National Treasury and Ministry of Planning
ii. Ministry of Devolution
iii. The Commission on Revenue Allocation
iv. The Salaries and Remuneration Commission
v. The Office of the Controller of Budget

In terms of examination of estimates, the above spending MDAs fall under Votes 1071 & 1072, 1032, 2061, 2081 and 2121 respectively.

COMMITTEE MEMBERSHIP

The Committee on Finance and National Planning was constituted by the House in December, 2017 and comprises of the following Members:-

1. The Hon. Joseph K. Limo, MP – **Chairperson**
2. The Hon. Isaac W. Ndirangu – **Vice-Chairperson**
3. The Hon. Jimmy O. Angwenyi, MP
4. The Hon. Alfred W. Sambu, MP
5. The Hon. Enoch Kibunguchy, MP
6. The Hon. Shakeel S. Ahmed, MP
7. The Hon. Abdul R. Dawood, MP
8. The Hon. Daniel E. Nanok, MP
9. The Hon. Andrew A. Okuome, MP
10. The Hon. David M. Mboni, MP
11. The Hon. Francis K. Kimani, MP
12. The Hon. Joseph M. Oyula, MP
13. The Hon. Joshua C. Kandie, MP

14. The Hon. Lydia H. Mizighi, MP
15. The Hon. Mohamed A. Mohamed, MP
16. The Hon. Purity W. Ngirici, MP
17. The Hon. Samuel Atandi, MP
18. The Hon. Stanley M. Muthama, MP

COMMITTEE SECRETARIAT

1. Ms. Leah W. Mwaura - **First Clerk Assistant/Lead Clerk**
2. Ms. Laureen Wesonga - **Clerk Assistant II**
3. Mr. Josephat Motonu - **Fiscal Analyst I**
4. Ms. Lynette Otieno - **Legal Counsel II**
5. Mr. Chelang'a Maiyo - **Research & Policy Analyst III**

OVERVIEW OF THE EXAMINATION OF THE ESTIMATES

The Budget Estimates for the FY 2018/19 was tabled in the House on **Thursday, 3rd May 2018** and thereafter referred to the Departmental Committees for consideration.

The Committee held a total of six (6) sittings to examine the Estimates of the Ministries and Commissions under its purview. Upon a brief from the Parliamentary Budget office, the Committee held meetings with the Commission on Revenue Allocation, Office of the Controller of Budget, Salaries and Remuneration Commission, the Ministry of Devolution, the State Department for Planning and the National Treasury.

OBSERVATIONS

1. THE NATIONAL TREASURY

Following the submissions by the National Treasury and the earlier briefing by the Parliamentary Budget Office on the proposed Estimates on 2018/19, various observations were made by the Committee. Key among the observations include the following:

i. It was observed that the revenue collection strategies that are set to be rolled out most likely will not yield the revenue to GDP ratio of 19.2 percent in the Medium term. The Committee noted that most strategies are premised on acquisition of new ICT Systems

without revealing the potential benefits in terms of quantifiable revenue increase attributable to each strategy.

ii. It was pointed out that the target of reducing the Public Debt ratio from the current 53% to 45% by end of 2018/19 as is indicated in the Programme Based Budget (PBB) is unrealistic. The Fiscal Consolidation strategies espoused was felt lacks the conviction of reducing the public debt levels. The Committee was concerned that there is still persistent efforts to acquire more public debts (eg. Eurobond) that will stifle the achievement of this target.

iii. The Committee was concerned that the National Treasury that should be at the forefront in prudent utilization of resources is not committed to austerity measures. This is attributed to the fact that there are significant increases (over 300% increases in some departments) in the proposed allocations in the non-core activities such as in Foreign travel and other travels costs and also in Printing, Advertising and information supplies and services.

iv. The Cashflow management by the National Treasury was pointed out to be still not sufficiently effective and efficient. The Committee was concerned that the National Treasury gets blamed by other Ministries/Departments/Agencies and County governments for delays in exchequer releases, a fact that contributes to low absorption rates thereby impairing public service delivery.

v. It was observed that unlike other Ministries and State departments, the National Treasury always appear before the Committee to submit on estimates without representations of the SAGAs (Semi-Autonomous Government Agencies) that fall under it such as KRA. This was felt do not give the Committee adequate room to interrogate other relevant policies of such Agencies.

2. STATE DEPARTMENT FOR DEVOLUTION

The following observations were made:

i. That Pending Bills continue to be accumulated within this State Department. It was noted that the Department inherited huge pending Bills from the defunct Local Authorities (Kshs. 3.5 Billion) some of which accrue interest rate (at a rate of 15% per annum). The new programme of Intergrated Regional Development (formerly under State Department for Planning) has also worsened the Pending Bills since it has several Development Authorities with various levels of Pending Bills.

ii. Delays in completion of projects within the Department was raised by the Committee. An example of such a project was the Kimira Oluoch irrigation scheme. The Committee pointed out that this has the implication of escalating costs associated with such projects besides stifling public service delivery.

iii. Significant reduction in the Special Initiative programme from the Ksh.3 Billion in the current FY 2017/18 to a meagre Ksh.50 Million in the 2018/19. The Committee was

concerned that this is coming at a time when incidences needing humanitarian interventions such as floods are in the rise. It was pointed out that this will nearly wipe out the noble programme that is necessary in assisting the victims of disasters.

3. STATE DEPARTMENT FOR PLANNING

Arising from the Submissions from the State Department the Committee made the following observations:

i. That the proposed allocations for the Census to be conducted are equally spread spanning to a period after 2019.

ii. The Committee observed that the integrity of the last National Housing and Population Census was put to question and therefore the Committee was concerned whether the proposed allocation to the sub-program is adequate for sufficient preparations for remedial action so to enhance the integrity of the statistics that will be reported after the Census is concluded.

iii. The Committee observed that the proposed allocations for the NGCDF in the FY 2018/19 is short of the prescribed thresh hold (**2.5% of Kshs. 1.369 trillion**) which translates to **Kshs. 34.2 Billion**. However, the proposed allocation of **Kshs. 31.9 Billion** includes Ksh.1.5 Billion that was an outstanding balance carried forward from previous years' allocations. The real allocation relating to this FY 2018/19 is therefore **Kshs. 30.4 Billion**. It therefore follows that there is a shortfall of Ksh.3.8 Billion in the proposed allocations.

iv. Delays in receipts of NG-CDF Funds: The Committee pointed out the persistent delays in receipts of the NG-CDF and the need for enhanced coordination between the Department and the National Treasury in processing the release of the funds was noted. Such delays result in late completion of the projects being funded by the Fund.

4. COMMISSION ON REVENUE ALLOCATION

Based on the submission by the Commission on the 2018/19 and medium term budget, the Committee made the following observations:

i. That the total proposed allocation reflects an overall increase of 8% from the baseline to a proposed total amount of Kshs. 422.56 million where the Commission is expected to continue implementing the Inter-Governmental Transfers and Financial Matters. However, the resource requirement for the fiscal year under consideration was Kshs. 753 million, shortfall of 44 percent

ii. That the Commission is working on modalities including technical capacity and engagement with counties to improve local revenue performance, enhance automation and build fiscal prudence with a view to maximizing county fiscal potential and relevant legislation

iii. That the Members observed there is need for the Commission to improve to further improve current strategies on dissemination of its output and engagement to inform all key stakeholders including the legislature at both levels.

iv. That the criteria and intervention towards addressing marginalization focuses on counties unlike disadvantaged areas and as such is not comprehensive and inclusive addressing marginalization as envisaged in the Constitution.

v. That the Committee was informed of current efforts towards identifying marginalized areas using recent data disaggregated data at the lowest administrative/establishment level possible with a view to generate areas that the Second marginalization Policy is to focus and that Commission is currently engaging all stakeholders.

5. OFFICE OF THE CONTROLLER OF BUDGET

The Committee observed as follows:-

i. The total proposed allocation reflects an overall increase of 25% from the baseline to a proposed total amount of Kshs. 618 million where the Controller is expected to continue implementing the Control and Management of Public Finances.

ii. The Controller of Budget Office absorption levels for the past three years of 2015/16, 2016/17 and 2017/18 stood at 98%, 97% and 73%. The actual expenditure for 2017/18 was as at May 2018.

iii. The Office continues to monitor budget implementation at both levels of government and that there is improvement in absorption levels and use of revenue collection systems in most counties as well as remarkable reduction in foreign travel.

iv. Improved reporting through the quarterly reports on budget implementation and oversight by the Office. However, the Committee further noted that there were delays in submission and publication of quarterly reports on budget implementation slightly beyond the reporting timelines.

6. SALARIES AND REMUNERATION COMMISSION

The Committee observed that:-

i. The total proposed allocation reflects an overall decrease of 11% from the baseline to a proposed total amount of Kshs. 542 million where the Commission is expected to continue implementing the Salaries and Remuneration Management Programme. The reduction is noted in most items under the recurrent budget as rationalization and mainly under contracted professional services.

ii. There is need for additional expenditure to accommodate extra expenditure needs on account of incoming Commissioners on full time basis and that there were engagements initiated with National Treasury on the same. However, the Committee observed that the engagement by the Commission with National Treasury is on-going.

iii. There is need for the Commission to adequately engage its stakeholders as per its mandate and in view of sustainable wage bill as well as ensuring fast-tracking of relevant laws and regulations.

RECOMMENDATIONS BY THE COMMITTEE

1. Policy Recommendations

The Committee recommends that:-

i. The National Treasury should improve its cash flow management so as to reduce incidences of exchequer releases that stifle implementation of programmes.

ii. The State Department for Planning should put in place proper systems to ensure that the integrity of the statistics in the 2019 Census is beyond reproach.

iii. The State Department for Devolution should fast track settlement of the high Pending Bills.

iv. Commission on Revenue Allocation (CRA) should speed up the processing of the new Generation policy on identification of Marginalized areas.

v. The Office of the Controller of Budget should ensure timely preparation and submission of quarterly and annual reports to relevant stakeholders including the Legislature and in line with timelines of PFM Act, 2012 and its Regulations.

vi. The Commission on Revenue Allocation should fast track the finalization of the Third Revenue sharing basis and the Second Marginalization Policy with a focus on marginalized areas and employ credible and relevant data as well as completing the Masterplan on Marginalization for equitable society.

vii. The Commission on Revenue Allocation and Office of Controller of Budget should pursue zero-based budgeting and prioritization of key expenditure in the medium term on account of ensuring budgeting on need basis and financial prudence.

viii. The National Treasury should consider all aspects of expenditure needs towards compensation of employees and social benefit on a cost-benefit basis for the Office of the Controller of Budget with a view to ensure adequate provision under these critical Items.

2. Financial Recommendations

The Committee made the following financial recommendations:-

i. **Re-Allocations**

1. A reduction of **Kshs. 5 Billion** from the vote of the National Treasury from the Pensions Department (sub-vote no.1071001400) to be reallocated as follows:-

    a. **Kshs. 3.8 Billion** to the State Department for Planning for the sub vote of NGCDF to cater for the shortfall in view of the guiding thresh hold.
    b. **Kshs. 1.2 Billion** to the State Department for Planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.

2. A reduction of **Kshs. 828 Million** from the vote of National Treasury sub-vote 1071007401 (Kenya Revenue Authority) to be reallocated as:

    a. **Kshs. 600 Million** to the State Department for planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.
    b. **Kshs. 228 Million** to the Salaries and Remuneration Commission to cater for the following:-
        i. Compensation to employees – **Kshs. 15,607,720 million**
        ii. Domestic travel and subsistence and other transportation costs – **Kshs. 3,035,833 million**
        iii. Foreign travel and subsistence and other transportation costs – **Kshs. 4,886,501 million**
        iv. Rentals of produced assets – **Kshs. 43,000,000 million**
        v. Training expenses – **Kshs. 16,500,000 million**
        vi. Hospitality supplies and services – **Kshs. 15,780,684 million**
        vii. Insurance costs – **Kshs. 3,500,000 million**
        viii. Specialised materials and supplies – **Kshs. 212,500 thousand**
        ix. Office and General supplies and services – **Kshs. 2,641,608 million**
        x. Fuel oil and lubricants – **Kshs. 3,700,000 million**
        xi. Other operating expenses – **Kshs. 28,127,000 million**
        xii. Routine maintenance, vehicles – **Kshs. 4,008,154 million**
        xiii. Routine maintenance, other assets – **Kshs. 2,000,000 million**
        xiv. Refurbishment of buildings – **Kshs. 20,000,000 million**
        xv. Purchase of vehicles and other transport equipment – **Kshs. 60,000,000 million**
        xvi. Purchase of office furniture and general equipment – **Kshs. 5,000,000 million**

3. A reduction of **Kshs. 12 Million** on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other

transportation costs to be reallocated to Commission on Revenue Allocation to Cater for Public Financial Management.

4. The Committee recommends the total proposed allocation under the Ministry of Devolution of Kshs. **12,521,419,310 billion** and **Office of Controller of Budget of Kshs. 618,470,000** be approved.

ii. Proposed Increases

The Committee recommends increases in the following areas:-

1. **Kshs. 3.8 Billion** to the State Department for Planning to cater for shortfall in proposed allocation to the NGCDF
2. **Kshs. 1.8 Billion** to the State Department for Planning to cater for Finalization of mapping and other preparatory Services for Census.
3. **Kshs. 228 Million** to the Salaries and Remuneration Commission which will cater for various expenses occasioned by the fact that Commissioners will no longer be employed on part time basis but will now be permanent and pensionable.
4. **Kshs. 12 Million** to Commission Revenue Allocation to Cater for Public Financial Management.

iii. Proposed Reductions

The Committee recommends reductions in the following areas:-
Kshs. 5.84 Billion from the vote of National Treasury (**Kshs. 5 Billion** from the Pensions department, **Kshs. 828 Million** from the sub-vote 1071007401(Kenya Revenue Authority), **Kshs. 12 Million** on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other transportation costs.

ACKNOWLEDGEMENTS

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 the National Treasury and Ministry of Planning, the Ministry of Devolution, the Commission on Revenue Allocation, Office of the Controller of Budget and the Salaries and Remuneration Commission for their participation during the examining the Budget Estimates for the FY 2018/19.

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

SIGNED.....DATE..23/5/2018.....

THE HON. JOSEPH LIMO, MP

CHAIRPERSON

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

1 BROAD OVERVIEW OF THE ESTIMATES

Analysis of Adherence to the Legal Framework

This is the first annual budget to be prepared after the 2017 General Elections. The preparation, approval and execution stages of the Kenya budget are anchored in the Constitution, the Public Finance Management Act, 2012 (PFM, Act) and various subsidiary legislations including the Standing Orders. In order for a budget to be credible, it must not only be technically sound, but also faithful to legal provisions. The following table shows how the tabled estimates have adhered to the legal provisions.

Table 1: Adherence to legal provisions

Key Element	Detailed Requirements	Legal Provisions	Comments
Timelines:		Constitution, Article 221 PFM Act, Section 37 Standing Orders	Estimates have been submitted in accordance with Article 221 of the Constitution
Comprehensiveness of the estimates and related documents:	Fiscal responsibilities principles: explanation of how the budget relates to the principles. List of all projects been implemented in the financial year 2015/16 and the medium term Allocation to state corporations/all entities on those that are to receive appropriated funds Detailed estimated expenditure by vote and programme indicating both recurrent and development expenditure	Constitution, PFM Act, Section 38	There is comprehensive list of all projects being funded. However the list does not capture cumulative expenditure to date on each project. The information on allocation to SAGAs is provided .The budget is prepared on Programme based basis but some targets look unrealistic and therefore not achievable.
Financing proposals:	On anticipated deficit /surplus for the financial year and the MT and the proposed source of financing	Constitution, PFM Act section, 38	The information has been provided

Table 1: Adherence to legal provisions			
Key Element	**Detailed Requirements**	**Legal Provisions**	**Comments**
	On loans and guarantees made to and by the national government, including an estimate of principal, interest and other charges to be paid by the national government in the financial year		
Public Participation:	Did the three arms of Government consult the public when they were preparing their estimates?	Constitution, Article 221 PFM Act	There is no report attached to prove that the public were consulted

Highlights of the 2018/2019 Budget Estimates

Fiscal Framework

Revenue Projections: The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of KShs. 1,923.3 billion (19.6 percent of the GDP) from KShs. 1,659.6 billion (19.2 per cent of the GDP) in the FY 2017/2018. This represents an increase by 16%. Ordinary Revenues are projected at KShs. 1,743.4 billion (17.8 percent of the GDP) which is a 17% rise from the current FY; the FY 2018/19 from the projected KShs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18.

Expenditure Projections: overall expenditure and net lending are projected at Kshs. 2,533.1 billion (25.9% of GDP) increasing from the estimated Kshs. 2,323.1 billion (26.8% of GDP) in the FY 2017/18. The projected expenditures for 2017/18 includes Kshs.1543.3 (61%)billion to defray recurrent Expenditures and Kshs. 658.9 billion for development Expenditures (39%). In addition a contingency amount of Kshs. 5 billion and Kshs. 8.5 billion for Equalization Fund is also provided.

Deficit Financing: Comparing the projected expenditures and revenues, the fiscal deficit in the FY 2018/19(excluding grants) amount to KShs. 609.8 billion (equivalent to 6.2 per cent of the GDP). Including grants, the overall fiscal deficit is projected at KShs. 562.7 billion (5.7 percent of the GDP) in the FY 2018/19 compared to the estimated overall fiscal balance of KShs. 626.7 billion (7.2 percent of the GDP) in the FY 2017/18. The following table shows a summary of budgetary allocations between the three arms of government including the Consolidated Fund Services

Table 2 : Summary of Budgetary Allocation for the FY 2018/19 -2020/21 in KShs. Millions				
	2017/18	2018/19	2019/20	2020/21
National Government	1,566,493.6	1607,944.1	1,717,517.6	1,828,717.8
Consolidated Fund Services	356,892.4	461,916.9	493,401.1	630,102.8
Judiciary	18,039.6	17,783.2	20,073.7	17,575.2
Parliament	36,043	31,768.9	32,797.5	34,546.4
County Governments	345,681	372,741.9	372,163.5	381,908.9
Total	**2,323,149.6**	**2,492,154.9**	**2,635,953.4**	**2,892,851.1**

Source: The National Treasury

Linking the Budget to Medium Term Plan III (2018-2022)

Besides the "big four" initiatives, the other key priority areas that the government will focus on over the planned period which have been aligned with the Big Four initiatives include the Sustainable Development Goals adopted by the United Nations in 2015, the Africa Agenda 2063 and the National Spatial Planning to guide the sector plans, County Integrated Development Plans and County Plans.

In the MTP III, the programmes /Projects aligned for implementation under the purview of Finance and National are geared towards:

i. Legal and institutional reforms to maintain and strengthen macroeconomic stability. Macroeconomic stability will be a key enabler for attainment of the plan through ensuring low inflation, stable exchange rate and interest rates, sustainable debt position and fiscal position.
ii. Strengthening the revenue effort through on-going reforms in tax policy and revenue administration.
iii. Fiscal consolidation that targets to reduce deficit from 7.2% of GDP in the FY 2018/19 to 3.0 in FY 2021/2022.
iv. Reduction of debt to GDP ratio 53% in 2017/18 to 43.6% in 2021/22.

To enhance tax revenue to finance development programme and projects:

i. Roll out the Integrated Customs Management Systems (ICMS) to seal loop holes at the customs to prevent concealment, under evaluation, mis-declarations and falsification of import documents.
ii. Implementation of the Regional Electronic Cargo Tracking System (RECTS) to tackle transit diversion
iii. Enhance scanning activities to detect concealment

iv. Data matching and use of third party data to enhance compliance through integration of iTax with IFMIS

v. Expansion of Tax Base by targeting informal sector, pursue non-filers and focus on taxation of International transactions and transfer pricing.

vi. Enhance Investigations, intelligence capacity and KRA capacity to support revenue collection.

vii. Improve on property tax revenue by implementing a Geographic (Geospatial) Information Systems (GIS) to automatically link data on land parcels, property ownership and development with the KRA taxes.

viii. Work together with the County governments to put in place a framework for taxation of property across the country.

Further to this, in preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS have been taken into consideration when preparing the estimates. The Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations on the estimates. The following table shows how agencies have deviated from the ceilings set by the National Treasury on the BPS 2018.

Table 3: Comparison Between BPS 2018 ceilings and the Estimates(Ksh. Millions)

MDA	BPS Ceilings	Estimates	Deviation	% Deviation
The National Treasury	119,736	111,673	-8,063	-6.7%
State Department for Devolution	4,659	12,521	7,862	*168.7%*
State Department for Planning	53,152	43,424	-9,728	-18.3%
Salaries& Remuneration Commission	548	542	-6	-1.1%
Controller of Budget	558	618	60	*10.8%*
Commission on Revenue Allocation	435	422	-13	-2.9%

Source: National Treasury

From the above table, it can be seen that State department for Devolution has exceeded the BPS ceilings by 168.7% and Controller of Budget by 10.8%. The Devolution's noncompliance to the BPS ceilings is attributable to the re-organization of programmes resulting from the executive order that restructured the Executive. During the BPS processing, the programme of Integrated Regional Development (which had a BPS ceiling of Ksh.6 Billion) was under the State Department for Planning but is now domiciled under the State Department for Devolution. The programme of Special Initiative with a proposed allocation of Ksh.50 Million too has now been brought under Devolution from the defunct State Department for Special Programmes.

In compliance with PFM Act Section 25(8), the proposed allocations to the National Treasury, State Department for Planning, SRC and CRA are within 2018 BPS ceilings.

2 COMMITTEE REVIEW OF THE BUDGET ESTIMATES FY 2018/19

2.1 Commission on Revenue Allocation

The Commission on Revenue Allocation principle mandate is to make recommendations on the basis of equitable sharing of revenue raised nationally between the National Government and the County Governments and among county governments.

The Commission was allocated **Kshs. 422.56 million** in the Budget Estimates for the FY 2018/19. The Commission has three sub programmes to implement through the budget namely:-

(i) Equitable Sharing of Revenue
(ii) Public Finance Management
(iii) Transitional Equalization and Stakeholder Engagement
(iv) General Administration and Support Services

In order to effectively carry out the above sub programmes, the Commission requires additional funding in the following areas:-

1. Development of third revenue sharing formula at a cost of **Kshs. 49.27 million**
2. Public Financial Management at a cost of **Kshs. 85.09 million**
3. Masterplan on marginalization for 47 counties at a cost of **Kshs. 43.19 million**
4. Capital Expenditure at a cost of **Kshs. 152.89 million**

The total additional funding that the Commission was seeking was **Kshs. 330.44 million**

2.2 Office of the Controller of Budget

The principle mandate of the CoB is to oversee the implementation of the budgets of the national and county governments by authorizing withdrawal from the public funds (equalization fund, consolidated fund, and county revenue fund) as per the requirements of Article 228 (4) and (5) of the Constitution.

In terms of budget implementation, the office has only one programme and its divided into three sub programmes namely:-

(i) Administration support services
(ii) Monitoring and reporting of budget implementation
(iii) Control of withdrawals from public funds
(iv) County Services and enabling activities

The Office of the Controller of Budget has a total allocation of **Kshs. 618.470 million** for the FY 2018/19.

The Office was not seeking for additional funding and therefore the budget estimates could be approved as submitted.

2.3 Salaries and Remuneration Commission

The Salaries and Remuneration Commission was allocated **Kshs. 542.2 million** in the Budget Estimates for the FY 2018/19. The resource requirement for SRC is Kshs. 888,7 million giving a variance of **Kshs. 346.6 million**. The resource gap is meant to cater for budgetary items such as employees' compensation and other budgetary items to cater for full time Commissioners. The National Assembly through the Statute Law (Miscellaneous Amendments) amended the SRC Act to allow the SRC Commissioners to serve on a full time basis. By the time this law was being amended National Treasury had already prepared the estimates. Therefore, the additional amount of Kshs. **Kshs. 346.6 million** is to cater for the need to have the Commissioners on a full time basis. The table below shows the resource requirements for the SRC.

Table 4 : Additional Funding for SRC

Title and Details	Allocation 2018/19	Resource Requirement	Variance 2018/19	Remarks
Total Compensation to employees	242.05	257.7	15.6	Salaries and allowance for PA to the Chairperson, office assistants and drivers for the Commissioners - **Kshs. 15,607,720**
Use of Goods and services	300.12	631.08	330.96	(i) Additional funding needed to cover DSA and travel costs for the commissioners and secretariat during various stakeholder engagements - **Kshs. 7,922,334** (ii) Relocation and acquisition of extra space to accommodate the incoming commissioners and secretariat. **Kshs. 43 million** (iii) Induction for the incoming commissioners and meeting training needs for the secretariat - **Kshs. 16,500,000** (iv) Hospitality supplies and services – **Kshs. 15,780,684** (v) Medical cover, GPA & WIBA for the new additional staff to support the offices of

				the incoming commissioners.- **Kshs. 3,500,000** (vi) Funding required for effective running of the offices of the incoming commissioners (procurement of uniform for drivers, stationery and fueling of motor vehicles for use by the commissioners.- **Kshs. 6,554,108** (vii) During the FY 2018/19 the Commission proposes to carry out two studies on allowances payable in the public services & harmonization of pension and gratuity laws. - **Kshs. 28,127,000** (viii) Routine maintenance of the commission's vehicles and other assets - **Kshs. 6,580,125** (ix) Partitioning and installation of the necessary infrastructure in the new offices – **Kshs. 100,000,000** (x) Purchase of vehicles for the incoming commissioners - **Kshs. 114,400,000** (xi) Purchase of furniture and equipment for the incoming commissioners – **Kshs. 20,155,010** **Gross – 346.6 million**

2.4 Ministry of Devolution

The Ministry of Devolution was allocated **Kshs. 12,521,419,310 billion** for the FY 2018/19. The Ministry was seeking additional funding to cater for the following:-

1. Operations and Maintenance	–	Kshs. 91 million
2. Office Accommodation	–	Kshs. 2.5 billion
3. Policy and Legal Review	–	Kshs. 300 million
4. Pending Bills	–	Kshs. 12.687 billion
TOTAL	–	**KSHS. 15.578 billion**

2.5 State Department for Planning

The State Department for Planning was allocated **Kshs. 43.424 billion** for the FY 2018/19. The State Department was seeking additional funding to cater for the following:-

1. National Government Constituency Development Fund – **Kshs. 3.9 billion**
2. Establishment and operationalization of county development planning offices – **Kshs. 906 million**
3. Co-ordination of implementation of SDGs at national and county level – **Kshs. 150 million**
4. Publication and dissemination of MTP III – **Kshs. 150 million**
5. Construction of KIPPRA offices – **Kshs. 78 million**
6. Development of Kenya National Human Development Report, Participatory Poverty Assessment Report and GoK counterpart funds for UNICEF funded projects – **Kshs. 40 million**
7. Finalization of the mapping and other preparatory activities of the Kenya Population and Housing Census – **Kshs. 1.87 billion**

The total additional amount that the State Department is seeking for is **Kshs. 6.944 billion**.

2.6 The National Treasury

According to the National Treasury the country has been ranked favorably in ease of doing business and a top investment destination. The fiscal policy underpinning the FY 2018/19 budget and MTEF will sustain the revenue projections in line with recent mobilization trends in order to maintain fiscal predictability. Revenue is projected to increase from 18.3% of GDP in FY 2016/17 to 19.2% of GDP in FY 2020/21.

The National Treasury's proposed budget for the FY 2018/19 is **Kshs. 111,672.9 million** made up of **Kshs. 74,295.4 million** and **Kshs. 37,377.5 million** for the recurrent and development respectively. The National Treasury will implement its FY 2018/19 Budget through the following programmes:-

i. General administration, planning and support services
ii. Public financial management
iii. Economic and financial policy formulation and management
iv. Market competition and creation of enabling business environment
v. Government clearing agency

3 OBSERVATIONS

1. THE NATIONAL TREASURY

Following the submissions by the National Treasury and the earlier briefing by the Parliamentary Budget Office on the proposed Estimates on 2018/19, various observations were made by the Committee. Key among the observations include the following, THAT :

vi. The revenue collection strategies that are set to be rolled out most likely will not yield the revenue to GDP ratio of 19.2 percent in the Medium term. The Committee noted that most strategies are premised on acquisition of new ICT Systems without revealing the potential benefits in terms of quantifiable revenue increase attributable to each strategy.

vii. The target of reducing the Public Debt ratio from the current 53% to 45 % by end of 2018/19 as is indicated in the Programme Based Budget (PBB) is unrealistic. The Fiscal Consolidation strategies espoused lacks the conviction of reducing the public debt levels. The Committee was concerned that there is still persistent efforts to acquire more public debts (eg. Eurobond) that will stifle the achievement of this target.

viii. The National Treasury, that should ideally be at the forefront in prudent utilization of resources, is not committed to austerity measures. This is attributed to the fact that there are significant increases (over 300% increases in some departments) in the proposed allocations in the non-core activities such as in Foreign travel and other travels costs and also in Printing, Advertising and information supplies and services.

ix. The Cashflow management by the National Treasury was pointed out to be still not sufficiently effective and efficient. The Committee was concerned that the National Treasury gets blamed by other Ministries/Departments/Agencies and County governments for delays in exchequer releases, a fact that contributes to low absorption rates thereby impairing public service delivery.

x. It was observed that unlike other Ministries and State departments, the National Treasury always appear before the Committee to submit on estimates without representations of the SAGAs (Semi-Autonomous Government Agencies) that fall under it such as KRA. This was felt do not give the Committee adequate room to interrogate other relevant policies of such Agencies.

2. STATE DEPARTMENT FOR DEVOLUTION

The following observations were made, THAT:

iv. Pending Bills continue to be accumulated by the State Department. It was noted that the Department inherited huge pending Bills from the defunct Local Authorities (Kshs. 3.5 Billion) some of which accrue interest rate (at a rate of 15% per annum). The new programme of Integrated Regional Development (formerly under State Department for

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iv. Delays in receipts of NG-CDF Funds: The Committee pointed out the persistent delays in receipts of the NG-CDF and the need for enhanced coordination between the Department and the National Treasury in processing the release of the funds was noted. Such delays result in late completion of the projects being funded by the Fund.

4. COMMISSION ON REVENUE ALLOCATION

Based on the submission by the Commission on the 2018/19 and medium term budget, the Committee made the following observations, THAT;

i. The total proposed allocation reflects an overall increase of 8 % from the baseline to a proposed total amount of Kshs. 422.56 million where the Commission is expected to

continue implementing the Inter-Governmental Transfers and Financial Matters. However, the resource requirement for the fiscal year under consideration was Kshs 753 million, shortfall of 44 percent.

ii. The Commission is working on modalities including technical capacity and engagement with counties to improve local revenue performance, enhance automation and build fiscal prudence with a view to maximizing county fiscal potential and relevant legislation.

iii. The Members observed that there is need for the Commission to improve its current strategies on dissemination of its output and engagement to inform all key stakeholders including the legislature at both levels.

iv. The criteria and intervention towards addressing marginalization focuses on counties unlike disadvantaged areas and as such it is not comprehensive and inclusive in addressing marginalization as envisaged in the Constitution.

v. The Committee was informed of current efforts towards identifying marginalized areas using recent disaggregated data at the lowest administrative/establishment level possible with a view to generate areas that the Second marginalization Policy is to focus and that Commission is currently engaging all stakeholders.

5. OFFICE OF THE CONTROLLER OF BUDGET

The Committee observed as follows:-

i. The total proposed allocation reflects an overall increase of 25 % from the baseline to a proposed total amount of Kshs. 618 million where the Controller is expected to continue implementing the Control and Management of Public Finances.

ii. The Controller of Budget Office absorption levels for the past three years of 2015/16, 2016/17 and 2017/18 stood at 98%, 97% and 73% respectively. The actual expenditure for 2017/18 was as at May 2018.

iii. The Office continues to monitor budget implementation at both levels of government and that there is improvement in absorption levels and use of revenue collection systems in most counties as well as remarkable reduction in foreign travel.

iv. Improved reporting through the quarterly reports on budget implementation and oversight by the Office. However, the Committee further noted that there were delays in submission and publication of quarterly reports on budget implementation slightly beyond the reporting timelines.

6. SALARIES AND REMUNERATION COMMISSION

The Committee observed that:-

i. The total proposed allocation reflects an overall decrease of 11% from the baseline to a proposed total amount of Kshs. 542 million where the Commission is expected to continue implementing the Salaries and Remuneration Management Programme. The reduction is noted in most items under the recurrent budget as rationalization and mainly under contracted professional services.
ii. There is need for additional expenditure to accommodate extra expenditure needs on account of incoming Commissioners on full time basis and that there were engagements initiated with National Treasury on the same. However, the Committee observed that the engagement by the Commission with National Treasury is on-going.
iii. There is need for the Commission to adequately engage its stakeholders as per its mandate and in view of sustainable wage bill as well as ensuring fast-tracking of relevant laws and regulations.

4. RECOMMENDATIONS

4.1 Policy Recommendations

The Committee recommends that:-

i. The National Treasury should improve its cash flow management so as to reduce incidences of exchequer releases that stifle implementation of programmes.
ii. The State Department for Planning should put in place proper systems to ensure that the integrity of the statistics in the 2019 Census is beyond reproach.
iii. The State Department for Devolution should fast track settlement of the high Pending Bills.
iv. Commission on Revenue Allocation (CRA) should fast track the generation of a new Policy on identification of marginalized areas.
v. The Office of the Controller of Budget should ensure timely preparation and submission of quarterly and annual reports to relevant stakeholders including the Legislature and inline with timelines of PFM, Act, 2012 and its Regulations.
vi. The Commission on Revenue Allocation should fast track the finalization of the Third Revenue sharing basis and the Second Marginalization Policy with a focus on marginalized areas and employ credible and relevant data as well as completing the Masterplan on Marginalization for equitable society.
vii. The Commission on Revenue Allocation and Office of Controller of Budget should pursue zero-based budgeting and prioritization of key expenditure in the medium term on account of ensuring budgeting on need basis and financial prudence.
viii. The National Treasury should consider all aspects of expenditure needs towards compensation of employees and social benefit on a cost-benefit basis for the Office of the Controller of Budget with a view to ensure adequate provision under these critical Items.

4.2 Financial Recommendations

The Committee made the following financial recommendations:-

4.2.1 Re-allocations

1. A reduction of **Kshs. 5 Billion** from the vote of the National Treasury from the Pensions Department (sub-vote no.1071001400) to be reallocated as follows:-

    a. **Kshs. 3.8 Billion** to the State Department for Planning for the sub vote of NGCDF to cater for the shortfall in view of the guiding thresh hold.
    b. **Kshs. 1.2 Billion** to the State Department for Planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.

2. A reduction of **Kshs. 828 Million** from the vote of National Treasury sub-vote 1071007401 (Kenya Revenue Authority) to be reallocated as:

a. **Kshs. 600 Million** to the State Department for planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.
b. **Kshs. 228 Million** to the Salaries and Remuneration Commission to cater for the following:-
   i. Compensation to employees – **Kshs. 15,607,720 million**
   ii. Domestic travel and subsistence and other transportation costs – **Kshs. 3,035,833 million**
   iii. Foreign travel and subsistence and other transportation costs – **Kshs. 4,886,501 million**
   iv. Rentals of produced assets – **Kshs. 43,000,000 million**
   v. Training expenses – **Kshs. 16,500,000 million**
   vi. Hospitality supplies and services – **Kshs. 15,780,684 million**
   vii. Insurance costs – **Kshs. 3,500,000 million**
   viii. Specialised materials and supplies – **Kshs. 212,500 thousand**
   ix. Office and General supplies and services – **Kshs. 2,641,608 million**
   x. Fuel oil and lubricants – **Kshs. 3,700,000 million**
   xi. Other operating expenses – **Kshs. 28,127,000 million**
   xii. Routine maintenance, vehicles – **Kshs. 4,008,154 million**
   xiii. Routine maintenance, other assets – **Kshs. 2,000,000 million**
   xiv. Refurbishment of buildings – **Kshs. 20,000,000 million**
   xv. Purchase of vehicles and other transport equipment – **Kshs. 60,000,000 million**
   xvi. Purchase of office furniture and general equipment – **Kshs. 5,000,000 million**

3. A reduction of **Kshs. 12 Million** on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other transportation costs to be reallocated to Commission on Revenue Allocation to Cater for Public Financial Management.

4. The Committee recommends the total proposed allocation under the Ministry of Devolution of Kshs. **12,521,419,310 billion** and **Office of Controller of Budget of Kshs. 618,470,000** be approved.

4.2.2 Proposed Increases

The Committee recommends increases in the following areas:-

1. **Kshs. 3.8 Billion** to the State Department for Planning to cater for shortfall in proposed allocation to the NGCDF
2. **Kshs. 1.8 Billion** to the State Department for Planning to cater for Finalization of mapping and other preparatory Services for Census.
3. **Kshs. 228 Million** to the Salaries and Remuneration Commission which will cater for various expenses occasioned by the fact that Commissioners will no longer be employed on part time basis but will now be permanent and pensionable.

4. **Kshs. 12 Million** to Commission Revenue Allocation to Cater for Public Financial Management.

4.2.3 Proposed Reductions

The Committee recommends reductions in the following areas:-

Kshs. 5.84 Billion from the vote of National Treasury (**Kshs. 5 Billion** from the Pensions department, **Kshs. 828 Million** from the sub-vote 1071007401(Kenya Revenue Authority), **Kshs. 12 Million** on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other transportation costs

Appendix

1. Minutes
2. Presentation by the Parliamentary Budget Office

MINUTES

MINUTES OF THE 6TH SITTING OF THE STAKEHOLDER CONSULTATIVE WORKSHOP OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON FRIDAY, 25TH MAY, 2018 ATBOMA HOTELAT 2.00PM

PRESENT

1. Hon. Isaac W. Ndirangu, MP- **Vice Chairperson**
2. Hon. Jimmy O. Angwenyi, MP
3. Hon. Daniel E. Nanok, MP
4. Hon. Andrew A. Okuome, MP
5. Hon. David M. Mboni, MP
6. Hon. Joseph M. Oyula, MP
7. Hon. Purity W. Ngirici, MP
8. Hon. Samuel Atandi, MP
9. Hon. Stanley M. Muthama, MP

APOLOGY

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Alfred Sambu, MP
3. Hon. Dr. Enoch Kibunguchy, MP
4. Hon. Abdul Rahim Dawood, MP
5. Hon. Shakeel Shabbir Ahmed, MP
6. Hon. Francis K. Kimani, MP
7. Hon. Joshua C. Kandie, MP
8. Hon. Lydia H. Mizighi, MP
9. Hon. Mohamed A. Mohamed, MP

INATTENDANCE

SECRETARIAT

1.	Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2.	Ms. Laureen Wesonga	–	Third Clerk Assistant
3.	Ms. Lynette Otieno	–	Legal Counsel
4.	Mr. Chelang'a Maiyo	–	Research and Policy Analyst
5.	Mr. Collins Mahamba	–	Audio Officer
6.	Mr. John Njoro	–	Serjeant-At-Arms
7.	Mr. Vitalis Augo	–	Office Assistant

MIN.NO.39/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 2:15 p.m with prayer from Hon. David Mboni, MP. The Chairperson then welcomedthe meeting to deliberate on the day's agenda.

MIN.NO.40/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.41/DC-F/2018: MEETING TO ADOPT THE REPORT ON THE BUDGET ESTIMATES FOR THE FY 2018/19

The meeting adopted the report on the Budget Estimates for the FY 2018/19 after being proposed and seconded by Hon. Jimmy Angwenyi, MP and Hon. Stanley Muthama respectively. The report was adopted with the following observations and recommendations:-

OBSERVATIONS

The Committee made the following observations:-

1. THE NATIONAL TREASURY

Following the submissions by the National Treasury and the earlier briefing by the Parliamentary Budget Office on the proposed Estimates on 2018/19, various observations were made by the Committee. Key among the observations include the following:

i. It was observed that the revenue collection strategies that are set to be rolled out most likely will not yield the revenue to GDP ratio of 19.2 percent in the Medium term. The Committee noted that most strategies are premised on acquisition of new ICT Systems without revealing the potential benefits in terms of quantifiable revenue increase attributable to each strategy.

ii. It was pointed out that the target of reducing the Public Debt ratio from the current 53% to 45 % by end of 2018/19 as is indicated in the Programme Based Budget (PBB) is unrealistic. The Fiscal Consolidation strategies espoused was felt lacks the conviction of reducing the public debt levels. The Committee was concerned that there is still persistent efforts to acquire more public debts (eg. Eurobond) that will stifle the achievement of this target.

iii. The Committee was concerned that the National Treasury that should be at the forefront in prudent utilization of resources is not committed to austerity measures. This is attributed to the fact that there are significant increases (over 300% increases in some departments) in the proposed allocations in the non-core activities such as in Foreign travel and other travels costs and also in Printing, Advertising and information supplies and services.

iv. The Cashflow management by the National Treasury was pointed out to be still not sufficiently effective and efficient. The Committee was concerned that the National Treasury gets blamed by other Ministries/Departments/Agencies and County governments for delays in exchequer releases, a fact that contributes to low absorption rates thereby impairing public service delivery.

v. It was observed that unlike other Ministries and State departments, the National Treasury always appear before the Committee to submit on estimates without representations of the SAGAs (Semi-Autonomous Government Agencies) that fall under it such as KRA. This was felt do not give the Committee adequate room to interrogate other relevant policies of such Agencies.

2. STATE DEPARTMENT FOR DEVOLUTION

The following observations were made:

i. That Pending Bills continue to be accumulated within this State Department. It was noted that the Department inherited huge pending Bills from the defunct Local Authorities (Kshs. 3.5 Billion) some of which accrue interest rate (at a rate of 15% per annum). The new programme of Intergrated Regional Development (formerly under State Department for Planning) has also worsened the Pending Bills since it has several Development Authorities with various levels of Pending Bills.

ii. Delays in completion of projects within the Department was raised by the Committee. An example of such a project was the Kimira Oluoch irrigation scheme. The Committee pointed out that this has the implication of escalating costs associated with such projects besides stifling public service delivery.

iii. Significant reduction in the Special Initiative programme from the Ksh.3 Billion in the current FY 2017/18 to a meagre Ksh.50 Million in the 2018/19. The Committee was concerned that this is coming at a time when incidences needing humanitarian interventions such as floods are in the rise. It was pointed out that this will nearly wipe out the noble programme that is necessary in assisting the victims of disasters.

3. STATE DEPARTMENT FOR PLANNING

Arising from the Submissions from the State Department the Committee made the following observations:

i. That the proposed allocations for the Census to be conducted are equally spread spanning to a period after 2019.

ii. The Committee observed that the integrity of the last National Housing and Population Census was put to question and therefore the Committee was concerned whether the proposed allocation to the sub-program is adequate for sufficient preparations for

remedial action so to enhance the integrity of the statistics that will be reported after the Census is concluded.

iii. The Committee observed that the proposed allocations for the NGCDF in the FY 2018/19 is short of the prescribed thresh hold (**2.5% of Kshs.1.369 trillion**) which translates to **Kshs. 34.2 Billion**. However, the proposed allocation of **Kshs. 31.9 Billion** includes Ksh.1.5 Billion that was an outstanding balance carried forward from previous years' allocations. The real allocation relating to this FY 2018/19 is therefore **Kshs. 30.4 Billion**. It therefore follows that there is a shortfall of Ksh.3.8 Billion in the proposed allocations.

iv. Delays in receipts of NG-CDF Funds: The Committee pointed out the persistent delays in receipts of the NG-CDF and the need for enhanced coordination between the Department and the National Treasury in processing the release of the funds was noted. Such delays result in late completion of the projects being funded by the Fund.

4. COMMISSION ON REVENUE ALLOCATION

Based on the submission by the Commission on the 2018/19 and medium term budget, the Committee made the following observations:

i. That the total proposed allocation reflects an overall increase of 8% from the baseline to a proposed total amount of Kshs. 422.56 million where the Commission is expected to continue implementing the Inter-Governmental Transfers and Financial Matters. However, the resource requirement for the fiscal year under consideration was Kshs. 753 million, shortfall of 44 percent

ii. That the Commission is working on modalities including technical capacity and engagement with counties to improve local revenue performance, enhance automation and build fiscal prudence with a view to maximizing county fiscal potential and relevant legislation

iii. That the Members observed there is need for the Commission to improve to further improve current strategies on dissemination of its output and engagement to inform all key stakeholders including the legislature at both levels.

iv. That the criteria and intervention towards addressing marginalization focuses on counties unlike disadvantaged areas and as such is not comprehensive and inclusive addressing marginalization as envisaged in the Constitution.

v. That the Committee was informed of current efforts towards identifying marginalized areas using recent data disaggregated data at the lowest administrative/establishment

level possible with a view to generate areas that the Second marginalization Policy is to focus and that Commission is currently engaging all stakeholders.

5. OFFICE OF THE CONTROLLER OF BUDGET

The Committee observed as follows:-

i. The total proposed allocation reflects an overall increase of 25% from the baseline to a proposed total amount of Kshs. 618 million where the Controller is expected to continue implementing the Control and Management of Public Finances.

ii. The Controller of Budget Office absorption levels for the past three years of 2015/16, 2016/17 and 2017/18 stood at 98%, 97% and 73%. The actual expenditure for 2017/18 was as at May 2018.

iii. The Office continues to monitor budget implementation at both levels of government and that there is improvement in absorption levels and use of revenue collection systems in most counties as well as remarkable reduction in foreign travel.

iv. Improved reporting through the quarterly reports on budget implementation and oversight by the Office. However, the Committee further noted that there were delays in submission and publication of quarterly reports on budget implementation slightly beyond the reporting timelines.

6. SALARIES AND REMUNERATION COMMISSION

The Committee observed that:-

i. The total proposed allocation reflects an overall decrease of 11% from the baseline to a proposed total amount of Kshs. 542 million where the Commission is expected to continue implementing the Salaries and Remuneration Management Programme. The reduction is noted in most items under the recurrent budget as rationalization and mainly under contracted professional services.

ii. There is need for additional expenditure to accommodate extra expenditure needs on account of incoming Commissioners on full time basis and that there were engagements initiated with National Treasury on the same. However, the Committee observed that the engagement by the Commission with National Treasury is on-going.

iii. There is need for the Commission to adequately engage its stakeholders as per its mandate and in view of sustainable wage bill as well as ensuring fast-tracking of relevant laws and regulations.

RECOMMENDATIONS BY THE COMMITTEE

1. Policy Recommendations

The Committee recommends that:-

i. The National Treasury should improve its cash flow management so as to reduce incidences of exchequer releases that stifle implementation of programmes.

ii. The State Department for Planning should put in place proper systems to ensure that the integrity of the statistics in the 2019 Census is beyond reproach.

iii. The State Department for Devolution should fast track settlement of the high Pending Bills.

iv. Commission on Revenue Allocation (CRA) should speed up the processing of the new Generation policy on identification of Marginalized areas.

v. The Office of the Controller of Budget should ensure timely preparation and submission of quarterly and annual reports to relevant stakeholders including the Legislature and inline with timelines of PFM Act, 2012 and its Regulations.

vi. The Commission on Revenue Allocation should fast track the finalization of the Third Revenue sharing basis and the Second Marginalization Policy with a focus on marginalized areas and employ credible and relevant data as well as completing the Masterplan on Marginalization for equitable society.

vii. The Commission on Revenue Allocation and Office of Controller of Budget should pursue zero-based budgeting and prioritization of key expenditure in the medium term on account of ensuring budgeting on need basis and financial prudence.

viii. The National Treasury should consider all aspects of expenditure needs towards compensation of employees and social benefit on a cost-benefit basis for the Office of the Controller of Budget with a view to ensure adequate provision under these critical Items.

2. Financial Recommendations

The Committee made the following financial recommendations:-

i. Re-Allocations

1. A reduction of **Kshs. 5 Billion** from the vote of the National Treasury from the Pensions Department (sub-vote no.1071001400) to be reallocated as follows:-

    a. **Kshs.3.8 Billion** to the State Department for Planning for the sub vote of NGCDF to cater for the shortfall in view of the guiding thresh hold.

    b. **Kshs. 1.2 Billion** to the State Department for Planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.

2. A reduction of **Kshs. 828 Million** from the vote of National Treasury sub-vote 1071007401 (Kenya Revenue Authority) to be reallocated as:

a. **Kshs.600Million** to the State Department for planning to cater for the finalization of the Mapping and other preparatory activities for the 2019 Census.
b. **Kshs.228 Million** to the Salaries and Remuneration Commission to cater for the following:-

i. Compensation to employees – **Kshs. 15,607,720 million**
ii. Domestic travel and subsistence and other transportation costs – **Kshs. 3,035,833 million**
iii. Foreign travel and subsistence and other transportation costs – **Kshs. 4,886,501 million**
iv. Rentals of produced assets – **Kshs. 43,000,000 million**
v. Training expenses – **Kshs. 16,500,000 million**
vi. Hospitality supplies and services – **Kshs. 15,780,684 million**
vii. Insurance costs – **Kshs. 3,500,000 million**
viii. Specialised materials and supplies – **Kshs. 212,500 thousand**
ix. Office and General supplies and services – **Kshs. 2,641,608 million**
x. Fuel oil and lubricants – **Kshs. 3,700,000 million**
xi. Other operating expenses – **Kshs. 28,127,000 million**
xii. Routine maintenance, vehicles – **Kshs. 4,008,154 million**
xiii. Routine maintenance, other assets – **Kshs. 2,000,000 million**
xiv. Refurbishment of buildings – **Kshs. 20,000,000 million**
xv. Purchase of vehicles and other transport equipment – **Kshs. 60,000,000 million**
xvi. Purchase of office furniture and general equipment – **Kshs. 5,000,000 million**

3. A reduction of **Kshs. 12 Million**onthe vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other transportation costs to be reallocated to Commission on Revenue Allocation to Cater for Public Financial Management.

4. The Committee recommends the total proposed allocation under the Ministry of Devolution of Kshs. **12,521,419,310 billion** and **Office of Controller of Budget ofKshs. 618,470,000** be approved.

ii. Proposed Increases

The Committee recommends increases in the following areas:-

1. **Kshs. 3.8 Billion** to the State Department for Planning to cater for shortfall in proposed allocation to the NGCDF
2. **Kshs. 1.8 Billion** to the State Department for Planning to cater for Finalization of mapping and other preparatory Services for Census.

3. **Kshs. 228 Million** to the Salaries and Remuneration Commission which will cater for various expenses occasioned by the fact that Commissioners will no longer be employed on part time basis but will now be permanent and pensionable.
4. **Kshs. 12 Million** toCommission Revenue Allocation to Cater for Public Financial Management.

iii. **Proposed Reductions**

The Committee recommends reductions in the following areas:-
Kshs. 5.84 Billion from the vote of National Treasury (**Kshs. 5 Billion** from the Pensions department, **Kshs. 828 Million** from the sub-vote 1071007401(Kenya Revenue Authority),**Kshs. 12 Million**on the vote of National Treasury under sub-vote Headquarters (vote: 1071001901) on Domestic travel and subsistence and other transportation costs.

MIN.NO.42/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 3.30pm. The next meeting will be held on 29th May, 2018.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE.....25/5/2018

MINUTES OF THE 30TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 16TH MAY, 2018 IN THE 2ND FLOOR, CONTINENTAL HOUSE AT 3.30PM

PRESENT

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP- **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MP
4. Hon. Shakeel Shabbir Ahmed, MP
5. Hon. Abdul Rahim Dawood, MP
6. Hon. Andrew A. Okuome, MP
7. Hon. David M. Mboni, MP
8. Hon. Joseph M. Oyula, MP
9. Hon. Mohamed A. Mohamed, MP
10. Hon. Samuel Atandi, MP

APOLOGY

1. Hon. Alfred Sambu, MP
2. Hon. Dr. Enoch Kibunguchy, MP
3. Hon. Daniel E. Nanok, MP
4. Hon. Francis K. Kimani, MP
5. Hon. Joshua C. Kandie, MP
6. Hon. Lydia H. Mizighi, MP
7. Hon. Purity W. Ngirici, MP
8. Hon. Stanley M. Muthama, MP

INATTENDANCE

SECRETARIAT

1. Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2. Ms. Laureen Wesonga	–	Third Clerk Assistant
3. Mr. Thomas Ogwel	–	Fiscal Analyst
4. Mr. Abdirahman Gorod	–	Fiscal Analyst
5. Mr. Joshua Lenambeti	–	Serjeant-At-Arms
6. Mr. Collins Mahamba	–	Audio Officer

THE NATIONAL TREASURY

1. Dr. Kamau Thugge	–	Principal Secretary
2. Mr. Geoffrey Mwau	–	Director General Budgeting
3. Mr. Benard Ndung'u	–	Director General, Accounting Services

4. Mr. Julius Mutua – P.C
5. Mr. Paul Kaman – Senior Public Relations Officer
6. Mr. Onderi N. Ontweka – Senior Deputy Director, Budget
7. Mr. Samuel Kiiru – Deputy Chief Economist
8. Mr. Arthur Nduati – Deputy Director, Budget
9. Mr. Wambugu Samuel – Principal Economist
10. Mr. Stephen Murukoi – Economist

Agenda

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Bills
5. Petitions
6. Papers
7. Personal statement **(Members Only)**
8. Confirmation of Minutes
9. Matters Arising
10. **Meeting to be briefed on the Budget Estimates for the FY 2018/19 by the National Treasury**
11. Adjournment

MIN.NO.156/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 3:50 p.m with prayer from Hon. Isaac Ndirangu, MP. The Chairperson then called for introduction of those present before welcoming the National Treasury to make their submission.

MIN.NO.157/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.158/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE NATIONAL TREASURY

The Principal Secretary, National Treasury informed the meeting that the country has been ranked favorably in ease of doing business and a top investment destination. He stated that the fiscal policy underpinning the FY 2018/19 budget and MTEF will sustain the revenue projections in line with recent mobilization trends in order to maintain fiscal predictability. Revenue is projected to increase from 18.3% of GDP in FY 2016/17 to 19.2% of GDP in FY 2020/21.

The National Treasury's proposed budget for the FY 2018/19 is **Kshs. 111,672.9 million** made up of **Kshs. 74,295.4 million** and **Kshs. 37,377.5 million** for the recurrent and development

respectively. The National Treasury will implement its FY 2018/19 Budget through the following programmes:-

i. General administration, planning and support services
ii. Public financial management
iii. Economic and financial policy formulation and management
iv. Market competition and creation of enabling business environment
v. Government clearing agency

The PS National Treasury also went through highlights of the implementation of the budget of the 2017/17 fiscal year as per the submission tabled. He also submitted on the general state of the economy as well as revenue performance.

Member's deliberations/ concerns/ observations

Members raised the following issues regarding the Budget Estimates: -

i. On why the there were so many pending Bills, the National Treasury informed the meeting that when budgeting, ministries and state agencies are supposed to prioritise counterpart funding and pending bills. The bills were therefore pending because they had not been prioritized by the respective ministry/agency.
ii. On why tax collection had not been maximized yet a lot of revenue had been allocated on the same, the meeting was informed that a lot had been done but more efforts were still being put in place to improve on it. For instance, the ITAX and IFMIS will be integrated in order to maximize on revenue collection, the tax base will be broadened to include the informal sector, improving the collection of VAT and netting of non-filers and modernizing the Income Tax Act which is currently undergoing public participation.
iii. The National Treasury informed the meeting that it was working on ways of lowering the debt level and growing the country's economy and this will be achieved because of the favorable weather condition and a good political environment.
iv. On why the allocation for affordable housing was low, the meeting was informed that the National Government will undertake the project in conjunction with the private sector. The government will provide land, water and electricity while the private sector will do the construction and this will lower the costs of putting up the houses.
v. On why there was a delay in exchequer releases, the meeting was informed that this was due to delays in revenue collection and a mismatch in revenue collected and expenditure.
vi. The meeting was concerned that even after putting IFMIS in place, cases of fraud had not been stopped. The PS stated that IFMIS is designed to help in public finance management but cannot stop fraud though a trail of fraud is left behind.
vii. The PS informed the meeting that the National Treasury was working on ways of completing projects that had been initiated by CDF but are now devolved.
viii. On whether there are penalties on grants, the meeting was informed that there were no penalties but commitment fees if the money is not utilized. The National Treasury was working on ways of improving absorption levels in order to avoid paying the commitment fee.

MIN.NO.159/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 5.45pm. The next meeting will be held on 17th May, 2018 at 11.00am.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE.....25/5/2018

MINUTES OF THE 29TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 16TH MAY, 2018 IN THE 4TH FLOOR, CONTINENTAL HOUSE AT 10.00AM

PRESENT

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangú, MP- **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MP
4. Hon. Shakeel Shabbir Ahmed, MP
5. Hon. Abdul Rahim Dawood, MP
6. Hon. Andrew A. Okuome, MP
7. Hon. David M. Mboni, MP
8. Hon. Joseph M. Oyula, MP
9. Hon. Mohamed A. Mohamed, MP
10. Hon. Samuel Atandi, MP

APOLOGY

1. Hon. Alfred Sambu, MP
2. Hon. Dr. Enoch Kibunguchy, MP
3. Hon. Daniel E. Nanok, MP
4. Hon. Francis K. Kimani, MP
5. Hon. Joshua C. Kandie, MP
6. Hon. Lydia H. Mizighi, MP
7. Hon. Purity W. Ngirici, MP
8. Hon. Stanley M. Muthama, MP

INATTENDANCE

SECRETARIAT

1.	Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2.	Ms. Laureen Wesonga	–	Third Clerk Assistant
3.	Mr. Thomas Ogwel	–	Fiscal Analyst
4.	Ms. Lynette Otieno	–	Legal Counsel
5.	Mr. Abdirahman Gorod	–	Fiscal Analyst
6.	Mr. Collins Mahamba	–	Audio Officer

SALARIES AND REMUNERATION COMMISSION

1.	Mr. J.K. Monyoncho	–	Director
2.	Ms. Margaret Njoka	–	Director, Corporate Services
3.	Mr. Alex Mwangi	–	Finance Officer

Agenda

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Bills
5. Petitions
6. Papers
7. Personal statement **(Members Only)**
8. Confirmation of Minutes
9. Matters Arising
10. **Meeting to be briefed on the Budget Estimates for the FY 2018/19 by the Salaries and Remuneration Commission, Ministry of Devolution and State Department of Planning**
11. Adjournment

MIN.NO.150/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 10:20 a.m with prayer from Hon. Samuel Atandi, MP. The Chairperson then called for introduction of those present before welcoming the Salaries and Remuneration Commission to make their submission.

MIN.NO.151/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.152/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE SALARIES AND REMUNERATION COMMISSION

The Director, Policy and Research informed the meeting that the Commission has been allocated **Kshs. 542.2 million** in the Budget Estimates for the FY 2018/19. However, the Commission is seeking an additional funding of **Kshs. 346.6 million** to cater for personnel emoluments, **Kshs. 15.6 million** and other operations **Kshs. 331 million**.

Member's deliberations/ concerns/ observations

Members raised the following issues regarding the Budget Estimates/ activities of the Commissions: -

i. Regarding the amount allocated for renting office space, the meeting was of the opinion that it was too high and enough to buy two floors which was cheaper compared to renting. The Commission explained that the cost was an estimate and that the actual cost will be given by the Ministry of Public Works. The Ministry's advice will assist in making the decision of either to rent or buy.

ii. The Committee tasked the Commission to provide the job evaluation reports and draft bill on remuneration to them as evidence of the work that they had done so far. This will inform the Committee on whether to provide more funds or not. The

Commission informed the Committee that they had received reports from the consultants and they were in the process of customizing them.

iii. The meeting noted that the allocation on salaries for the Commissioners was low. The Commission explained that Commissioners employed on part time basis earn sitting allowances and not salaries.

iv. The meeting noted that it is important for the Committee and the Commission to interact more.

MIN.NO.153/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE MINISTRY OF DEVOLUTION

The Chairperson called for introduction of those present before inviting the Ministry of Devolution to make its submission.

The Officials from the Ministry of Devolution led by CAS, Amb. Hussein Dado presented the estimates for the Ministry of Devolution. He stated that the Ministry of Devolution had been allocated **Kshs. 12,521,419,310 billion** for the FY 2018/19. He further states that the Ministry was seeking additional funding to cater for the following:-

1,	Operations and Maintenance	–	Kshs. 91 million
2.	Office Accommodation	–	Kshs. 2.5 billion
3.	Policy and Legal Review	–	Kshs. 300 million
4.	Pending Bills	–	Kshs. 12.687 billion
TOTAL		–	**KSHS. 15.578 billion**

The CAS also went through highlights of the implementation of the budget of the 2017/17 fiscal year as per the submission tabled.

Member's deliberations/ concerns/ observations

i. Regarding the Ministry's contribution of Kshs. 25 million towards the Devolution Conference, the meeting was informed that the contribution was made on behalf of all National Government Ministries and agencies that were involved in the conference.

ii. The meeting noted that county governments were contracting services without budgetary allocation contrary to the procurement law. The ministry informed the meeting that it was working on a way to establish sensitize the county officials on the requirements of the law in order to curb the occurrence where goods and services are delivered and no payment is made. w

iii. The meeting was informed that an audit of assets and liabilities in the counties was on-going in order to establish the amount owed to the National Government by County Governments.

iv. On the low absorption rate by the Ministry, the Ministry stated that money will be released to counties before the end of the FY 2017/18 and this will increase the percentage of the absorption rate.

v. The Ministry was encouraged to ensure that county governments operate as institutions so as to ensure that projects initiated by county governments are not abandoned with the inception of new regimes.

vi. The meeting noted that there is need for more interaction between the Committee, the Ministry and Agencies under the Ministry.

vii. The meeting noted that the Ministry had two parcels of land in Upper Hill, they wanted to know if it was possible for the Ministry to surrender one piece to another government agency as opposed to leaving it idle. The Ministry stated that was a directive that would have to be consultative before making the decision.

viii. The Committee lauded the Ministry for ensuring that the MDs for the regional Development Authorities were present in the meeting.

MIN.NO.154/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE STATE DEPARTMENT FOR PLANNING

The Chairperson called for introduction of those present before inviting the State Department for Planning to make their submission.

The Principal Secretary, State Department for Planning, Dr. Julius Muia informed the meeting that the State Department has been allocated **Kshs. 43.424 billion** for the FY 2018/19. The State Department was seeking additional funding to cater for the following:-

1. National Government Constituency Development Fund – **Kshs. 3.9 billion**
2. Establishment and operationalization of county development planning offices – **Kshs. 906 million**
3. Co-ordination of implementation of SDGs at national and county level – **Kshs. 150 million**
4. Publication and dissemination of MTP III – **Kshs. 150 million**
5. Construction of KIPPRA offices – **Kshs. 78 million**
6. Development of Kenya National Human Development Report, Participatory Poverty Assessment Report and GoK counterpart funds for UNICEF funded projects – **Kshs. 40 million**
7. Finalisation of the mapping and other preparatory activities of the Kenya Population and Housing Census – **Kshs. 1.87 billion**

The total additional amount that the State Department is seeking for is **Kshs. 6.944 billion**.

The PS Planning also went through highlights of the implementation of the budget of the 2017/17 fiscal year as per the submission tabled.

, Member's deliberations/ concerns/ observations

(i) On how much the State Department had received for next year's census, the meeting was informed that the amount disbursed by the National Treasury so far was Kshs. 500 million. The additional amount that was being requested for was for catographic mapping. A meeting will be organized between the Committee and the State Department so that the Committee is briefed more on the preparations that have been made so far and what was remaining schedule of activities prior to the conduct of the 2019 census.

(ii) On acquiring a building to be designated as the headquarters for the State Department, the meeting was informed that consultations were on-going on the same and the Committee will be informed once a decision is made.

(iii) The Committee was concerned on the fate of some projects that were being undertaken by NGCDF and were later devolved to the county governments. The meeting was informed that there were ongoing consultations with the National Treasury on the same.

(iv) The Committee observed that Appropriation in Aid for the State Department had decreased. The meeting was informed that Regional Development Authorities which was part of the State Department and used to generate the AIA have been hived off from the State Department hence the decrease in AiA .

(v) The meeting noted that it was important for the Committee and the Department to have more engagements to be able to apprise the Committee on its activities.

MIN.NO.155/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 2.40pm. The next meeting will be held at 3.30pm.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE.....25/5/2018....

MINUTES OF THE 30TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 16TH MAY, 2018 IN THE 2ND FLOOR, CONTINENTAL HOUSE AT 3.30PM

PRESENT

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP- **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MP
4. Hon. Shakeel Shabbir Ahmed, MP
5. Hon. Abdul Rahim Dawood, MP
6. Hon. Andrew A. Okuome, MP
7. Hon. David M. Mboni, MP
8. Hon. Joseph M. Oyula, MP
9. Hon. Mohamed A. Mohamed, MP
10. Hon. Samuel Atandi, MP

APOLOGY

1. Hon. Alfred Sambu, MP
2. Hon. Dr. Enoch Kibunguchy, MP
3. Hon. Daniel E. Nanok, MP
4. Hon. Francis K. Kimani, MP
5. Hon. Joshua C. Kandie, MP
6. Hon. Lydia H. Mizighi, MP
7. Hon. Purity W. Ngirici, MP
8. Hon. Stanley M. Muthama, MP

INATTENDANCE

SECRETARIAT

1. Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2. Ms. Laureen Wesonga	–	Third Clerk Assistant
3. Mr. Thomas Ogwel	–	Fiscal Analyst
4. Mr. Abdirahman Gorod	–	Fiscal Analyst
5. Mr. Joshua Lenambeti	–	Serjeant-At-Arms
6. Mr. Collins Mahamba	–	Audio Officer

THE NATIONAL TREASURY

1. Dr. Kamau Thugge	–	Principal Secretary
2. Mr. Geoffrey Mwau	–	Director General Budgeting
3. Mr. Benard Ndung'u	–	Director General, Accounting Services

4. Mr. Julius Mutua	–	P.C
5. Mr. Paul Kaman	–	Senior Public Relations Officer
6. Mr. Onderi N. Ontweka	–	Senior Deputy Director, Budget
7. Mr. Samuel Kiiru	–	Deputy Chief Economist
8. Mr. Arthur Nduati	–	Deputy Director, Budget
9. Mr. Wambugu Samuel	–	Principal Economist
10. Mr. Stephen Murukoi	–	Economist

Agenda

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Bills
5. Petitions
6. Papers
7. Personal statement **(Members Only)**
8. Confirmation of Minutes
9. Matters Arising
10. **Meeting to be briefed on the Budget Estimates for the FY 2018/19 by the National Treasury**
11. Adjournment

MIN.NO.156/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 3:50 p.m with prayer from Hon. Isaac Ndirangu, MP. The Chairperson then called for introduction of those present before welcoming the National Treasury to make their submission.

MIN.NO.157/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.158/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE NATIONAL TREASURY

The Principal Secretary, National Treasury informed the meeting that the country has been ranked favorably in ease of doing business and a top investment destination. He stated that the fiscal policy underpinning the FY 2018/19 budget and MTEF will sustain the revenue projections in line with recent mobilization trends in order to maintain fiscal predictability. Revenue is projected to increase from 18.3% of GDP in FY 2016/17 to 19.2% of GDP in FY 2020/21.

The National Treasury's proposed budget for the FY 2018/19 is **Kshs. 111,672.9 million** made up of **Kshs. 74,295.4 million** and **Kshs. 37,377.5 million** for the recurrent and development

respectively. The National Treasury will implement its FY 2018/19 Budget through the following programmes:-

i. General administration, planning and support services
ii. Public financial management
iii. Economic and financial policy formulation and management
iv. Market competition and creation of enabling business environment
v. Government clearing agency

The PS National Treasury also went through highlights of the implementation of the budget of the 2017/17 fiscal year as per the submission tabled. He also submitted on the general state of the economy as well as revenue performance.

Member's deliberations/ concerns/ observations

Members raised the following issues regarding the Budget Estimates: -

i. On why the there were so many pending Bills, the National Treasury informed the meeting that when budgeting, ministries and state agencies are supposed to prioritise counterpart funding and pending bills. The bills were therefore pending because they had not been prioritized by the respective ministry/agency.
ii. On why tax collection had not been maximized yet a lot of revenue had been allocated on the same, the meeting was informed that a lot had been done but more efforts were still being put in place to improve on it. For instance, the ITAX and IFMIS will be integrated in order to maximize on revenue collection, the tax base will be broadened to include the informal sector, improving the collection of VAT and netting of non-filers and modernizing the Income Tax Act which is currently undergoing public participation.
iii. The National Treasury informed the meeting that it was working on ways of lowering the debt level and growing the country's economy and this will be achieved because of the favorable weather condition and a good political environment.
iv. On why the allocation for affordable housing was low, the meeting was informed that the National Government will undertake the project in conjunction with the private sector. The government will provide land, water and electricity while the private sector will do the construction and this will lower the costs of putting up the houses.
v. On why there was a delay in exchequer releases, the meeting was informed that this was due to delays in revenue collection and a mismatch in revenue collected and expenditure.
vi. The meeting was concerned that even after putting IFMIS in place, cases of fraud had not been stopped. The PS stated that IFMIS is designed to help in public finance management but cannot stop fraud though a trail of fraud is left behind.
vii. The PS informed the meeting that the National Treasury was working on ways of completing projects that had been initiated by CDF but are now devolved.
viii. On whether there are penalties on grants, the meeting was informed that there were no penalties but commitment fees if the money is not utilized. The National Treasury was working on ways of improving absorption levels in order to avoid paying the commitment fee.

MIN.NO.159/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 5.45pm. The next meeting will be held on 17th May, 2018 at 11.00am.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE 25/5/2018....

MINUTES OF THE 28TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 15TH MAY, 2018 IN THE 4TH FLOOR, CONTINENTAL HOUSE AT 2.00PM

PRESENT

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP- **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MP
4. Hon. Shakeel Shabbir Ahmed, MP
5. Hon. Abdul Rahim Dawood, MP
6. Hon. Andrew A. Okuome, MP
7. Hon. David M. Mboni, MP
8. Hon. Joseph M. Oyula, MP
9. Hon. Purity W. Ngirici, MP
10. Hon. Samuel Atandi, MP
11. Hon. Stanley M. Muthama, MP

APOLOGY

1. Hon. Alfred Sambu, MP
2. Hon. Dr. Enoch Kibunguchy, MP
3. Hon. Daniel E. Nanok, MP
4. Hon. Francis K. Kimani, MP
5. Hon. Joshua C. Kandie, MP
6. Hon. Lydia H. Mizighi, MP
7. Hon. Mohamed A. Mohamed, MP

INATTENDANCE

SECRETARIAT

1.	Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2.	Ms. Laureen Wesonga	–	Third Clerk Assistant
3.	Mr. Thomas Ogwel	–	Fiscal Analyst
4.	Ms. Lynette Otieno	–	Legal Counsel
5.	Mr. Abdirahman Gorod	–	Fiscal Analyst
6.	Mr. Brian Mengich	–	Research and Policy Analyst
7.	Mr. Collins Mahamba	–	Audio Officer

COMMISSION ON REVENUE ALLOCATION

1.	Dr. Jane Kiringai	–	Chairperson
2.	Mr. George Ooko	–	Chief Executive Officer

3. Ms. Angela Kariuki	–	Director
4. Mr. Peter Gachuba	–	Commissioner
5. Dr. Irene Asienga	–	Commissioner
6. Ms. Jecinter Hezron	–	Personal Assistant
7. Mr. Silas Muyela	–	Finance Officer, National Treasury
8. Mr. Charles Mwita	–	Finance Officer, National Treasury

CONTROLLER OF BUDGET

1. Mr. Stephen Masha	–	Deputy Controller of Budget
2. Mr. Macklin A. Ogolla	–	Director, Corporate Services
3. Ms. Selina Iseme	–	Director, Legal Services
4. Mr. Joshua Musyimi	–	Director, Research & Policy
5. Mr. Shadrack Chando	–	Human Resource Manager
6. Ms. Pamela Okatch	–	Chief Manager, Finance & Accounts
7. Ms. Antonette Kanani	–	Accountant

Agenda

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Bills
5. Petitions
6. Papers
7. Personal statement **(Members Only)**
8. Confirmation of Minutes
9. Matters Arising
10. **Meeting to be briefed on the Budget Estimates for the FY 2018/19 by the Commission on Revenue Allocation, Controller of Budget and Salaries and Remuneration Commission**
11. Adjournment

MIN.NO.144/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 2:30 p.m with prayer from Hon. Isaac Ndirangu, MP. The Chairperson then called for introduction of those present before welcoming the Commission on Revenue Allocation to make their submission.

MIN.NO.145/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.146/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE COMMISSION ON REVENUE ALLOCATION

The Chairperson of the Commission informed the meeting that the Commission has been allocated **Kshs. 422.56 million** in the Budget Estimates for the FY 2018/19 but requires additional funding in the following areas:-

	Output	Activities	Kshs. Millions
1.	Development of third revenue sharing formula	Background sectoral studies on devolved functions	49.27
		County visits to validate the draft recommendations of 3rd revenue sharing formula	
		Dissemination of recommendation on 3rd Revenue sharing formula	
		Conduct study on NR revenue sharing globally and develop criteria for sharing on NR revenue	
2.	Public Financial Management	Document, Publish and publicize PFM best practices in Kenya	85.09
		support Counties to establish and operationalise CBEF	
		Review of Fiscal responsibility evaluation tool (FRET) and incorporating FRET into revenue sharing	
		Publishing of Fiscal Responsibility reports	
		Standardising reporting frameworks for national and subnational entities (Consultancy)	
		Capacity development to analyse revenue performance for county governments	
		Conduct a study on international best practices in sustainable NR exploitation (Consultancy)	
3.	Master plan on marginalization for 47 counties.	Studies and research work on development of Master plan on marginalisation and preparation of the same	43.19
		Monitor implementation of the 2nd policy identifying marginalised areas	
		Publish and publicize report on progress of implementation of 2nd policy	
4.	Capital Expenditure	Utility bills and other recurrent operational costs	152.89
		Purchase of 6 motor vehicles	
		Establishment of Regional offices	
	Total		330.44

MIN.NO.147/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE CONTROLLER OF BUDGET

The Chairperson called for introduction of those present before inviting the Deputy Controller of Budget, Mr. Stephen Masha to present the Office's submission to the meeting.

Mr. Masha informed the meeting that the Office of the Controller of Budget has been allocated **Kshs. 618.470 million** for the FY 2018/19. The Office was comfortable with the allocation and was therefore not seeking for additional funding.

MEMBER'S DELIBERATIONS

Members raised the following issues regarding the Budget Estimates:-

1. **Commission on Revenue Allocation**
   i. Regarding capacity building of counties to ensure prudent use of finances and increase in revenue collection, CRA informed the meeting that they were training counties on ways of enhancing revenue collection.
   ii. On the Commission's effort toward the actualization of the Big Four Agenda, the meeting was informed that the Commission was awaiting for the Health Report, Agriculture Report and the Kenya National Bureau of Statistics Report on households that will guide them in drafting the third formula with the Big Four Agenda in mind.
   iii. When drafting the second policy, the Commission identified marginalized sub-locations using water, health, education and sanitation as the key indicators. The bottom 20% sub-locations were identified as marginalized. The Commission was requested to avail the list of marginalized sub-locations to the Committee.
   iv. The Commission informed the meeting that it was organizing a conference where all counties would have a chance to share and the counties that have raised the highest own source revenue will be rewarded.
   v. The Committee informed the Commission to interact more with them so that they can understand their mandate and activities better. The meeting noted that it is important for the Commission to share its reports with the Committee as it is mandated to oversight them.

2. **Controller of Budget**
   i. On what the Office was doing to ensure better budgeting by the counties, the meeting was informed that county governments have been encouraged to formulate their budgets and ensure that they can be easily implemented.
   ii. The OCoB informed the meeting that they had produced all the six reports required for the FY 2017/18. The meeting informed them that it is important to share their reports with the Committee as it is mandated to oversight them.
   iii. The meeting noted that the absorption level at the counties was lower compared to the National Government. The meeting wanted to know if there was delay in funding counties by the National Government compared to MDAs under the

MINISTRY OF DEVOLUTION

1. Amb. T.H. Dado	–	Chief Administrative Secretary
2. Mr. Nelson Marwa	–	Principal Secretary
3. Mr. Omar M. Sheikh	–	MD, Ewaso Ng'iro North Development Authority
4. Dr. Mohamed K. Hassan	–	MD, Coast Development Authority
5. Ms. Mary Kemunto	–	Ag. Director, Human Resource
6. Ms. Angeline Hongo	–	Deputy Director Inter Governmental Relations
7. Mr. William Ogola	–	Deputy Director, Regional Development Authority
8. Mr. Moses Kipchumba	–	Chief Finance Manager, KVDA
9. Mr. David Onyango	–	Chief Manager Planning, KVDA
10. Ms. Pamela M. Ngure	–	Finance Manager, Coast Development Authority
11. Eng. Nelson Korir	–	Project Manager, Kimira-Oluch Smallholder Farm Improvement Project
12. Mr. Francis Kipkech	–	Kerio Valley Development Authority
13. Mr. David Tambu	–	Ag. Deputy Director Policy and Research
14. Mr. Kennedy Okeyo	–	Deputy Chief Finance Officer
15. Ms. Elizabeth Ouma	–	Policy Advisor
16. Mr. Austin Sekeyian	–	Advisor, CAS
17. Ms. Ann Mutuga	–	Finance Officer
18. Ms. Nelly Terekei	–	Finance Officer
19. Mr. Fredrick Mwabili	–	Economic Analyst
20. Ms. Joyce Chepkoech	–	Accountant, CoG
21. Mr. Jack Owuor	–	Finance officer
22. Mr. Festus Omariba	–	Administrator, CoG

STATE DEPARTMENT FOR PLANNING

1. Dr. Julius Muia	–	Principal Secretary
2. Mr. Zachary Mwangi	–	Director General
3. Mr. S. M. Machuka	–	Director
4. Ms. Margaret Mwangi	–	National Council for Population and Development
5. Ms. Katherine Muoki	–	Director of Planning
6. Ms. Sabina Maghange	–	Director of Planning/MICD
7. Mr. Charles Osebe	–	Deputy Director
8. Mr. Joseph Mukui	–	Economic Planning Secretary
9. Mr. Benson Kiriga	–	HOD Macro, KIPPRA
10. Ms. Ann Mutea	–	Senior Economist NG-CDF
11. Mr. Kamenju Gachara	–	Senior Advisor, NG-CDF
12. Mr. Joel Kanchori	–	Finance Officer
13. Ms. Fatuma Ali	–	Finance Officer
14. Ms. Beatrice Thuo	–	Finance Officer
15. Mr. Samwel Pesi	–	Finance Officer

national government. The meeting was informed that there has been a problem in funding to both the National MDAs and counties especially on local revenue.

iv. The meeting noted that it was important for the Office and the Committee to engage more so that the Committee can understand the mandate and activities of the Office better.

v. Regarding the efforts that the OCoB was making in order to ensure that counties increased their own source revenue, the meeting was informed that the National Government had engaged an international consultant to carry out a research on own source revenue potential for each county and they were hoping to receive the report before the end of the FY.

vi. On why most of the Office's budget was going to Personnel Emoluments, the meeting was informed that the OCoB was service oriented hence most of their costs go towards ensuring that they deliver their mandate.

vii. The OCoB was tasked to provide an analysis of staff moving from pension to gratuity and vise versa for the last three years.

MIN.NO.148/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE SALARIES AND REMUNERATION COMMISSION

The Committee sought the indulgence of the Commission for the postponement of the discussions and apologized for the inability to commence deliberations. The meeting was postponed to the following day to allow Members to take a break for the day.

MIN.NO.149/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 6.00pm. The next meeting will be held on 16th May, 2018 at 10.00 am.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE..25/5/2018...

MINUTES OF THE 27TH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING HELD ON TUESDAY, 15TH MAY, 2018 IN THE 4TH FLOOR, CONTINENTAL HOUSE AT 10.00 AM

PRESENT

1. Hon. Joseph K. Limo, MP - **Chairperson**
2. Hon. Isaac W. Ndirangu, MP- **Vice Chairperson**
3. Hon. Jimmy O. Angwenyi, MP
4. Hon. Shakeel Shabbir Ahmed, MP
5. Hon. Andrew A. Okuome, MP
6. Hon. David M. Mboni, MP
7. Hon. Francis K. Kimani, MP
8. Hon. Joseph M. Oyula, MP
9. Hon. Purity W. Ngirici, MP
10. Hon. Samuel Atandi, MP
11. Hon. Stanley M. Muthama, MP

APOLOGY

1. Hon. Alfred Sambu, MP
2. Hon. Dr. Enoch Kibunguchy, MP
3. Hon. Abdul Rahim Dawood, MP
4. Hon. Daniel E. Nanok, MP
5. Hon. Joshua C. Kandie, MP
6. Hon. Lydia H. Mizighi, MP
7. Hon. Mohamed A. Mohamed, MP

INATTENDANCE

SECRETARIAT

1.	Ms. Leah Mwaura	–	First Clerk Assistant/Lead Clerk
2.	Ms. Laureen Wesonga	–	Third Clerk Assistant
3.	Mr. Thomas Ogwel	–	Fiscal Analyst
4.	Ms. Lynette Otieno	–	Legal Counsel
5.	Mr. Abdirahman Gorod	–	Fiscal Analyst
6.	Mr. Brian Mengich	–	Policy and Research Analyst
7.	Mr. Collins Mahamba	–	Audio Officer

Agenda

1. Prayers
2. Preliminaries/Introductions
3. Communication from the Chair
4. Bills
5. Petitions
6. Papers
7. Personal statement **(Members Only)**
8. Confirmation of Minutes
9. Matters Arising
10. **Meeting to be briefed on the Budget Estimates for the FY 2018/19 by the Parliamentary Budget Office**
11. Adjournment

MIN.NO.139/DC-F/2018:PRELIMINARIES/COMMUNICATION FROM THE CHAIRPERSON

The meeting was called to order at 10:28 a.m with prayer from the Chairperson. The Chairperson then welcomed the meeting to deliberate on the day's agenda.

MIN.NO.140/DC-F/2018: CONFIRMATION OF MINUTES

Agenda deferred

MIN.NO.141/DC-F/2018: MEETING TO BE BRIEFED ON THE BUDGET ESTIMATES FOR THE FY 2018/19 BY THE PARLIAMENTARY BUDGET OFFICE

The Parliamentary Budget Officer as follows; That:-

Fiscal Framework

Revenue Projections: The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of Kshs. 1,923.3 billion (19.6 percent of the GDP) from Kshs. 1,659.6 billion (19.2 per cent of the GDP) in the FY 2017/2018. This represents an increase by 16%. Ordinary Revenues are projected at Kshs. 1,743.4 billion (17.8 percent of the GDP) which is a 17% rise from the current FY; the FY 2018/19 from the projected Kshs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18.

Expenditure Projections: overall expenditure and net lending are projected at Kshs. 2,533.1 billion (25.9% of GDP) increasing from the estimated Kshs. 2,323.1 billion (26.8% of GDP) in the FY 2017/18. The projected expenditures for 2017/18 includes Kshs.1543.3 (61%)billion to defray recurrent Expenditures and Kshs. 658.9 billion for development Expenditures (39%). In addition a contingency amount of Kshs. 5 billion and Kshs. 8.5 billion for Equalization Fund is also provided.

Deficit Financing: Comparing the projected expenditures and revenues, the fiscal deficit in the FY 2018/19(excluding grants) amount to Kshs. 609.8 billion (equivalent to 6.2 per cent of the GDP). Including grants, the overall fiscal deficit is projected at Kshs. 562.7 billion (5.7 percent of the GDP) in the FY 2018/19 compared to the estimated overall fiscal balance of Kshs. 626.7 billion (7.2 percent of the GDP) in the FY 2017/18.

THE NATIONAL TREASURY

Recurrent Vs. Development Analysis

The proposed estimates for the National Treasury are Kshs. 111.7 billion of which recurrent expenditure is Kshs. 74.3 billion (67 % of the vote) whereas development expenditure is Kshs. 37.4 billion (33%). Using the current FY approved estimates as the baseline there is a 12.9% reduction in the vote.

Salient Issues

i. **Revenue performance :** The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of Kshs. 1,923.3 billion (19.6 percent of the GDP) from Kshs. 1,659.6 billion(19.2 per cent of the GDP) in the FY 2017/2018. Ordinary Revenues are projected at Kshs. 1,743.4 billion (17.8 percent of the GDP) in the FY 2018/19 from the projected Kshs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18. The implementation of this Budget is reliant on the revenue performance. At a time when the current FY's revenue target is likely to be missed (Given that even the Domestic Excise duty that has consistently been exceeding its target; a decline by 9%).

ii. **Austerity Measures:** Significant increase for Foreign Travel and subsistence and other transportation costs and other costs and for printing, advertising and information supplies and services: Such substantial increases in non-core activities puts expenditure pressure amidst the budget constraint.

iii. **Compendium of Projects lagging behind planned timelines:** As contained in Annex 1, the initial estimated costs of most projects are large whereas the proposed allocations in 2018/19 are proportionately small. This may occasion non-achievement of the planned time targets thereby delaying the intended benefits (public service delivery). There is need to fast track the completion of the projects in progress.

iv. **Low Cost Housing project:** It is proposed that this project gets an allocation of Kshs. 1 Billion in 2018/19 which is half of what was approved for the 2017/18 (Kshs. 2 Billion in the current FY). The Committee may wish to interrogate the Department on the rationale of such a cut when the provision of affordable and decent Housing for all Kenyans is one of the tenets of the Big 4 Agenda. There is need to establish whether this allocation has any consideration to the policy enshrined in the Big 4 Agenda. In the 2017/18 Supplementary II, there was a budget cut in the same on the basis that the government is in the process of developing a policy under the Big 4 Agenda. The Committee may wish to find out whether the policy is now in place.

v. **Absorption of the allocations for Pensions:** The proposed allocation to the Pensions department is Kshs.16 Billion. This comes in the backdrop of the non-utilization of the allocation of the 2017/18 (current FY) thereby occasioning a budget cut in the recent Supplementary II on the Deferred contribution to the Pension Scheme. The crucial public service that is offered by the pension department needs to be enhanced through full budget implementation.

vi. **Subscriptions to Local and International Organizations**: Membership Fees and dues and subscriptions to these Organizations have an introduction of proposed allocations of Kshs. 4.1 Billion. There is need for a clarification on what has occasioned this since some of these subscriptions have been under the Foreign Affairs and International Trade and the State department for EAC.

vii. Allocations for the implementation of programmes for the National Treasury Vs Funds held for subsequent transfer to other Spending Agencies: The budget for this department has within it funds that are to be used by other implementing agencies (MDA's). This makes the oversight role of the Committee to be challenging and there is need to demarcate the two when securitizing the National Treasury vote.

STATE DEPARTMENT FOR DEVOLUTION

Recurrent Vs. Development Analysis

The proposed allocation for the State Department for Devolution is Kshs.12.5 Billion of which Kshs. 2.8 Billion is for Recurrent (22% of the vote) whereas Kshs. 9.6 Billion is for Development (78% of the vote). The proposed allocation translates into a 257% increase when compared to the approved estimates of the Current FY 2017/18 (Kshs. 3.5 B). The increase is on account of the two new programs that are now domiciled in this Department namely, the Integrated Regional Development and Special Initiative programs (formerly in State departments for Planning and Special programs respectively).

Issues of Concern

i. **Allocation to Special Programmes:** The proposed allocation for this programme is nearly wiping out the programme in entirety thereby shall impair the achievement of the objective of providing humanitarian response, rehabilitation and reintegration of affected individuals and communities. This reduction is coming at a time when floods have displaced many people across the country and the county governments' interventions are overwhelmed. The Committee may also need to interrogate the performance of the programme as far as provision of relief food and street family rehabilitation is concerned since the previous allocations to this programme were to offer interventions in these areas.

ii. **Pending Bills:** The Pending Bills under this Department are not only persistently huge but continue to accumulate. As reported by the Department during its submission on 2017/18 Supplementary II, the department inherited Kshs. 3.5 Billion from the defunct Local Government Ministry and these bills reportedly accrue an interest of 15% per annum. The Integrated Regional Authorities are also saddled with significant pending bills that have now been transferred to this department. The attached Annex 1(on projects) reveals the level of

pending bills and that the proposed allocations for 2018/19 are for settlement of part of the pending Bills. The Committee needs to enhance its oversight on the Pending Bills and interrogate the effectiveness of any intervention policy in this area.

iii. **Low completion rates of initiated projects:** A scrutiny of the list of projects under this state department reveals that most of projects are lagging behind the planned time for their completion. This may be attributed to insufficient allocation of funds to the projects. Most affected are the projects under Integrated Regional Developments such Dams.

iv. **Absorption capacity:** Most programmes have been registering high absorption rate over time. However, the special Initiative programme needs to have its absorption rate enhanced.

STATE DEPARTMENT FOR PLANNING

Recurrent and Development Analysis

The proposed allocation for the State Department of Planning is Kshs. 43.42 Billion of which Kshs. 9.36 billion is for Recurrent (21.56%) whereas 34.06 Billion is for Development expenditure (78%). The proposed allocation translates into a marginal increase of 1 % when compared to the Approved Estimates of the current FY 2017/18 (Kshs. 42.83B). However, when compared to recurrent and development allocations the recurrent budget increased from Kshs. 5.38 billion to Kshs. 9.36 billion translating into 74 % while that of the development decreased from Kshs. 37.47 billion to Kshs. 34.06 billion translating into 9% decline.

Issues of Concern

I. **Local Appropriation in Aid performance:** The local AiA under the recurrent vote reflects a substantial decrease from Kshs. 326 million to Kshs. 71 million, a reduced collection of 78 percent. It is not clear why the substantial decrease.

II. **Low completion rates of initiated projects:** A scrutiny of the list of projects under this state department reveals that most of projects are lagging behind the planned time for their completion. In addition, the reconcilable list submitted doesn't fully reconcile with development budget outlay. There is need for comprehensive submission.

CONTROLLER OF BUDGET

The office is implementing one programme called Control and Management of Public Finances which has been allocated a total of Kshs. 618.470 million for FY 2018/19, up from a current baseline of Kshs. 494.931 million. This increase under the Office of the Controller of Budget is 25% against the baseline of Kshs. 494.93 billion, for the FY 2017/18

Salient Issues

I. For the FY, 2018/19, the proposed budget under the recurrent vote include a proposed new allocation of Kshs. 50 million, under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized

budget and the results based framework (PBB) Putting into question the rationale of the proposed expenditure.

II. In addition, the proposed allocation in most items, especially under the category of 'use of goods and services' indicate an incremental budgeting approach rather than budgeting on need basis. There may need for the office to pursue a zero based budgeting as current budget proposal reflects continuous expenditure allocation on some items such as furniture and general equipment as well as routine maintenance, among others.

III. A quick review of published Reports as key expected outputs reflect a delay in release of quarterly and annual reports beyond the PFM timelines. There may be need for timely preparation and submission of such outputs in line with the commitment outlined under the approved PBB framework and PFM provisions.

THE COMMISSION ON REVENUE ALLOCATION

For the FY 2018 and of the medium term the Commission continues to implement the Inter-governmental Transfers and Financial Matters Programme which is proposed to be allocated Kshs. 422.55 million, indicating a marginal increase of Kshs. 30.85 million or 8% against the baseline allocation

Salient Issues

i. For the FY, 2018/19, the proposed budget under the recurrent vote include a proposed allocation of Kshs. 11.22 million , under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized budget and the results based framework (PBB).

ii. There may be need for the commission to consider zero based budgeting in the medium term as expenditure framework indicate incremental approach.

SALARIES AND REMUNERATION COMMISSION

The Total proposed allocation for the Commission is Kshs. 542.17 million, a decrease of 11 % compared to the baseline. In comparison with the current baseline, the commission recurrent budget reflects major decreases in the items of hospitality (Kshs. 27.4 million), Operating Expenses (Kshs. 131.5 million) and office and general supplies and services (Kshs. 3.4 million). However, there is a new item allocation under the Item 'Domestic Loans to Individuals and Households' proposed to be allocated Kshs. 100 million.

Salient Issue

i. For the FY, 2018/19, the proposed budget under the recurrent vote include a proposed allocation of Kshs. 11.22 million , under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected

outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized budget and the results based framework.

MEMBER'S DELIBERATIONS

Members raised the following issues regarding the Budget Estimates:-

1. **National Treasury**
   i. There was a low absorption capacity for donor funds resulting in high penalties. The National Treasury should provide an itemized list of unutilized donor funds and the penalties being paid for the same.
   ii. The National Treasury should explain how IFMIS works and the gaps in the system.
   iii. Huge investments have gone into improving the systems for revenue collection and to curb revenue loss, yet KRA has continued to register huge revenue shortfall.
   iv. The Big four agenda highlights one of the key issues as being affordable housing, food security, universal health care and manufacturing. The Committee noted the need for National Treasury to provide a clear road map on how to implement these priorities.
   v. The Committee noted that there was need for the National Treasury to provide a cost benefit analysis before projects are undertaken to ensure value for money.
   vi. The Kenya Revenue Authority should give the Committee details on how revenue enhancement will be achieved through the systems that they intend to put up.
   vii. The Kenya Revenue Authority should appraise the Committee on the policy on taxation on property and rental income.

2. **Commission on Revenue Allocation**
   i. The meeting noted that it was important for the commission to highlight their achievements for the past three fiscal years.
   ii. The Commission should provide the annual County recurrent budget reports to the Committee.
   iii. The Commission should inform the Committee about their current human resource base.
   iv. There was need for the Commission to apprise the Committee on the marginalization policy that has been used to share out equalization fund.

3. **Controller of Budget**
   i. The Committee noted the need to raise with CoB on the delays in exchequer approvals by CoB.
   ii. The meeting further noted the need for CoB to provide its reports on the Office's deliverables before approving its budget.
   iii. The meeting also noted that the office of the CoB has been advocating for MDAs to adhere to zero based budgeting model yet they were not adhering to the same.

4. **Salaries and Remuneration Commission**

   i. The Committee noted that huge sums of money continue to be allocated to the SRC to carry out various studies over the years, yet no report has been shared with the Committee as the primary oversight committee.

   ii. The Committee further observed that bulk of the Commission's budget had been allocated to human resource yet most of the work was being carried out through consultancy services.

MIN.NO.142/DC-F/2018: ANY OTHER BUSINESS

The Committee noted that there was need to meet the Kenya Revenue Authority before finalizing on the report for the Budget Estimates. It was agreed that the Kenya Revenue Authority will have a meeting with the Committee on Tuesday, 22nd May, 2018.

MIN.NO.143/DC-F/2018: ADJOURNMENT

There being no other business to deliberate on, the meeting was adjourned at 1.30pm. The next meeting would be held at 2.00pm that day.

HON. JOSEPH K. LIMO, MP

(CHAIRPERSON)

SIGNED .....DATE..25/5/2018..



PARLIAMENT OF KENYA

PARLIAMENTARY BUDGET OFFICE

BRIEF ON 2018/2019 ESTIMATES AND THE MEDIUM TERM

TO DEPARTMENTAL COMMITTEE ON

FINANCE AND NATIONAL PLANNING

©Parliamentary Budget Office, May, 2018

Protection House; Parliament Buildings - Nairobi

http://www.parliament.go.ke/pbo

A. INTRODUCTION

1.1 Preface

Pursuant to Article 221 of the Constitution and Sections 37 and 38 of the Public Finance Management (PFM) Act 2012, the 2018/19 budget estimates were submitted and tabled in the National Assembly on 3rd May, 2018. Standing Order 235 of the National Assembly stipulates that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committee, after which the Committee shall consider, discuss, and review the Estimates according to its mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly.

This brief therefore presents analysis of the Estimates of Expenditure of the relevant Ministries, Departments and Agencies (MDAs) under the purview of Departmental Committee on Finance and National Planning. However, given that the Committee is also mandated to play an oversight role covering macroeconomic thematic areas such as public finance, monetary policies, public debt, revenue policies including taxation, national planning and development, the analysis also delves into relevant areas that cut across the entire economy.

Since the estimates are geared towards the achievement of the desired budgetary goals enshrined in various short, medium and long term economic plans such as sector working reports, 2018 Budgetary Policy Statements, Vision 2030 and Sustainable Development Goals (SDGs), the analysis evaluates how the estimates not only interlinks with the aforementioned economic plans but also whether the allocations to the relevant programmes being implemented are in tandem with the various economic policies in place and the national agenda of the government.

The Departmental Committee on Finance and National Planning is one of the fifteen departmental committees of the House established pursuant to Article 124 of the Constitution of Kenya 2010 and Standing Order 216 of the National Assembly and mandated to:

(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.

(c) To study and review all legislation referred to it;

(d) 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;

(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*); and

(g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Departmental Committee on Finance and National Planning oversights the following Ministries/Departments/Agencies:

1. Vote 1071 :The National Treasury
2. Vote 1072 State Department for Planning
3. Vote 1032 :State Department for Devolution
4. Vote 2061 : Commission on Revenue Allocation
5. Vote 2081: The Salaries and Remuneration Commission
6. Vote 2121 :The Controller of Budget

Analysis of Adherence to the Legal Framework

This is the first annual budget to be prepared after the 2017 General Elections. As mentioned above, the preparation, approval and execution stages of the Kenya budget are anchored in the Constitution, the Public Finance Management ((PFM) Act, 2012 and various subsidiary legislations including the Standing Orders. For a budget to be credible, it must not only be technically sound, but also faithful to legal provisions. The following table shows how the tabled estimates have adhered to the legal provisions.

Table 1: Adherence to legal provisions

Key Element	Detailed Requirements	Legal Provisions	Comments
Timelines:		Constitution, Article 221 PFM Act, Section 37 Standing Orders	Estimates have been submitted in accordance with Article 221 of the Constitution
Comprehensiveness of the estimates and related documents:	Fiscal responsibilities principles: explanation of how the budget relates to the principles. List of all projects been implemented in the financial year 2015/16 and the medium term Allocation to state	Constitution, PFM Act, Section 38	There is comprehensive list of all projects being funded. However the list does not capture cumulative expenditure to date on each project.

Table 1: Adherence to legal provisions			
Key Element	Detailed Requirements	Legal Provisions	Comments
	corporations/all entities on those that are to receive appropriated funds Detailed estimated expenditure by vote and programme indicating both recurrent and development expenditure		The information on allocation to SAGAs is provided .The budget is prepared on Programme based basis but some targets look unrealistic and therefore not achievable.
Financing proposals:	On anticipated deficit /surplus for the financial year and the MT and the proposed source of financing On loans and guarantees made to and by the national government, including an estimate of principal, interest and other charges to be paid by the national government in the financial year	Constitution, PFM Act section, 38	The information has been provided
Public Participation:	Did the three arms of Government consult the public when they were preparing their estimates?	Constitution, Article 221 PFM Act	There is no report attached to prove that the public were consulted

B. HIGHLIGHTS OF THE 2018/2019 BUDGET ESTIMATES

Fiscal Framework

Revenue Projections: The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid(AIA) of KShs. 1,923.3 billion(19.6 percent of the GDP) from KShs. 1,659.6 billion(19.2 per cent of the GDP) in the FY 2017/2018. This represents an increase by 16%. Ordinary Revenues are projected at KShs. 1,743.4 billion(17.8 percent of the GDP) which is a 17% rise from the current FY; the FY 2018/19 from the projected KShs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18.

*Expenditure Projections:*overall expenditure and net lending are projected at Kshs. 2,533.1 billion (25.9% of GDP) increasing from the estimated Kshs. 2,323.1 billion (26.8% of GDP) in the FY 2017/18. The projected expenditures for 2017/18 includes Kshs.1543.3(61%)billion to defray recurrent Expenditures and Kshs. 658.9 billion for development Expenditures(39%). In addition a contingency amount of Kshs. 5 billion and Kshs. 8.5 billion for Equalization Fund is also provided.

Deficit Financing: Comparing the projected expenditures and revenues, the fiscal deficit in the FY 2018/19(excluding grants) amount to KShs. 609.8 billion (equivalent to 6.2 per cent of the GDP). Including grants, the overall fiscal deficit is projected at KShs. 562.7 billion (5.7 percent of the GDP) in the FY 2018/19 compared to the estimated overall fiscal balance of KShs. 626.7 billion (7.2 percent of the GDP) in the FY 2017/18. The following table shows a summary of budgetary allocations between the three arms of government including the Consolidated Fund Services

Table 2 : Summary of Budgetary Allocation for the FY 2018/19 -2020/21 in KShs. Millions

	2017/18	2018/19	2019/20	2020/21
National Government	1,566,493.6	1607,944.1	1,717,517.6	1,828,717.8
Consolidated Fund Services	356,892.4	461,916.9	493,401.1	630,102.8
Judiciary	18,039.6	17,783.2	20,073.7	17,575.2
Parliament	36,043	31,768.9	32,797.5	34,546.4
County Governments	345,681	372,741.9	372,163.5	381,908.9
Total	**2,323,149.6**	**2,492,154.9**	**2,635,953.4**	**2,892,851.1**

Source: The National Treasury

Allocation towards the Big Four

1) In the 2018/2019 proposed estimates, the Government has allocated KShs. 460.2 billion to implement the "Big Four" Agenda under all clusters for drivers and enablers. The proposed allocation for the drivers amounts to KShs. 82 billion while cross cutting enablers amounts to KShs. 322.2 billion while other enablers amounts to KShs. 56.7 billion. The following table summarizes the allocations to the big four interventions.

Table 3 :Allocations to Drivers of the Big Four

S/No.	Agenda	KShs. in Billions
1)	Enhancing Food and Nutrition security to all Kenyans by 2022	43.1
2)	Providing Universal Health Coverage and Guaranteeing quality and affordable Healthcare to all Kenyans	44.6
3)	Provision of affordable and decent Housing for all Kenyans	6.5

4)	Supporting value addition and raising manufacturing sector share of GDP to 15% by 2022	3.1

Linking the Budget to Medium Term Plan III (2018-2022)

Besides the "big four" initiatives highlighted above, the other key priority areas that the government will focus on over the plan period which have been aligned with the Big Four initiatives include the Sustainable Development Goals adopted by the United Nations in 2015, the Africa Agenda 2063 and the National Spatial Planning to guide the sector plans, County Integrated Development Plans and County Plans.

In the MTP III, theprogrammes /Projects aligned for implementation under the purview of Finance and Nationalare geared towards:

i. Legal and institutional reforms to maintain and strengthen macroeconomic stability. Macroeconomic stability will be a key enabler for attainment of the plan through ensuring low inflation, stable exchange rate and interest rates, sustainable debt position and fiscal position.
ii. Strengthening the revenue effort through on-going reforms in tax policy and revenue administration.
iii. Fiscal consolidation that targets to reduce deficit from 7.2% of GDP in the FY 2018/19 to 3.0 in FY 2021/2022.
iv. Reduction of debt to GDP ratio 53% in 2017/18 to 43.6% in 2021/22.

To enhance tax revenue to finance development programme and projects:

i. Roll out the Integrated Customs Management Systems (ICMS) to seal loop holes at the customs to prevent concealment, under evaluation, mis-declarations and falsification of import documents.
ii. Implementation of the Regional Electronic Cargo Tracking System (RECTS) to tackle transit diversion
iii. Enhance scanning activities to detect concealment
iv. Data matching and use of third party data to enhance compliance through integration of iTax with IFMIS
v. Expansion of Tax Base by targeting informal sector, pursue non-filers and focus on taxation of International transactions and transfer pricing.
vi. Enhance Investigations, intelligence capacity and KRA capacity to support revenue collection.
vii. Improve on property tax revenue by implementing a Geographic (Geospatial) Information Systems (GIS) to automatically link data on land parcels, property ownership and development with the KRA taxes.
viii. Work together with the County governments to put in place a framework for taxation of property across the country.

Further to this, in preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS have been taken into consideration when preparing the estimates. The Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations on the estimates. The following table shows how agencies have deviated from the ceilings set by the National Treasury on the BPS 2018.

Table 4:Comparison Between BPS 2018 ceilings and the Estimates(Ksh. Millions)				
MDA	BPS Ceilings	Estimates	Deviation	% Deviation
The National Treasury	119,736	111,673	-8,063	-6.7%
State Department for Devolution	4,659	12,521	7,862	*168.7%*
State Department for Planning	53,152	43,424	-9,728	-18.3%
Salaries& Remuneration Commission	548	542	-6	-1.1%
Controller of Budget	558	618	60	*10.8%*
Commission on Revenue Allocation	435	422	-13	-2.9%

Source: National Treasury

From the above table, it can be seen that State department for Devolution has exceeded the BPS ceilings by 168.7% and Controller of Budget by 10.8%. The Devolution's noncompliance to the BPS ceilings is attributable to the re-organization of programmes resulting from the executive order that restructured the Executive. During the BPS processing, the programme of Integrated Regional Development (which had a BPS ceiling of Ksh.6 Billion) was under the State Department for Planning but is now domiciled under the State Department for Devolution. The programme of Special Initiative with a proposed allocation of Ksh.50 Million too has now been brought under Devolution from the defunct State Department for Special Programmes.

In compliance with PFM Act Section 25(8), the proposed allocations to the National Treasury, State Department for Planning, SRC and CRA are within 2018 BPS ceilings.

D.VOTE BY VOTE ANALYSIS

Vote 1071: The National Treasury

(i) Recurrent Vs. Development Analysis

The proposed estimates for the National Treasury are Ksh.111.7 billion of which recurrent expenditure is Ksh.74.3 billion (67 % of the vote) whereas development expenditure is Ksh.37.4 billion (33%). Using the current FY approved estimates as the baseline there is a 12.9% reduction in the vote.

Table 5: Recurrent Vs. Development Analysis						
		2015/2016	2016/2017	2017/2018	Proposed 2018/2019	Percentage change
Recurrent	Gross	40,667	37,528	81,434	74,295	-8.7
	AIA	-	-	-	-	-
	Net	40,667	37,528	81,434	74,295	-8.7
Development	Gross	59,297	36,105	29,383	37,377	*27.2%*
	AIA	23,491	17,769	17,365	12,404	-28.5%
	Net	35,486	18,336	12,018	24,974	-107.8%
Total Gross		99,624	73,663	128,182	111,672	*-12.9%*

Source: The National Treasury

(ii) Analysis of Allocation by Programmes

The National Treasury continues to implement five main programmes which have been receiving various allocations over the Medium term as indicated below:

Table: Allocation for programmes (Ksh. Millions)

Table 6: Allocations per programmes (Ksh .M)

	Approved Estimates		2017/18				
Programmes	2015/16	2016/17	Approved Est.(Baseline)	Revised Allocation	2018/19	Deviation (Est. Vs. Baseline)	% Dev.
General Administration , Planning and Support Services	41,261	36,885	82,978	37,030	71,977	-11,001	-13%
Public Financial Management	56,020	33,849	42,459	27,651	37,328	-5,131	-12%
Economic and Financial Policy Formulation and Management	2,308	2,511	2,290	2,036	1,898	-392	-17%
Market Competition	375	340	395	381	394	-1	0%
Government Clearing Services	-	48	60	55	76	16	27%
TOTAL	99,965	73,633	128,182	67,153	111,673	-16,509	-13%

Source: The National Treasury

Realism of Expected Targets/Outputs

- Decent housing to civil servants (100% disbursement of funds)

- Achievement of a tax revenue to GDP ratio of 18.2 %(presently at 17%)
- Completion of construction of alternate data recovery Centre
- Reduction of total public debt as a percentage of GDP to 45.4% from 54%.
- Percentage of forecast revenue collected at 95%.

Salient Issues

i. **Revenue performance :**The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of KShs. 1,923.3 billion(19.6 percent of the GDP) from KShs. 1,659.6 billion(19.2 per cent of the GDP) in the FY 2017/2018. Ordinary Revenues are projected at KShs. 1,743.4 billion (17.8 percent of the GDP) in the FY 2018/19 from the projected KShs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18. The implementation of this Budget is reliant on the revenue performance. At a time when the current FY's revenue target is likely to be missed (Given that even the DomesticExcise duty that has consistently been exceeding its target; a decline by 9%).

ii. **Austerity Measures:**Significant increase for Foreign Travel and subsistence and other transportation costs and other costs and for printing, advertising and information supplies and services: Such substantial increases in non-core activities puts expenditure pressure amidst the budget constraint.

Table 7: Comparison of proposed allocations

	Printing, Advertising, and information supplies and Services				Foreign Travel and subsistence and other transportation costs			
HEAD/DEPARTMENT	Approved Estimates 2017/18	2018/19	Increase	% Rise	Approved Estimates 2017/18	2018/19	Increase	% Rise
Macro-Fiscal Affairs Department	317	1,269	952	300 %	2,296	5,394	3,098	135%
Resource Mobilization Department	338	1,338	1,000	296%	5,554	12,824	7,270	131%
Global Fund	201	480	279	139%	0	0	0	0
Debt,Policy,Strategy and Risk Management department	335	1,343	1,008	301%	1,392	3,323	1,931	139%
Accounting Services	36	145	109	303%	242	570	328	136%
Pensions Department	57	231	174	305%	388	1,018	630	162%
Directorate of Public Procurement	84	338	254	302%	155	417	262	169%
Public Finance Reforms	446	1,585	1,139	255%	1,004	2,521	1,517	151%
Financial Management	75	301	226	301%	1,566	3,690	2,124	136%

Information Services								
Government Investment and Public enterprise	64	257	193	301%	693	1,731	1,038	150 %

Source: Printed Estimates 20181/19 (Recurrent)

iii. **Compendium of Projects lagging behind planned timelines:** As contained in Annex 1, the initial estimated costs of most projects are large whereas the proposed allocations in 2018/19 are proportionately small. This may occasion non-achievement of the planned time targets thereby delaying the intended benefits (public service delivery). There is need to fast track the completion of the projects in progress.

iv. **Low Cost Housing project:**It is proposed that this project gets an allocation of Ksh 1 Billion in 2018/19 which is half of what was approved for the 2017/18(Ksh 2 Billion in the current FY).The Committee may wish to interrogate the Department on the rationale of such a cut when the provision of affordable and decent Housing for all Kenyans is one of the tenets of the Big 4 Agenda. There is need to establish whether this allocation has any consideration to the policy enshrined in the Big 4 Agenda. In the 2017/18 Supplementary II, the was a budget cut in the same on the basis that the government is in the process of developing a policy under the Big 4 Agenda. The Committee may wish to find out whether the policy is now in place.

v. **Absorption of the allocations for Pensions:** The proposed allocation to the Pensions department is Ksh.16 Billion. This comes in the backdrop of the non-utilization of the allocation of the 2017/18(current FY) thereby occasioning a budget cut in the recent Supplementary II on the Deferred contribution to the Pension Scheme. The crucial public service that is offered by the pension department needs to be enhanced through full budget implementation.

vi. **Subscriptions to Local and International Organizations**: Membership Fees and dues and subscriptions to these Organizations have an introduction of proposed allocations of Ks.4.1 Billion. There is need for a clarification on what has occasioned this since some of these subscriptions have been under the Foreign Affairs and International Trade and the State department for EAC.

vii. Allocations for the implementation of programmes for the National Treasury Vs Funds held for subsequent transfer to other Spending Agencies:The budget for this department has within it funds that are to be used by other implementing agencies (MDA's). This makes the oversight role of the Committee to be challenging and there is need to demarcate the two when securitizing the National Treasury vote.

Vote 1032: STATE DEPARTMENT FOR DEVOLUTION

(i) Recurrent Vs. Development Analysis

The proposed allocation for the State Department for Devolutionis Ksh.12.5 Billion of which Ksh.2.8 Billion is for Recurrent (22% of the vote) whereas 9.6 Billion is

for Development (78% of the vote). The proposed allocation translates into a 257% increase when compared to the approved estimates of the Current FY 2017/18 (Ksh.3.5 B). The increase is on account of the two new programs that are now domiciled in this Department namely, the Integrated Regional Development and Special Initiative programs (formerly in State departments for Planning and Special programs respectively).

The following table shows how the expenditure has moved across Recurrent, Development and Appropriations in Aid.

Table 8:Recurrent Vs. Development Analysis						
		2015/2016	2016/2017	2017/2018	Proposed 2018/2019	Percentage Change
Recurrent	Gross	2,300	3,671	1,007	2,883	186%
	AIA	2	2	2	255	
	Net	2,298	3,669	1,005	2,628	
Development	Gross	9,388	9,388	2,539	9,638	280%
	AIA	-	-	-	4,327	
	Net	9,388	9,388	9,388	5,310	
Total		11,688	13,059	3,546	12,521	257%

Source: Sector working reports and Estimate books (National Treasury)

(ii) Analysis by Programmes

The Statement in the past have been implementing only two programmes (devolution services and General Administration, planning and support Services. The programs of Special Initiative and Integrated Regional Development have been brought under this state department. The comparative table below indicates the changes in allocations using 2017/18 as the baseline.

Table 9: Comparison of Allocations per programmes FY2018/19 and Baseline (Ksh. Million)

Programs	2017/2018			2018/2019			DEVIATION			% DEVIATION		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Devolution services	792	2,519	3,312	835	1,028	1,863	43	-1,491	-1,449	5	-59	-44
General Admin,Planning & Support Services	284	1,020	1,304	342	1,173	1,515	58	153	211	20	15	16
Special Initiatives	3,379	0	3,379	50	0	50	-3,329	0	-3,329	-98	0	-98

Integrated Regional Developme nt	1,466	3,847	**7,995**	1,655	7,436	**9,092**	189	3,589	1,097	13	93	14

Source: Various Budget Estimate Books (National Treasury)

The table above reveals significant reduction in Devolution services and Special Initiatives.

Issues of Concern

i. **Allocation to Special Programmes:**The proposed allocation for this programme is nearly wiping out the programme in entirety thereby shall impair the achievement of the objective of providing humanitarian response, rehabilitation and reintegration of affected individuals and communities. This reduction is coming at a time when floods have displaced many people across the country and the county governments' interventions are overwhelmed.The Committee may also need to interrogate the performance of the programme as far as provision of relief food and street family rehabilitation is concerned since the previous allocations to this programme were to offer interventions in these areas.

ii. **Pending Bills:**The Pending Bills under this Department are not only persistently huge but continue to accumulate. As reported by the Department during its submission on 2017/18 Supplementary II, the department inherited Ksh.3.5 Billion from the defunct Local Government Ministry and these bills reportedly accrue an interest of 15% per annum. The Integrated Regional Authorities are also saddled with significant pending bills that have now been transferred to this department. The attached Annex 1(on projects) reveals the level of pending bills and that the proposed allocations for 2018/19 are for settlement of part of the pending Bills. The Committee needs to enhance its oversight on the Pending Bills and interrogate the effectiveness of any intervention policy in this area.

iii. **Low completion rates of initiated projects:**A scrutiny of the list of projectsunder this state department reveals that most of projects are lagging behind the planned time for their completion. This may be attributed to insufficient allocation of funds to the projects.Most affected are the projects under Integrated Regional Developments such Dams.

iv. **Absorption capacity:**Most programmeshave been registering high absorption rate over time. However, the special Initiative programme needs to have its absorption rate enhanced.

Table 10: Programmes Absorption rates

	Approved Estimates(Ksh.M)			Actual Expenditure			Absorption rates (%)		
Program	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Devolution services	1,529	1,241	1,580	1,514	1,104	906	99	89	57
Special Initiative	6,527	6,354	6,527	4,925	4,472	4,925	75	70	76
Integrated Regional Development	42,630	49,014	36,443	41,024	42,890	34,840	96	87	95
Gen.Administriation	-	262	279	-	262	271	-	100	97

Realism of output/targets:

- 100% of humanitarian disasters and emergencies responded to.
- Settlement of Pending Bills(high grand dam, Arrow dam, Mwache dam, LBDA)
- Number of hectares under agricultural production eg. KimiraOlouch (targeted 1,000 from 650 hectares).
- Completion of Napuu, Lomut and Lower Turkwel Irrigation

VOTE 1072: STATE DEPARTMENT FOR PLANNING

(i.) Recurrent and Development Analysis

The proposed allocation for the State Department of Planning is Ksh. 43.42 Billion of which Ksh. 9.36 Billion is for Recurrent (21.56%) whereas 34.06 Billion is for Development expenditure (78%). The proposed allocation translates into a marginal increase of 1 % when compared to the Approved Estimates of the current FY 2017/18 (Ksh 42.83B). However, when compared to recurrent and development allocations the recurrent budget increased from kshs 5.38 billion to 9.36 billion translating into 74 % while that of the development decreased from kshs 37.47 billion to 34.06 billion translating into 9% decline.

The following table shows how the expenditure has moved across Recurrent, Development and Appropriations in Aid.

Table 11:Recurrent Vs. Development Analysis				
Vote Detail	**Description**	**2017/2018**	**Proposed 2018/2019**	**Percentage Change**
Recurrent	**Gross**	**5,384**	**9,363**	**74%**
	AIA	326	71	
	Net	5,058	9,292	
Development	**Gross**	**37,479**	**34,061**	**-9%**
	AIA	617.1	118.100	
	Net	36,862	**33,943**	
Total		**42,863**	**43,424**	**1%**

Source: 2018/19 Proposed Estimates

(ii.) Analysis of Allocation by Programmes

For the 2017/18 and the medium term, The State Department of Planning is to implement four programmes following the hiving off of previous the Integrated Regional Development Programme is proposed to be implemented under the State Department forDevolution. These are attributable to the recent reorganization of National Government and align sector mandates.

The total proposed allocation under the four programmes stands at kshs 43.42 billion with the programmes of Economic Policy and National Planningand National Statistical Information Services been allocated the highest amounts of ksh 33.813 billion and kshs 8.975 billion of the total allocation, reflecting an increase of 20% and 137% relative to the current approved levels (baseline), respectively.

With respect to lowest allocations, the programme of Monitoring and Evaluation Services Programme is proposed to be allocated kshs 234.59 million and the Programme of General Administration Planning and Support Servicesprogramme is set to receive kshs 401.32 million for purposes of ensuring efficient and effective support and facilitation towards implementation of flagship programmes and projects under the State Department. Compared to baseline, allocation under Monitoring and Evaluation Services Programme reflects a decrease of – 8% while allocations under General Administration Planning and Support Services reflect an increase of 20 percent.

Table 10 indicates proposed allocations by programmes for the period under consideration, FY 2017/18. It also indicates the corresponding obtaining deviations on account of proposed allocation against current approved allocation (baseline) as well as past allocation over the years.

Table12: proposed allocation by programme for 2018 and deviations							
Programmes	Approved Estimates				Deviations		
	2015/16	2016/17	2017/18 Approved Estimates (Baseline)	2017/18Revised II Allocation	2018/19 proposed Estimates	Deviation (Est. Vs. Baseline)	% Dev.
General Administration Planning and Support Services	781.86	511.81	349.71	380.46	401.32	51.61	15%
Economic Policy and National Planning	40,718.82	27,025.58	28,189.60	28,200.45	33,813.44	5,623.84	20%
National Statistical Information Services	3,286.66	3,264.80	3,788.13	3,782.33	8,975.06	5,186.93	137%
Monitoring and Evaluation Services	204.55	154.00	256.34	196.34	234.59	(21.75)	-8%
Integrated Regional Development	4,023.00	5,487.40	2,777.88	7,906.23	-	(2,777.88)	-100%
TOTAL	49,014.89	36,443.59	35,361.66	40,465.82	43,424.41	8,062.75	23%

Source: Proposed 2018 Estimates, 2018 Sector Reports, National Treasury

Under the Economic Policy and National Planning, the State Department plans to undertake the following key interventions:

- Link national and county planning for 50 percent of the counties through the Devolution Support Programme For - Results (P for R) and completed in the medium term
- Effective coordination of SDGs with key performance indicators as high level summits (2), forums (8), and counties covered on SDGs awareness and location (47) under the SDGs implementation Unit
- Implementation of constituencies projects (150) through the NG- CDF framework with a total allocation of kshs 31.958 billion
- Undertake and disseminate policy research papers (98) and number of young professionals trained (28) as well as no of government private sectors officers trained (641)

Under the National Statistical Information Services Programme, the key expected output and targets include:

- Annual statistical publications and reports (33)
- Surveys and censuses reports and disseminated (20) through the Kenya National Bureau of Statistics
- Preparation for Kenya Population and Housing Census by census mapping and finalization of census instruments (1) and survey of industrial production with a view to strengthen capacity

With respect to the Monitoring and Evaluation Services Programme, the state Department intends to achieve the following key outputs:

- Integrating monitoring and evaluation system by enabling MDAs and counties use online systems (15)
- prepare national Monitoring and Evaluation Policy (1)
- Supporting counties to develop county monitoring and evaluation system (21)

Annex I provides further details of expected outputs and targets for the FY 2018/19 and in the medium terms

Issues of Concern

I. **Local Appropriation in Aid performance:** The local AiA under the recurrent vote reflects a substantial decrease from kshs 326 million to kshs 71 million, a reduced collection of 78 percent. It is not clear why the substantial decrease .

II. **Low completion rates of initiated projects:** A scrutiny of the list of projectsunder this state department reveals that most of projects are lagging behind the planned time for their completion. In addition, the reconcilable list submitted doesn't fully reconcile with development budget outlay. There is need for comprehensive submission.

VOTE 2121: CONTROLLER OF BUDGET

The office is mandated to guarantee prudent financial management through overseeing implementation of the government budgets by controlling and monitoring the use of public funds and reporting on budget implementation.

The office is implementing one programme called Control and Management of Public Finances which has been allocated a total of Kshs618.470 million for FY 2018/19, up from a current baseline of kshs 494.931 million. This increase under the Office of the Controller of Budget is 25% against the baseline of kshs 494.93 billion, for the FY 2017/18

Table 13: Allocations for 2018/19 and changes(Ksh.M)

Programmes	2017/18		Deviation		
	Approved Est.(Baseline)	Revised Allocation	2018/19	Deviation (Est. Vs. Baseline)	% Deviation
Control and Management of Public finances	494.93	521.08	618.47	123.54	25%
TOTAL	**494.93**	**521.08**	**618.47**	**123.54**	25%

Source: 2018 Programme Based Budget, National Treasury

A further review of the summary of expenditure by vote and economic classification indicates the following categories:

- Compensation of employees – 340.315 million (55.03%)
- use of goods and services – Kshs 191.215 million (30.92%),
- Social benefits – Kshs 34.074 million (5.5%),
- Non-financial assets – Kshs 2.865 million (.56%),
- Financial Assets – Kshs 50 million (8.01%),

Some key expected deliverables under this programme include; timely approvals of the exchequer requisitions from MDAs and county entities (1 day), processing of Processed Consolidated Fund with respect to public debt files and pension files (5 days), Preparing and submitting quarterly budget implementation review reports (4 for each level of government), and undertake surveys and research on findingsof budget implementation reports (1) and Monitoring and Evaluation ofprojects (1).

Salient Issues

I. For the FY, 2018/19 , the proposed budget under the recurrent vote include a proposed new allocation of kshs 50 million , under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized budget and the results based framework (PBB) Putting into question the rationale of the proposed expenditure.

II. In addition, the proposed allocation in most items , especially under the category of 'use of goods and services' indicate an incremental budgeting approach rather than budgeting on need basis. There may need for the office to

pursue a zero based budgeting as current budget proposal reflects continuous expenditure allocation on some items such as furniture and general equipment as well as routine maintenance, among others.

III. A quick review of published Reports as key expected outputs reflect a delay in release of quarterly and annual reports beyond the PFM timelines. There may be need for timely preparation and submission of such outputs in line with the commitment outlined under the approved PBB framework and PFM provisions.

VOTE 2061: THE COMMISSION ON REVENUE ALLOCATION

The Commission is mandated to make recommendations concerning the basis for equitable sharing of revenue raised nationally between national and county government and among counties.

The other functions of the commission include: making recommendations on matters concerning financing and financial management of county government, define and enhance revenue sources for county government, encourage fiscal responsibility for national and county government, determine , publish and regularly review policies that sets out the criteria for identifying marginalized areas in actualizing the equalization fund among other functions.

For the FY 2018 and of the medium term The commission continues to implement the Inter-governmental Transfers and Financial MattersProgramme[1]which is proposed to be allocated kshs 422.55 million, indicating a marginal increase of 30.85 million or 8% against the baseline allocation

Table 14: Deviation in Allocations

Programmes	2017/18		Deviation		
	Approved Est.(Baseline)	Revised Allocation(Ksh)	2018/19	Deviation (Est. Vs. Baseline)	% Dev.
Inter - Governmental Transfers and Financial Matters	391.71	391.71	422.56	30.85	8%
TOTAL	391.71	391.71	422.56	30.85	8%

[1] The programme has been renamed from the earlier one which was Inter Governmental Revenue and Financial Matters

A further analysis of the composition of the proposed expenditure with respect to economic classifications indicates the following composition and categories:

- Compensation of employees – 201.88 million (48%)
- use of goods and services – Kshs 168.35 million (40%),
- Social benefits – Kshs 0 million (0%),
- Non-financial assets – Kshs 41.09 million (10%),
- Financial Assets – Kshs 11.22 million (2%),

The key expected outputs for the period under consideration include:

- Recommendation on the revenue sharing between National and County governments (1 report) as well as recommendations on equitable sharing among counties (1 report)that will involve various stakeholders including the legislatures.
- Number of finance bills reviewed annually (47) mainly targeting the counties
- Annual recommendation on county recurrent budget ceiling (1 report) and technical support on public finance management and compliance (20 counties) and on technical assistance on natural resource policy formulation/ reforms
- Undertake the preparation of 2ndMarginalization Policy and develop a master plan on marginalization as well as publish and publicise report on the progress of the implementation of the equalization fund.

Salient Issues

i. For the FY, 2018/19 , the proposed budget under the recurrent vote include a proposed allocation of kshs 11.22 million , under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized budget and the results based framework (PBB).

ii. There may be need for the commission to consider zero based budgeting in the medium term as expenditure framework indicate incremental approach.

VOTE 2081: SALARIES AND REMUNERATION COMMISSION

The commission is mandated to set and regularly review the remuneration and benefits of all state officers as well as advise the national and county governments on the remuneration and benefits of all other public officers.

The commission is implementing the salaries and remuneration management programme which has only one sub-programme called remuneration and benefits management whose key outputs are the following; stakeholder engagement, development and enactment of regulations for the remuneration and benefits management act, dissemination of job evaluation results, development of a remuneration and benefits curriculum, development and roll out of a monitoring and evaluation tracking system, and development of incentive schemes for attraction and retention of requisite skills in public service.
The table below highlights the proposed allocation to the Commission for the FY 2018/19

Table 15: *Deviation in Allocations*

Programmes	2017/18		Deviation		
	Approved Est.(Baseline)	Revised Allocation(Ksh)	2018/19	Deviation (Est. Vs. Baseline)	% Dev.
Salaries and Remuneration Management	609.63	628.53	542.17	(67.46)	-11%
TOTAL	**609.63**	**628.53**	**542.17**	**(67.46)**	-11%

Source: 2018 Programme Based Budget, National Treasury

The Total proposed allocation for the Commission is kshs 542.17 million, a decrease of 11 % compared to the baseline. In comparison with the current baseline, the commission recurrent budget reflects major decreases in the items of hospitality (ksh 27.4 million),Operating Expenses (kshs 131.5 million) and office and general supplies and services (kshs 3.4 million). However, there is a new item allocation under the Item 'Domestic Loans to Individuals and Households' proposed to be allocated kshs 100 million.

In overall terms, the total allocation with respect to economic expenditure classification is categorized as follows:

- Compensation of employees – kshs 242.05 million (45%)

- use of goods and services – Kshs 200.12 million (37%),
- Social benefits – Kshs 0 million (0%),
- Financial Assets – Kshs 100 million (19%),

Salient Issue

i. For the FY, 2018/19 , the proposed budget under the recurrent vote include a proposed allocation of kshs 11.22 million , under the item 'Domestic Loans to Individuals and Households' with no indicated Key Performance Indicator and expected outputs/targets in the Programme Based Budget Framework for the period under consideration. This reflects an apparent disconnect between the proposed itemized budget and the results based framework (PBB).

ANNEX 2: TREND OF ABSORPTION RATE PER PROGRAMME (2014/15-2016/17)

	Approved Budget (Ksh.M)			Actual Expenditure(Ksh.M)			Absorption Rates		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
NATIONAL TREASURY									
Programmes									
General Administration, Planning And Support Services	28,365	41,261	36,885	27,084	30,618	31,140	95%	74%	84%
Public Financial Management	39,682	56,021	33,849	25,065	45,252	26,599	63%	81%	78%
Economic and Financial Policy Formulation and Management	2,967	2,308	2,511	1,804	941	1,896	61%	78%	75%
Market Competition and Creation of an Enabling Environment	290	375	340	290	375	340	100%	100%	100%
government clearing agency	0	0	49	0	0	37	0	0	76%
TOTAL	**71,303**	**99,965**	**73,633**	**54,243**	**77,186**	**60,013**	**76%**	**77%**	**82%**
DEVOLUTION									
Devolution Services	1,529	1,241	1,580	1,514	1,104	906	99%	89%	70%
General Administration, Planning and Support Services	0	262	279	0	262	271	0	100%	97%
TOTAL	**1,529**	**1,503**	**1,859**	**1,514**	**1,366**	**1,177**	**77%**	**91%**	**73%**
PLANNING									
Economic Policy And National Planning	39,393	40,719	27,026	38,671	36,815	26,514	98%	91%	98%
National Statistical Information Services	982	3,287	3,265	847	3,243	3,252	86%	97%	99%
Monitoring and Evaluation Services	270	205	154	179	145	153	66%	71%	99%
General Administration and Support	979	782	512	608	680	499	62%	87%	97%

Services for Planning									
Integrated Regional Development	1,007	4,023	5,487	720	2,008	4,423	71%	50%	81%
TOTAL	42,631	49,015	36,444	41,025	42,891	34,840	95%	87%	96%
COMMISSION ON REVENUE ALLOCATION									
Intergovernmental Revenue and Financial Sector	275	325	357	267	313	315	93%	96%	88%
SALARIES AND REMUNERATION COMMISSION									
Salaries and remuneration Management of Public sector	840.1	970.3	556.4	594.7	731.3	530.7	70%	75%	95%
CONTROLER OF BUDGET									
Control and Management of Public Finances	396	529.09	521.17	368.8	485.6	493.41	93%	92%	95%

ANNEX III: COMPENDIUM OF PROJECTS

					Allocation FY 2018/19	
Project	Estimated Project Cost	Timeline		Status	GOK	Foreign
NATIONAL TREASURY						
Replacement of 4 lifts at Bima	70,000,000	7/2//18	31/7/19	New	70,000,000	
Water reticulation works at Treasury, Bima and Herufi House	900,000,000	7/1/2016	6/30/22	ongoing	279,892,155	
Equity Acquisition, operations, maintenance in TEAMS	400,000,000	7/1/2016	6/30/2022	ongoing	80,000,000	
Equity and subscriptions in International Financial Institutions	20,988,000,000	7/1/2016	6/30/2022	ongoing	1,320,000,000	
Low Cost Housing	8,000,000,000	7/3/2017	6/30/2022	New	1,000,000,000	
Enterprise Resource Planning and Customer relations Management	1,045,000,000	7/1/2016	7/29/2022	ongoing	220,000,000	
Establishment of secure and coordinated border control points	1,102,000,000	7/1/2015	7/30/2021	ongoing	200,000,000	
construction of alternate Data Recovery Centre	1,236,000,000	7/1/2015	7/31/2023	ongoing	206,000,000	
Rehabilitation and Expansion of Herufi Data Centre	3,550,000,000	7/4/2014	6/30/2022	ongoing	70,000	
Study and capacity building III	38,000,000	7/3/2017	6/30/2021	ongoing		10,000,0
Fund for economic development -Aid effectiveness for devt	16,000,000	7/3/2017	6/30/2021	ongoing		2,000,0
Kenya Petroleum Technical Assistance project(KETAP)	600,000,000	7/1/2015	6/30/2021	ongoing		150,00
HIV/AIDS Round 7-Global Fund	87,090,000,000	7/1/2002	6/30/2021	ongoing		4,646,166,0
Tuberculosis Round 6-Global Fund	14,993,000,000	7/1/2002	6/30/2021	ongoing		905,52
Malaria Round 10- Special Global Fund	28,600,000,000	7/1/2002	7/1/3021	ongoing		59,143,0
Technical Support Programme(ERD)	150,000,000	7/3/2017	6/30/2020	ongoing		150,00
Financial Sector Support Project(FSSP)	2,705,000,000	7/1/2015	6/30/2023	ongoing		432,43
Special Global Fund-Malaria Grant-KEN-M	3,901,446,578	12/1/2021	6/30/2021	New	400,000,000	896,867,7
Special Global Fund -HIV AIDS Grant KEN-H	23,156,648,980	12/1/2017	6/30/2021	New	2,379,271,881	5,371,85
Contingency Fund Transfers	30,000,000,000	7/1/2018	7/1/2018	ongoing	5,000,000,000	

					Allocation FY 2018/19	
Project	Estimated Project Cost	Timeline		Status	GOK	Foreign
Equalization Fund Transfers	42,054,000,000	7/1/2017	7/30/2022	ongoing	8,500,000,000	
Strategic Response to Public Initiatives	3,033,750,000	7/3/2017	7/3/2021	ongoing	1,009,000,000	
Construction of sub-county Treasuries and internal Audit Offices	1,860,000,000	6/1/2015	6/30/2022	ongoing	84,791,764	
Renewal of oracle Licenses , Annual Support for IFMIS Apps,Hardware	3,800,000,000	12/1/2014	12/31/2023	ongoing	100,000,000	
Development,Implementation, of IFMIS Academy and Oracle SOA Suite	1,546,000,000	5/1/2014	5/31/2023	ongoing	100,000,000	
Procurement of County point to point connectivity for IFMIS System	900,000,000	3/1/2016	6/30/2022	ongoing	15,000,000	
Document management system	268,491,671	7/3/2017	6/30/2020	ongoing	50,000,000	
Provision of Procure to pay-system Integrator for Parastatals	1,474,888,880	7/3/2017	6/30/2022	ongoing	300,000,000	
Establishment of PPOA	1,328,000,000	7/1/2015	6/30/2022	ongoing	188,000,000	
Support to public Financial Management-PFM-R)	72,690,000,000	7/1/2014	6/30/2022	ongoing	210,000,000	
Strategic Investments in Public enterprises	77,675,000,000	7/1/2014	7/31/2022	ongoing	300,000,000	
Single Window Support Project	3,000,000,000	7/1/2014	6/30/2022	ongoing	300,000,000	
Development of Integrated Unclaimed Financial Assets Reporting System	250,000,000	7/1/2015	7/29/2022	ongoing	50,000,000	
Regional Integration implementation program	1,157,009,000	7/1/2016	6/3/2019	ongoing		200,000,00
Upgrading of E-ProMIS system	202,000,000	7/1/2016	6/30/2022	ongoing	30,000,000	
Professional capacity development program for policy analysis	880,000,000	7/1/2016	6/30/2022	ongoing	200,000,000	
Capacity Building for Intergovernmental fiscal relations	250,000,000	7/29/2016	6/30/2022	ongoing	50,000,000	
Profit programme	3,364,434,251	7/1/2016	7/30/2021	ongoing	20,000,000	365,781,8
Development of Market openness gauge system	375,000,000	7/1/2016	7/29/2022	ongoing	55,000,000	
STATE DEPARTMENT FOR DEVOLUTION						
					Allocation FY 2018/19	

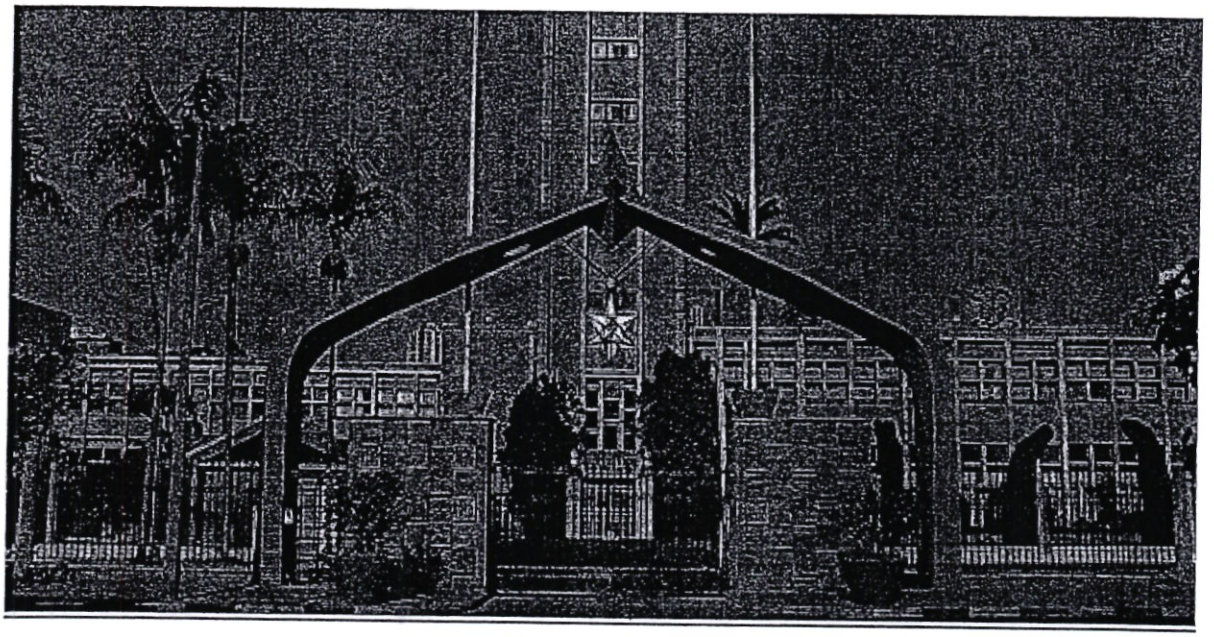
					Allocation FY 2018/19	
Project	Estimated Project Cost	Timeline		Status	GOK	Foreign
Project	Estimated Project Cost	Timeline		Status	GOK	Foreign
Ewaso Ng'iro North Catchment & Riparian Conservation Project	611,000,000	7/1/201				
Wei wei Phase 3 Irrigation Project	2,300,000,000	1/7/2014	6/6/2021	ongoing	41,000,000	419,000,0
Mango Value Chain Programme	244,000,000	1/7/2015	6/6/2021	ongoing	15,000,000	
Integrated Fruit and Honey Processing	326,000,000	1/7/2011	6/6/2021	ongoing	123,000,000	
Up scaling of the Rice Mill	230,000,000	1/7/2015	6/6/2021	ongoing	230,000,000	
Regional Demonstration and technology Development Centres	150,000,000	1/7/2017	1/6/2019	ongoing	31,000,000	
High Grand Falls-Pending Bills	1,017,183,780	1/7/2010	6/6/2012	ongoing	90,000,000	
Arrow Dam-Pending Bills	915,861,350	1/7/2010	6/6/2012	ongoing	70,000,000	
Arrow Dam-Pending Bills		1/7/2010	6/6/2012	ongoing	3,185,000,000	2,685,000,0
Mwache Dam-Pending Bills	586,594,970	1/7/2010	6/6/2010	ongoing	50,000,000	
Lower EwasoNg'iro South Dam-Pending Bills	2,110,887,210	1/7/2012	6/6/2015	ongoing	187,000,000	
KimiraOlouch	7,870,600,000	1/7/2007	6/6/2022	ongoing	687,000,000	
Lake Basin Development Authority Mall(Kisumu) Pending Bills	4,100,000,000	1/7/2013	6/6/2017	ongoing	800,000,000	
Oloyiangalani Dam Development project	500,750,000	1/7/2017	6/6/2019	ongoing	225,000,000	
Napuu,Lomut,andLodwarTurkwel Irrigation Project	170,000,000	1/7/2017	6/6/2020	ongoing	96,000,000	
KVDA Plaza Lift Replacement	40,000,000	1/7/2017	6/6/2019	ongoing	30,000,000	
Lichota,Muhoroni and Alupe solar Irrigation	360,000,000	1/7/2017	6/6/2020	ongoing	71,000,000	
Boji Farmers Irrigation Project	145,920,000	1/7/2017	6/6/2020	ongoing	128,750,000	
Wananchi Cottages in Kilifi Country	200,000,000	1/7/2017	6/6/2020	ongoing	13,000,000	
Construction of Nyakoe Market	50,000,000	1/7/2018	6/6/2019	new	50,000,000	
STATE DEPARTMENT FOR PLANNING						
					Allocation FY 2018/19	
Project	Estimated Project Cost	Timeline		Status	GOK	Foreign
Devolution Support Programme for Results(P for R)	420,000,000	1/7/2017	6/30/2022	ongoing	38,000,000	
Community Empowerment and Institutional Support Project	2,111,686,340	1/7/2009	6/6/2017	ongoing	33,354,085	

Project	Estimated Project Cost	Timeline		Status	Allocation FY 2018/19	
					GOK	Foreign
National Government Constituency Fund	900,000,000,000	7/1/2003		ongoing	31,958,596,000	
Macro-Economic Planning and International Relations	1,400,000,000	1/7/2015	6/6/20121	ongoing	52,410,000	85,000,0
ACBF Support to Kenya Institute	578,950,000	1/7/2011	6/6/2021	ongoing	52,236,487	
Economic Empowerment Programme	581,910,000	1/7/2013	6/6/2021	ongoing	17,249,828	
Social Policy and Research	200,000,000	1/7/2006	6/6/2020	ongoing		12,000,0
Integration and Coordination with ICPD POA-NCAPD	2,699,000,000	7/1/2011	6/6/2019	ongoing	266,700,000	12,000,0
Data collection and Data Base development	277,000,000	1/7/2012	6/6/2022	ongoing	5,800,000	
Social Policy and Statistics (KNBS)	135,000,000	1/7/2010	6/6/2020	ongoing	10,700,000	
KNBS-Census	550,000,000	1/7/2010	6/6/2021	ongoing	29,000,000	
Kenya Statistics Programme for Results	8,334,000,000	1/7/2015	6/6/2021	ongoing	1,389,000,000	
National Integrated Monitoring and Evaluation System(NIMES)	1,330,895,200	1/7/2011	6/6/2021	ongoing	83,413,600	
M & E Directorate	99,850,200	1/7/2009	6/6/2019	ongoing		9,400,0
Social Policy(MED)	213,398,600	1/7/2009	6/6/2019	ongoing		18,160,0

REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY- TWELFTH PARLIAMENT

DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS



CONSIDERATION OF THE 2018/2019 ESTIMATES FOR THE MINISTRY OF DEFENCE, FOREIGN AFFAIRS, EAST AFRICAN COMMUNITY AND NORTHERN CORRIDOR DEVELOPMENT & THE NATIONAL INTELLIGENCE SERVICE (NIS)

Clerks Chamber
National Assembly
NAIROBI

May, 2018

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CHAIRPERSON'S FOREWORD

The submission and approval of the 2018/19 budget estimates by National Assembly is anchored in the Constitution pursuant to Article 221, the Public Finance Management ((PFM) Act, 2012 (section 38), Public Finance Management Act (PFM) Regulations and Standing Orders.

The National Government and Judiciary submitted their respective budget estimates pursuant to Article 221(3) to Parliament on the 28th of April 2018 while Parliament submitted its budget estimates to National Assembly on the 27th April 2018 and subsequently tabled in the House on 3rd May 2018. Pursuant to the provisions of the Standing Order, the estimates **'shall stand committed to each Departmental Committee without question put'.**

Following the tabling of the Estimates, the Departmental Committee on Defence and Foreign Relations held a briefing meeting by the Parliamentary Budget Office and subsequently held consultative meetings with the Ministries under its docket and on which it exercises oversight. The committee meetings took place on Monday 14th May 2018, Tuesday 15th May 2018 and Wednesday 16th May 2018 and thereafter adopted this report on Thursday 24th May 2018.

On behalf of the Departmental Committee on Defence and Foreign Relations and pursuant to provisions of Standing Order 232, it is my pleasant privilege and honour to present to the Budget and Appropriation Committee, the Report on its consideration of the Estimates for the FY 2018/2019.

1.1 Mandate of the Committee

The Departmental Committee on Defence and Foreign Relations is established under Standing Order No. 216. Its mandate pursuant to Standing Order 216(C) is:-

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 the Ministries and departments and the effectiveness of the implementation;*
c) *to study and review all legislation referred to it;*
d) *to study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
e) *investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House;*
f) *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 Appointment); and*
g) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*

1.2 Committee Membership

The Committee Membership is as follows:

1) The Hon. Katoo Ole Metito, EGH, MGH, MP **(Chairperson)**
2) The Hon. Richard Tong'i, MP **(Vice Chairperson)**
3) The Hon. Yusuf Hassan Abdi, MP
4) The Hon. Patrick Makau King'ola, MP
5) The Hon. Peter Mungai Mwathi, MP
6) The Hon. Nelson Koech, MP
7) The Hon. Charles Kilonzo, MP
8) The Major (Rtd.) Hon. Bashir Sheikh Abdullah, MP
9) The Hon. Martha Wangari Wanjira, MP
10) The Hon. Dido Ali Raso, MP
11) The Hon. Moses Nguchine Karima, MP
12) The Hon. Beatrice Nkatha Nyagah, HSC, MP
13) The Hon. Vincent Kipkurui Tuwei, MP
14) The Hon. John Lodepe Nakara, MP
15) The Hon. Lilian Gogo, MP
16) The Hon. Memusi Ole Kanchory, MP
17) The Hon. Silvanus Osoro, MP
18) The Hon. Ernest Ogesi Kivai, MP
19) The Hon. Caleb Amisi, MP

1.3 Committee Secretariat

1. Mr. Samuel Kalama - First Clerk Assistant
2. Mr. Abdiaziz M. Shobay - Third Clerk Assistant
3. Mr. Edison Opiyo Odhiambo - Fiscal Analyst
4. Mr. Andrew Shangarai - Senior Sergeant At-arms
5. Ms. Brigita Mati - Legal Counsel II
6. Ms. Grace W. Karanja - Research Officer

ACKOWLEDGEMENT

On behalf of the Committee, I wish to 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. I wish also to appreciate the Secretariat for the preparation of this report and the Ministry of Defence, Ministry of Foreign Affairs, Ministry of East African Community and Northern Corridor Development and the National Intelligence Services for the fruitful deliberations they held with the Committee.

Finally, I wish to express my appreciation to the Honorable Members of the Committee who took their time to participate in the activities of the Committee and preparation of this report. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Defence & Foreign Relations, to present this report on the Estimates for Financial Year 2018/2019.

COMMITTEE RECOMMENDATIONS

1. The Committee recommends that the House approves the proposal to withdraw from the consolidated fund a sum of :

    1) **Kshs.107, 053,747,380** for the Ministry of Defence, Vote 1041.
    2) **KShs.17, 107,914,901** for the Ministry of Foreign Affairs, Vote 1052.
    3) **KShs. 1,091,757,114** for the Ministry of East African Community and Northern Corridor Development, Vote 1221.
    4) **KShs. 30,711,000,000 for** the National Intelligence Service, Vote 1281.

2. The Budget and Appropriations Committee to consider sourcing for resources elsewhere to accommodate a high court award to a contractor with pending bills amounting to KShs. 850 million for the Ministry of Defence. The amount being a negotiated settlement without interest after the court awarded the contractor KShs. 1.4 billion. Failure to provide the KShs. 850 million may lead to tax payers incurring the extra amount inclusive of the interest accumulated.

3. The Committee further recommends that KShs.406 million be sourced from elsewhere for the Ministry of East African Affairs and Northern Corridor Development for the critical activities not factored in the estimates as detailed in the report. It is worth to note the Ministry did not exhaust it ceilings in the BPS 2018 as approved by the House.

4. The Ministry of Foreign Affairs has critical shortfalls which includes allocation towards the construction of a new Headquarters whose total estimated cost of construction is KShs. 4 billion. The Committee recommends that KShs 1 billion be sourced from elsewhere to enable the Ministry start the project.

Signed.....

Hon. Katoo Ole Metito, EGH, MGH, M.P

(CHAIRPERSON)

Date.....29/5/2018.....

1. INTRODUCTION

The Estimates of Revenue and Expenditure have been submitted to the National Assembly at a time the economy is recuperating from tensions and animosity that characterized the 2017 General Elections. Insecurity threats remain alive with the Somali Based Al shabab threatening for attacks as the holy month of Ramadan continues. On the diplomatic front, Kenya is on the offensive with the recent opening of a mission in Havana, Cuba and more lined up in the FY 2018/2019.

While the annual estimates of Revenue and Expenditure are submitted pursuant to Article 221 of the Constitution and Section 38 of the Public Finance Act, The second schedule of the standing orders for the National Assembly mandates the committee on Defence and Foreign relations to consider matters relating to Defence, Intelligence, foreign relations, diplomatic and consular services, international boundaries, international relations, agreements, treaties and conventions. It is from this perspective that this committee is mandated to scrutinize the estimates under the Defence, Intelligence, Foreign Affairs and East African Affairs.

The Committee is equally tasked with the responsibility of scrutinizing the budget related policies, programmes and their objectives and the effectiveness of their implementation. The Defence and Foreign relations Committee consist of four votes namely

(i) Vote 1041: Ministry of Defence,
(ii) Vote 1052: Ministry of Foreign Affairs and International Trade,
(iii) Vote 1221: Ministry of East African Community and Northern Corridor Development and
(iv) Vote 1281: The National Intelligence Service

Following the tabling of these Estimates, the Departmental Committee on Defence and Foreign Relations held a briefing meeting by the Parliamentary Budget Office and subsequently held consultative meetings with the Ministries under its docket and on which it exercises oversight. The committee meetings took place from Monday 14th –Thursday 17th May 2018.

The deliberations which proceeded during the meetings, together with the contents of this estimates, informed the Committee's compilation of this report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

In MTEF Sector classifications, the Ministry of Defence and the National Intelligence Service are classified under the National Security Sector. The Ministry of Foreign Affairs and International Trade is classified under the Public Administration and International Relations, whereas the Ministry of East African Community and Northern Corridor Development is classified under the General Economic, Commercial Affairs (GECA). The sectors are key in the delivery of goals and objectives of the three Pillars of Vision 2030

and the Sustainable Development Goals. In examining the estimates the Committee looked at the following matters for all the agencies under its purview.

(i) Total Gross allocations for each of the Ministries/Departments;
(ii) Total net requested from the Exchequer for each of the Ministries/Departments;
(iii)Comparison with the previous years allocations;
(iv)Performance and implementation status of projects/programmes in 2017/2018 budget;
(v) Allocations to new projects/programmes;
(vi)Details on all projects financed in the development estimates giving start date, how much had been spent so far and expected date of completion all development projects (new, on-going and stalled);
(vii) Review of Audit Issues raised by the Auditor General;
(viii) Areas/projects left-out of the 2017/2018 Estimates;

2. BROAD OVERVIEW OF THE ESTIMATES

Revenue Projections: The FY 2018/19 budget targets revenue collection including Appropriation-in –Aid (AIA) of KShs. 1,923.3 billion(19.6 percent of the GDP) from KShs. 1,659.6 billion(19.2 per cent of the GDP) in the FY 2017/2018. Ordinary Revenues are projected at KShs. 1,743.4 billion (17.8 percent of the GDP) in the FY 2018/19 from the projected KShs. 1, 489.6 billion (17.2 percent of the GDP) in the FY 2017/18.

Expenditure Projections: The total budgetary allocation is projected to be 3,074, 160 million with ministerial expenditure amounting to a sum of KShs 1,676,654 million, while the Judiciary and Parliament have a proposed allocation of KShs. 17 billion and Kshs.42 billion respectively as shown in the table below.

Table I: Overall Budgetary Allocation in KShs. Millions

	2017/18	2018/19	2019/20	2020/21
National Government	1,660,073.00	1,676,654.00	1,829,370.00	2,005,628.00
recurrent	1,077,211.00	1,022,949.00	1,127,521.00	1,226,699.00
development	582,862.00	653,705.00	701,849.00	778,929.00
Judiciary *	**18,051.00**	**17,768.00**	**20,073.60**	**17,571.15**
recurrent	13,922.00	13,719.00	15,974.60	16,571.15
development	4,129.00	4,049.00	4,099.00	1,000.00
Parliament ***	**37,166.00**	**42,548.00**	**43,907.00**	**47,160.00**
recurrent	34,016.00	39,348.00	41,107.00	44,510.00
development	3,150.00	3,200.00	2,800.00	2,650.00
CFS	**726,857.00**	**962,562.00**	**885,012.00**	**976,482.00**
County Allocation	**331,681.00**	**374,627.00**	**372,164.00**	**381,909.00**
Overall Budget	**2,773,828.00**	**3,074,160.00**	**3,150,526.60**	**3,428,750.15**

Source: The National Treasury

Allocation towards the Big Four

In the 2018/2019 proposed estimates, the Government has allocated KShs. 460.2 billion to implement the ''Big Four'' Agenda under all clusters for drivers and enablers. The proposed allocation for the drivers amounts to KShs. 82 billion while cross cutting enablers amounts to KShs. 322.2 billion while other enablers amounts to KShs. 56.7 billion. The following table summarizes the allocations to the big four interventions.

Table 2 :Allocations to Drivers of the Big Four

S/No.	Agenda	KShs. in Billions
1)	Enhancing Food and Nutrition security to all Kenyans by 2022	43.1
2)	Providing Universal Health Coverage and Guaranteeing quality and affordable Healthcare to all Kenyans	44.6
3)	Provision of affordable and decent Housing for all Kenyans	6.5
4)	Supporting value addition and raising manufacturing sector share of GDP to 15% by 2022	3.1

Besides the "big four" initiatives, the other key priority areas that the government would focus on over the plan period which have been aligned with the Big Four included the Sustainable Development Goals adopted by the United Nations in 2015, the Africa Agenda 2063.

The programmes /Projects aligned for implementation under Security, Peace building and conflict resolution in the third Strategic Plan of Vision 2030 included:

- Military Modernization with a proposed allocation of KShs. 10 billion
- Promotion of National, Regional and International Peace initiative
- Development of Ministry Headquarters Building for the Ministry of Foreign Affairs with no allocation.
- Modernisation of Diplomatic Properties and Enhance security and branding of Missions and acquisition/development of Chanceries and Ambassadors residences in the East African Region with a proposed allocation of KShs. 2 billion.
- Acquisition of Multi-lateral and Regional Missions and support for the establishment of a diplomatic enclave with no allocation.

In preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS by the House have been taken into consideration when preparing the estimates. The Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations

on the estimates. However the following table shows that the Ministry of Defence and the National Intelligence Service did not adhere to the resolutions of the House as shown in the table below.

Table 3:Comparison Between BPS 2018 ceilings and the Estimates

MDA	BPS Ceilings	Estimates	Deviation	Comments
Defence	94,529	107,054	12,525	Non adherence to BPS
Foreign Affairs	18,905	17,108	(1,797)	
East African Affairs	1,599	1,092	(507)	
National Intelligence Service	27,733	30,711	2,978	Non Adherence to the BPS

Source: The National Treasury

While the ministry of Foreign Affairs and East African Community have their estimates within the ceilings as approved by the House, the National Security sector agencies have busted their ceilings by KShs. 12.5 billion and KShs. 3 billion for the Ministry of Defence and National Intelligence respectively.

The KShs. 1.8 billion which has been reduced un the Ministry of Foreign Affairs is on account of movement of subscription to International Organizations to the National Treasury. Similarly, the KShs. 507 million under the Ministry of East African Community is on Account of reduction in ICT budget and subscriptions to the East African Community which has also been transferred to the National Treasury.

The increase in allocation to the Ministry of Defence is on account of increase in donor commitment in the military Modernisation programme (ECA) and no realization of targeted cuts on non-discretionary expenditures. It is not clear why the proposed allocation to the National Intelligence Service has surpassed its BPS ceilings. The Committee may require more explanation from the Director General.

3. MEETING WITH THE MDAs

3.1 Ministry of Defence

On Tuesday, 15th May 2018 the Committee met with a team from the Ministry of Defence led by the Principal Secretary to consider the Budget Estimates for the Ministry. The Principal Secretary, Mr. Saitoti Torome submitted as follow:-

The Ministry plays the role of a critical enabler towards the realization of Economic Transformation Agenda and the attainment of the "Big Four'' plan.
This is achieved by continuously addressing contemporary and emerging threats to National Security that may undermine peace and development in our country thereby boosting investor confidence.

During the MTEF 2014/2015 and the Medium Term, the Kenya Defence Forces (KDF) continued to discharge its mandate of safeguarding the sovereignty and territorial integrity of our nation. This was achieved through securing our National land borders, air space and territorial waters. The KDF also promoted regional and international peace through participation in peace missions in AMISOM and S. Sudan. In addition, the KDF provided humanitarian assistance in various parts of the country key among them being delivery of relief supplies and offering transport to civil institutions e.g KNEC during floods. The Defence and Gender policies were also developed during the period under review. The Legal Notice establishing the Kenya Space Agency was signed in March 2017.

The approved budget for the Ministry was KSh.77,367 million, KSh.90,850 million and KSh.99,615 million for the financial years 2014/15, 2015/16 and 2016/17 respectively. This is against actual expenditure for the same period which was KSh.73,180 Million, KSh.90,762 million and KSh.99,615 million. The under expenditure in the financial years 2014/15 and 2015/ 16 was as a result of inadequate exchequer releases. The Ministry was able to absorb 99% of the funds disbursed.

The Ministry encountered several challenges in implementing its budget including; delayed Exchequer release, inadequate funding especially for maintenance of specialized materials, high cost of security equipment, systems and training, lengthy procurement process, delayed contractual implementation and rapid change in technology with resultant high costs of military hardware.

During the period 2018/19-2020/21, the Ministry will continue to implement ongoing projects and activities in the Defence Programme including the Military Modernization Programme, and also developing, reviewing and implementing defence policies and strategies that support regional and international peace and security operations. It will also undertake security (internal) and humanitarian activities if required to do so and operationalize the National Space Agency.

On pending Bills, the Ministry informed that there is a pending bill amounting to KShs. 850 million which relates to M/S Kay Construction. M/S Kay Construction was awarded a contract by the Ministry for Pavement rehabilitation on 25th October 1990. Upon completion and handing over of the project, a dispute arose over the settlement of the final certificate. The contractor invoked the terms of the contract by seeking legal redress through Arbitration and was awarded a total sum of KShs. 1,427,137,645 by the High Court.

The Office of the Attorney General and the Department of Justice advised the Ministry to engage the Contractor in negotiations with a view of bringing down the interest element which forms the bulk of the claim. After protracted negotiations, the Contractor accepted a final offer of KShs. 850 million all inclusive down from KShs. 1,427,137,645. The Office of the Attorney General has concurred with the offer and has recommended that the claim be settled in full and payment made to avert any further orders being issued against the Ministry. The High Court proposed that the Ministry pays the claim in two installments within the 2017/18 financial year.

Due to the magnitude of the claim and the desire to negotiate it downwards, the Ministry was not in a position to factor in this amount in the FY 2017/18 budget and hence requested the National Treasury for additional funds of KShs. 850 million in the second supplementary to settle the claim. Failure to consider this request may lead to the issuance of an order of Mandamus due to failure to comply with the earlier court order of settling the negotiated sum within the current financial year. The Second Supplementary did not also factor in the request.

3.2 Ministry of Foreign Affairs and International Trade

On Tuesday, 15th May 2018, The Committee held a consultative meeting with a team from the Ministry of Foreign Affairs led by the Cabinet Secretary and informed the meeting that:

In the Financial Years 2014/15, 2015/16 and 2016/17 the gross budgetary allocation for the Ministry was KShs.15.7 billion, KShs.17.4 billion, and KShs.23.4 billion respectively. Over the same period, the actual expenditure realized was KShs.14.6 billion, KShs.16.5 billion and KShs.20.7 billion respectively, representing absorption rates of 92%, 94% and 88.3%.

They had been spent KShs. 12 billion out of the total budgetary allocation of KShs 16 billion. Their absorption rate was therefore at 75 per cent as at 30th April 2018.

The Ministry will continue prioritizing the Programme on General Administration, Planning and Support Services, Foreign Relations and Diplomacy and Foreign Policy Management. The Ministry has also added two more programmes of Economic Diplomacy and Foreign Policy Research, Capacity Dev. and Technical Cooperation. The following however will be the key outputs for the Ministry with the proposed allocations:

- Opening new fully fledged missions in Guangzhou, Dakar and Accra;
- Strengthen operations in all existing missions abroad;
- Promote peace and stability and enhance its collaborations in peace initiatives within the region and globally;
- Build capacity on conflict management and trade negotiations;
- Establish Joint Commission for Cooperation Agreements/Joint Partnership for Cooperation with trading partners;
- Finalize labour agreement between Kenya and Middle East on migrant workers;
- Strengthen foreign relations through the Regional Economic Communities and other economic partnership frameworks; promote Nairobi as a diplomatic hub, including safeguarding the location of the United Nations Offices in Nairobi (UNEP and UN-Habitat),
- Champion environmental sustainability debate; and continue to articulate Kenya Foreign Policy and promote the country's interests in international and regional fora.

They had a shortfall in Personnel Emoluments, Operations & Maintenance and Development Expenditure as summarized below

Table 2: Summary of Shortfalls

	AMOUNT PROVIDED (KSHS.)	AMOUNT REQUIRED KSHS.	UNFUNDED (KSHS.)
Personnel Emoluments	7,243,946,969.45	8,756,832,006.93	1,512,885,037.48
Operation & Maintenance	300,000,000.00	6,700,000,000.00	6,400,000,000.00
Development Expenditure	2,187,000,000.00	13,850,000,000.00	11,663,000,000.00
Others	7,376,967,931.6	7,376,967,931.6	0
GRAND TOTAL	**17,107,914,901**	**36,683,799,938.53**	**19,575,885,037.48**

Source: Ministry of Foreign Affairs

On Pending Bills, the Committee was informed that:-

The ministry's pending bills as at the 1st July 2017 stood at Ksh 181.62 million of this amount:- of which Ksh 52.62 million was occasioned by non-release of exchequer and Ksh 129.00 million was due to austerity budgetary cuts.

All the bills however had been fully settled utilizing funds in the 2017/18 financial year' s budget in accordance with government requirement that pending bills form first charge in a subsequent financial year's budget-thus zero pending bills currently.

Some of the achievements of the Ministry included:-

Published and launched various policies namely; the Kenya Foreign Policy, Kenya Diaspora Policy, Ministerial Strategic Plan and the Foreign Service Institute curriculum; finalized the Foreign Service Bill and Trade Remedy Bill; expanded Kenya's diplomatic

foot print and representation by opening four Foreign Missions in Algeria, Angola, Morocco, and UN-Habitat and two liaison offices in Kismayu and Hargeisa; renovated, upgraded and completed construction of several Kenya's properties abroad; purchased chancery in Kampala and New York and commissioned Kenya's new Chancery in Windhoek, Namibia; and signed 38 memoranda of understanding with nineteen countries, seven bilateral agreements, and three trade agreements with three countries on various thematic areas including Agriculture, Cooperatives, Security and Education respectively.

3.3 Ministry of East African Community and Northern Corridor Development

On Wednesday, 16th May 2018, the Committee held a consultative meeting with a team from the Ministry lead by the Cabinet Secretary who informed briefed the committee as follows:-

On the implementation of the Public Accounts Committee (PAC) recommendations on the Report on Audited Accounts for the FY 2013/2014 the Cabinet Secretary informed the meeting that:-

During the period under review, the State Department was merged with Commerce and Tourism, with Commerce being the Accounting Unit. The only issue that was raised by PAC was ascertainment of the opening balances of the merged three former entities whereby the Committee had the evidence that this matter had been resolved as the accounting officer had availed the documents for audit verification and the Auditor General was satisfied

On the up to date Stock of Pending Bills including Commitments as at 31st March, 2018 the Cabinet secretary informed the meeting that:-

The Ministry`s status of pending bills as at 31st March 2018 is **Kshs. 3,209,562** for the FY 2016/17 and **Kshs 19,678,636.05** commitments for the FY 2017/18. The Ministry was in the process of clearing all the pending bills and commitments before the close of the FY 2017/18 after the funds were provided for during Supplementary II budget FY 2017/18.

On the implementation of the budget of the current financial year The Ministry's recurrent budget absorption as at 31st March 2018 was at 93% while development Budget absorption was at 35%.

Further the meeting was informed that:-

During the MTEF 2014/15 and the Medium Term, the Ministry`s allocation was Kshs. 1.68 billion, KSh. 1.69 billion and KSh 1.55 billion for the FY 2014/15, FY 2015/16 and FY 2016/17 respectively against actual expenditure of KSh. 1.61 billion, KSh. 1.59 billion and Kshs. 1.50 billion for the FY 2014/15, FY 2015/16 and FY 2016/17 respectively

Major achievements for the Ministry during the period under review include: implementation of the EAC Customs Union; EAC Common Market Protocol; and negotiation, signing and ratification of the EAC Monetary Union Protocol; political confederation model was adopted as a transitional model of the EAC political federation; undertook over 40 sensitization programmes; coordinated the negotiation towards the signing of trade agreements under EPA.

Allocation of resources during the medium term period FY 2018/19 - 2020/21 will be geared towards improving implementation of the EAC Customs Union, Common Market and Monetary Union Protocols; enhancing the promotion of regional infrastructure development, cooperation in environmental management, enhancing food security, cooperation in tourism promotion; promoting regional social sectors programmes of health, education and training, labour and migration, culture and sports, gender, youth and human resource development; and political affairs programmes of Defence, Interstate security, foreign policy coordination and laying the foundation for the political federation. Concerted efforts will be towards elimination and effective monitoring of Non-Tariff Barriers (NTBs); implementation of Short Message Services (SMS) based mechanism and online reporting of NTBs; enhancing Kenyans' welfare through cross border eco-system management and promoting cross border trade and agricultural products.

3.4 The National Intelligence Service

On Wednesday, 16th May 2018, the Committee met with a team from the National Intelligence Service led by the Director General who informed the meeting that the Service derives its mandate from the Constitution of Kenya, Article 242 and its mandate has been operationalized through the National Intelligence Service (NIS) Act, 2012.

The National Intelligence Service is responsible for security intelligence and counterintelligence in order to enhance national security in accordance to the Constitution, and performs any other functions prescribed by national legislation.

The analysis of expenditure shows that the National Intelligence Service (NIS) had a 99% absorption rate of the recurrent budget allocated for its operations during the MTEF 2014/15 and the Medium Term, as follows; KSh.19.1 billion in the FY2014/15, KSh.21.5 billion in the FY 2015/16 and KSh.29.1 billion in the FY2016/17. During the same period, the NIS delivered its mandate by providing timely and actionable intelligence, and undertaking effective counter intelligence. This has led to a secure and protected nation where all Kenyans live and prosper through the attainment of national development goals. In addition, these outputs added value to the decision making process by the Government. The Service also recruited, trained and retained professional personnel and this has enabled the Service to maintain acceptable levels of professional readiness.

Despite the achievements mentioned above, the Service faced various operational

challenges that included; rapid technological changes, high cost of running and maintaining operational equipment and systems, constrained budgetary allocation amid high expenditure due to increased security operations.

During the MTEF period 2018/19 - 2020/21, the Service will seek to provide timely and actionable intelligence and conduct effective intelligence in order to secure and protect the country.

4. OBSERVATIONS

4.1 Ministry of Defence

It was Observed that:-

The budgetary allocation for the Ministry of Defence has been on upward trend over the last ten years due to Operation Linda Nchi and high cost of security equipments as well as change of technology.

The Development Expenditure allocation of KShs. 10.429 billion was made up of a loan AIA of 10.429 billion from two development partners for implementation of military modernization programme through Export Credit Arrangement. The Government of Italy would finance KShs. 7.3 billion while the Government of Netherlands would fund KShs. 3.13 billion. The funds will be utilized for part of payment of the ECA facility. The balance of KShs. 45 million is the Grant AIA from UN-WOMEN to support a capacity building programme at the International Peace Support Training Centre. While it is acknowledged that military Modernisation is critical, the upsurge in the loan facility from Kshs. 7.3 billion in 2017/18 may imply more debt burden to the public.

Some audit issues raised by the Auditor General had not been resolved.

There was a need to settle the pending bill of KShs. 850 million since it was already determined by a court of law to be a genuine pending bill.

The Ministry has other development expenditure which is deemed recurrent. The Military Modernisation programme has been given as development Expenditure since it is a loan.

4.2 Ministry of Foreign Affairs

It was observed that:-

The Ministry has inadequate human capital limiting them to effectively deliver on its mandate. The Current authorized establishment is 1,198 against current in post of 902 (HQs 563 - and Missions 339) and 656 local staff based in the missions -Optimal staffing is 3,000

The allocation for Subscriptions to International Organizations amounting to **Ksh 1.841** billion which has to date been part of the ministry's recurrent budget has been moved to the National Treasury's 2018/2019 under medium term budget. While this move is expected to reduce delays in disbursement that is usually occasioned by irregular exchequer releases, the complications that are likely to arise from administrative challenges might offset the expected advantages.

Under Ministry's O&M, activities funded include - Missions O&M, state protocol, subscriptions, utilities, - which leaves 200 million for all other O&M activities, which are mandatory international activities which have to be implemented. These include UNGA (200 mn), IGAD (100mn), AU (100mn), EAC & ICGLR (100mn), administration activities - cleaning, transport, fuel, maintenance (400mn). This occasions pending bills annually since the Ministry has to represent the country in these mandatory international activities.

Kenya Missions budget are prepared in Kenya shillings and transferred to the recipient Missions on quarterly basis. To facilitate the transfer, multiple translations are done initially from Kenya Shillings to the currency of remission and then to the currency of the recipient country. This occasions huge net foreign exchange losses which erode their allocated budgets.

It had been agreed by the government that the Ministry opens 5 fully fledged Diplomatic Missions –*Accra, Dakar, Mozambique and Djibouti* and Consulates/Liaison offices in *Guangzhou*, Mumbai, Lagos, *Hargeisa and Kismayu among others*. Some of these are already in the Ministry's budget, without the requisite allocation from the National Treasury for operationalization. The amount allocated so far is not adequate to take care of these operations.

The government approved the transformation of Foreign Service Institute into Foreign Service Academy which has not been operationalized due to lack of funding. Ksh. 2 billion is for acquisition of infrastructure, establishment of research center and Ksh. 500 million is working capital under recurrent to cater for training equipment and capacity building of trainers and researchers

At the invitation of H.E. the President, Kenya will be hosting the Sustainable Blue Economy Conference, from 26th – 28th November, 2018. There is no allocation of funds in the 2018/19FY. The total cost of hosting the conference will be KShs. 800 million.

Some Audit Issues raised by the Auditor General had not been resolved.

The ministry strategy of acquiring properties abroad had not made any headway due to limited resources for capital spending. It was cost effective in the long run to own properties than rent a house for the ministry's operations.

4.3 Ministry of East African Community and Northern Corridor Development

It was observed that the Ministry required enhanced budgetary allocation to operationalise its activities which came with its creation as a new Ministry. Some critical budget lines which were not factored in the 2018/2019 estimates amounted to KShs. 406 million as outlined below.

Description	Additional Funding in KShs. Millions	Justification
Partitioning and equipping of kenya Railways	50	The Ministry secured new office space at kenya Railways Headquarters to accommodate existing staff, new officers, EALA members of Parliament and their support units.
Motor vehicles(Prado and Double Cabin-Four Wheel Drive)	18	This will cater for the PS for official duties and one vehicle for South Sudan Liason Office
Routine Maintenance of Motor Vehicles	5	
Domestic Travel	40	The Ministry will undertake stakeholders' engagements in all parts of the Country. The stakeholders will include Government Agencies, Civil Society, Youth, Women, members of County Assembly, Media Practitioners among others
Foreign Travel	100	For Coordination and Participation in EAC regional meetings
Hospitality	18	To support hosting of meetings at the county level on sensitization and consultations on areas of strategic national interest
Facilitation of EALA(K) Chapter	25	To cater for EALA (K) Chapter Secretariat operations and maintenance of their offices.
Other Operations and Maintenance	50	For Operations and Maintenance which include Communication supplies and services, Publishing and Printing Services. The Ministry heavily relies on this for sensitization forums to educate Kenyans on the integration agenda
LAPSSET Corridor	100	For Coordination of LAPSSET activities. Some of the activities being coordinated include building of crude oil pipeline, Construction of roads from Lamu to Garissa and Isiolo to Lokichar

4.4 The National Intelligence Service

It was observed that:-

The audit queries in the service took too long to be resolved due to the nature of making financial reports in foreign missions. The Service has since then taken measures to register unqualified opinion in their books.

The cost of running the Service was escalating year by year and therefore there was no efficiency in management of resources at the Service as Personnel Emoluments was noted to be high due to the competitive package it offers to its staff to shrug off competition from Blue chip companies on skilled human personnel in cyber-crime amongst other IT disciplines. They are also involved in research and development. There expenditure is therefore not likely to come down.

The outputs and targets for the Service are not measurable. Due to the nature of their work, their outputs and targets are qualitative rather than quantitative. Quantitative targets may not give the desired results for the Service.

NIS is involved in the multi-agency operations which they fund substantially to deliver credible intelligence and counter intelligence reports.

5. COMMITTEE RECOMMENDATIONS

1. The Committee recommends that the House approves the proposal to withdraw from the consolidated fund a sum of:

    a) **Kshs.107, 053,747,380** for the Ministry of Defence, Vote 1041.
    b) **KShs.17, 107,914,901** for the Ministry of Foreign Affairs and International Trade, Vote 1052.
    c) **KShs. 1,091,757,114** for the Ministry of East African Community and Northern Corridor Development, Vote 1221.
    d) **KShs. 30,711,000,000 for** the National Intelligence Service, Vote 1281

5. The Budget and Appropriations Committee to consider sourcing for resources elsewhere to accommodate a high court award to a contractor with pending bills amounting to KShs. 850 million for the Ministry of Defence. The amount being a negotiated settlement without interest after the court awarded the contractor KShs. 1.4 billion. Failure to provide the KShs. 850 million may lead to tax payers incurring the extra amount inclusive of the interest accumulated.

6. The Committee further recommends that KShs.406 million be sourced from elsewhere for the Ministry of East African Affairs and Northern Corridor Development for the critical activities not factored in the estimates as detailed in the report. It is worth to note the Ministry did not exhaust it ceilings in the BPS 2018 as approved by the House.

7. The Ministry of Foreign Affairs has critical shortfalls which includes allocation towards the construction of a new Headquarters whose total estimated cost of construction is KShs. 4 billion. The Committee recommends that KShs 1 billion be sourced from elsewhere to enable the Ministry start the project.

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE

ON

LABOUR AND SOCIAL WELFARE

REPORT ON THE SCRUTINY OF THE 2018/2019 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1184- State Department for Labour
Vote 1185- State Department for Social Protection
Vote 1211- State Department for Public Service and Youth Affairs
Vote 1212- State Department for Gender
Vote 2141- National Gender and Equality Commission
Vote 1035- State Department for Development of the ASAL

Directorate of Committee Services

Clerks Chambers

Parliament Buildings

Nairobi

May, 2018

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1. Preface

Mr. Chairman,

On behalf of the Departmental Committee on Labour and Social Welfare and pursuant to provisions of Standing Order 207 (6), it is my pleasant privilege and honor to present to the Budget and appropriations Committee the report of the Committee on its Considerations of the annual estimates of 2018/19 and the medium term.

1.1 Mandate of the Committee and Membership

The Committee on Labour and Social Welfare is one of the Departmental Committees of the National Assembly established under Standing Order 216 and mandated:

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. To study and review all legislation referred to it;
iv. 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;
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 204 (Committee on Appointments); and
vii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

Committee Membership

The Committee comprises the following Members:-

Chairperson: **The Hon. Ali Wario, MP**
Vice Chairperson: **The Hon. Joyce Korir, MP**
Members: The Hon. Gladys Wanga, MP
The Hon. Janet Marania Teyiaa, MP
The Hon. Janet Nangabo Wanyama, MP
The Hon. Ronald Kiprotich Tunoi, MP
The Hon. James Onyango Koyoo, MP
The Hon. Rose Museo, MP
The Hon. Alfred Kiptoo Keter, M.P

The Hon. Charles Kanyi Njagua, MP
The Hon. Catherine Wambilyanga, MP
The Hon. Fabian Kyule Muli, MP
The Hon. Ole Sankok David, MP
The Hon. Abdi Mude Ibrahim, MP
The Hon. Michael Mwangi Muchira, MP
The Hon. Safia Sheikh Adan, MP
The Hon. Tom Odege, MP
The Hon. Wilson Sossion, MP
The Hon. Omboko Milemba, MP

Committee Secretariat	
1. Clerk Assistant I	Mr. Adan Gindicha
2. Clerk Assistant III	Mr. John Mugoma
3. Legal Counsel II	Ms. Marlene Ayiro
4. Research Officer	Mr. Said Osman
5. Fiscal Analyst	Ms. Amran Mursal.

1.2 Overview of the examination of the Estimates

The Budget estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya and Standing Order 235 and subsequently tabled on the floor of the House on 3rd May 2018. The Committee held a total of seven consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview. The agencies include the State Department for Labour- Vote 1184, State Department for Social Protection- Vote 1185, State Department for Public Service and Youth Affairs- Vote 1211, State Department for Gender – Vote 1212, State Department for ASAL – Vote 1035 and National Gender and Equality Commission – Vote 2141.

COMMITTEE OBSERVATIONS

Following consultations and deliberations, the Committee made the following observations, THAT:

I. State Department for Labour

1. Despite the state department for labour playing a critical role in the country's development, it has not been accorded due budgetary consideration to enhance its responsiveness, efficiency and effectiveness in addressing emerging issues and challenges facing the labour sector which also has an impact on all the other sectors of the economy

2. The committee noted that the Budgetary Allocation under National Industrial Training Authority for 2018/19 FY has been transferred to the newly formed state department for Post training and Skill Development. It is important to note that NITA is mandated by the Industrial Training Act Cap 237; to ensure adequate supply of properly trained manpower in the industry. Its parent Ministry is Labour and Social Protection which is responsible for National Human Resource Planning and Development as well as industrial training.

3. With the creation of the Chief Administrative Secretary's Office, a need has arisen for refurbishment and purchase of furniture for the office. The State Department therefore requires **Kshs 20 Million** for this purpose.

4. The State Department requires to hold tripartite meetings which are statutory in nature with Social Partners to deliberate on complex labour issues. This will also assist in alleviating industrial unrest which has been witnessed in both the Public and Private Sectors of the Economy. To hold these meetings the State Department requires **Kshs. 10 Million** in the 2018/19 FY

5. The State Department is expected to cater for tripartite delegations to ILO – Geneva for Social Partners namely Government of Kenya, Central Organization of Trade Unions and Federation of Kenya Employers. Due to low representation in the past, the Country has lost opportunities for support in critical areas such as Export Processing Zone amongst others. Further, despite being a regional economic hub, Kenya is not represented in the Governing Body of the ILO. In the 2018/19 FY, the State Department requires an additional **Kshs. 25 Million** to cater for these delegations

6. As a move towards ensuring protection of the fundamental rights of Kenyan workers the Country requires to sign Bilateral Labour Agreements with key labour destinations in the Middle East. The State Department has so far signed three such agreements with Governments of Qatar, Saudi Arabia and United Arab Emirates. In addition, arrangements are underway to conclude and sign similar agreements with Kuwait, Bahrain, Oman and Jordan. Kenya is expected to benefit from over 50,000 jobs for youth in the 2018/19 FY in these countries. To conclude the negotiations, sign and operationalize these agreements the State Department requires **Kshs. 30 Million** in the 2018/19 FY.

7. The State Department for Labour has pending bills of **Kshs. 10.1 million** relating to domestic and foreign travel during the Financial Year 2016/17 and 2017/18. Due to austerity measures and budget cuts, funds have not been available to discharge the obligations arising from the implemented activities.

II. State Department for Social Protection

1. The grass root structures to facilitate identification of beneficiaries and disbursement of the cash transfer funds are not in place. It was further noted that Constituency Social Assistance Committees have been reconstituted but they have not been facilitated to undertake their mandate.
2. The committee further expressed its concern on the monies spent on bank charges (commission) and was not convinced that the state department is getting value for money in its transaction with the banks.
3. Concern was raised on the continued non operationalization of the Social Assistance Act, 2013.

III. State Department for Public Service & Youth Affairs

1. That, the National Youth Service has acquired commuter buses under initiative of 'Operation Okoa Abiria''. The Committee notes that under schedule four of the Constitution, the provision of road transport is a function of the County Government and the Committee was not informed of any written arrangement between the County Government of Nairobi and NYS despite requests made. The Committee was further concerned on whether procedure was followed in the acquisition of the buses and whether NYS is suitable to engage in commercialization following recent claims of misappropriation.

2. During the processing of the Budget Policy Statement, the leadership of the NYS indicated that an audit had been done on the pending bills totaling **Kshs. 5.082 billion** presented to the Committee, however when asked on the same issue the State Department informed the Committee that no audit had been done but the pending bills were verified internally. Further, the pending bills as at 31st March 2018 reported under the youth empowerment Programme totaled **Kshs. 5.688 billion**.

3. The allowance to the National Youth Service men and women increased from **Kshs. 700** to **Kshs. 2,100** effective July 2017, following a directive by H.E the President ,however this has not been provided for under the FY 2018/2019 budget.

4. Youth Enterprise Development Fund has inadequate/limited funds and budget availability to effectively run the Fund's operations. The amount advanced on loan disbursement to the youth is majorly from the revolving fund. The committee further observed that the loans advanced by the Fund are mainly interest free and the cost of disbursement and recovery in cases of default is borne by the Fund, which is not allocated adequate resources for these activities.

5. The Committee was concerned with the lack of declaration of the generated income from the revolving fund under the Youth Enterprise Development Fund in the budget.

6. Under the 20th PIC report, the Committee recommended that the Youth Enterprise Development Fund pursues the recovery of Kshs. 204, 534,500 owed by the financial institutions. The State Department responded that the action taken included writing to the defaulting financial intermediaries demanding for repayments. However, the Committee was not satisfied with the action taken

IV. State Department for Gender

1. The Committee observed from the submissions that the allocation to the various affirmative action funds such as NGAAF, UWEZO and WEF are too low to make any meaningful impact.

2. The allocation of **Kshs. 470 million** towards the sanitary towels is insufficient to cover the target of 4,200,000 school girls

3. The pending bills for the State Department as at 31st March 2018 is **Kshs. 11.34 million** of which **Kshs. 10.78 million** is as a result of lack of exchequer during the FY 2016/2017.

V. National Gender and Equality Commission

1. The main mandate of the NGEC is to monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions. The commission has therefore not been able to audit government institutions on compliance with the Constitutional requirements on gender due to lack of funds.

2. To enhance its outreach, the Commission has opened regional offices in Malindi and Kitui. The new offices require furniture, refurbishment and staff at a cost of **Kshs. 20 million**.

3. The committee observed that Article 249(3) of the constitution requires Parliament to allocate adequate funds to enable each Commission to perform its functions. The committee further notes that the National Gender Equality Commission has a total funding gap of Kshs. 150 million to enable it effectively deliver on its mandate

VI. State Department for the Development of the ASAL

1. The Committee noted that development partners have committed to support the Ending Drought Emergencies (EDE) project with **Kshs. 847 million**. However, the allocated budget is **Kshs. 440 million**, the difference of **Kshs. 407 million** which is already committed as per the financing agreement has not been captured in the FY 2018/2019 budget.
2. The Committee notes that the capacity of NDMA to monitor and coordinate drought mitigation activities is limited due to inadequate funding. The Authority has a shortfall of **Kshs. 71 million** towards the execution of food security assessment.

3. The NDMA has not been able to fulfil statutory obligations to its employees in terms of payment of pensions. A total of **Kshs 48 million** is required to settle pension claims by retiring employees.

4. The Committee further notes that the State Department has initiated activities towards enhancing community resilience against drought among communities in the ASAL counties. The project aims to put in place effective measures at the community level to reduce vulnerability to the adverse effects of climate change and enhance capacity to adapt.

5. In addition it was noted that the Kenya Drought early warning system has been allocated **Kshs 30 million** against the required **Kshs 40 million**

1.3 Committee Recommendations

I. State Department for Labour

1. That, as per International best practice and as per the ILO tenets of tripartism, skills' training is domiciled in the Ministry of Labour due to its close working relation with industry. The committee therefore recommends that the National Industrial Training Authority be retained under the State Department for Labour

2. The State Department needs to be accorded enhanced budgetary support required in order for it to carry out its mandate as a fully-fledged State Department.

3. The State Department has a severe shortage of staff in general with the Office of the Registrar of Trade Unions having only one technical officer.

II. State Department for Social Protection

1. The Committee recommends that the State Department reorganizes and reprioritizes recurrent spending with a view to reduce the growing trend under recurrent component and to ensure more Kenyans benefit from enhanced transfers with less optimal operating expenses.

2. Ministry should consider the use of mobile money transfer services in the disbursement of funds to beneficiaries under the cash transfer programme.

3. Child Welfare Society be adequately facilitated to enable it execute its mandate effectively.

III. State Department for Public Service and Youth

1. The Committee further expresses its reservation against acquiring of the commuter buses and NYS engagement in commercial activities, and recommends that the purchase of the NYS buses be put on hold until the Department demonstrates that all laid down procedures were adhered to.

2. The payment of pending bills be put on hold until investigations and proper audit is done on the list of companies provided by the State Department and the report presented to the Committee.

3. The Committee recommends an additional allocation of Kshs 1.45 billion for the Fund to enable it avail its loan facility to applicants in a timely manner.

IV. State Department for Gender

1. The Committee recommends timely disbursement of the allocated funds by the National Treasury to ensure that the targets for the NGAAF, WEF and UWEZO fund are met and the impact of the funds felt at the grass root level.

2. The allocation of **Kshs. 10.78 million** to cater for the pending bills which resulted from lack of funds during the FY 2016/2017.

1.4 Re-Allocations

1. The National Youth Service budget has increased extensively over the years which the committee has noted has led to the constant pilferage/ misappropriation of resources. The committee through further scrutiny of the Programmes under the National Youth Service recommends the reduction of **Kshs. 5,640 Million** from the Youth Empowerment Programme in informal settlements and re-allocate as follows:

a) **Kshs. 1,450 million** to the Youth Enterprise Development Fund under the youth employment scheme sub-Programme under Youth Empowerment Programme to cater for the decentralization of the youth entrepreneurial and financial services to the Constituency level. The additional allocation is to be distributed at a rate of **Kshs. 5 million** per Constituency to shift the services and address the gaps on loan disbursements at the Constituency level.

b) **Kshs. 1,000 million** to the Uwezo Fund under the Gender and the socio-economic empowerment Programme in the State Department for Gender. The distribution of the funds to beneficiaries should be constituency based.

c) **Kshs. 1,000 million** to the National Government Affirmative Action under the Community Development Programme in the State Department for Gender. The funds is to enhance the current Kshs. 7 million shillings per constituency for socio-economic empowerment for the less privileged members of the society.

d) **Kshs. 500 million** towards the provision of sanitary towels under Gender Empowerment Programme under the State Department for Gender

e) **Kshs. 500 million** for Women Enterprise Fund under the Gender and the socio-economic empowerment Programme in the State Department for Gender to enhance the fund's function of promoting economic empowerment of women by providing accessible and affordable credit and other support services to facilitate establishment and expansion of businesses for wealth and employment creation.

f) **Kshs. 600 million** towards State Department for the Development of ASAL under the Accelerated ASAL Development Programme out of which **Kshs. 426.4 million** is to implement special Programmes for promotion of social economic development, **Kshs. 71 million** to carry out food assessment during the short and long rainy season by NDMA, **Kshs. 48 million** to settle pension claims by retiring employees in NDMA, **Kshs. 10 million** to the Kenya Drought early warning system and **Kshs. 44.6 million** for the production and marketing of drought- tolerant crops.

g) **Kshs. 290 million** to the Safety Net Programme to facilitate the operationalization of the 290 Constituency Social Assistance Committees which have been constituted but have not been facilitated to undertake their mandate

h) **Kshs.200 million** to enhance the budgetary allocation to the Child Welfare Society of Kenya to support Orphanages and Vulnerable Children outside households totaling to 846,000 under the vote no. 1185102500. These homes support close to 200,000 children.

i) **Kshs. 100 million** to enhance the budgetary allocation for the National Gender Equality Commission and increase the outreach of the commission at the grass root level by opening regional offices in Malindi and Kitui.

2 **Kshs. 126 million** decrease from Construction of Buildings and other infrastructure at NYS under the National Youth Service Sub- Programme and re-allocate to the State Department for Labour as follows:

a) **Kshs. 20 million** under the General Administration Planning and support services Programme to support the setting up of the newly created office for the Chief Administrative Secretary.

b) **Kshs. 10 million** under the promotion of best labour practice Programme to hold statutory tripartite meetings with social partners to deliberate on labour issues which will help in alleviating industrial unrest witnessed in both the public and private sectors of the economy.

c) **Kshs. 25 million** under the promotion of best labour practice Programme to enhance the budgetary allocation for tripartite delegations to the International Labour Organization.

d) **Kshs. 35 million** under the Promotion of the Best Labour Practice Programme to conclude and sign bilateral Labour Agreement with Kuwait, Bahrain, Oman and Jordan in which Kenya is expected to benefit from over 50,000 jobs for the youth.

e) **Kshs. 10.1 million** under the General Administration Planning and support services Programme towards the payment of pending bills to avoid any legal cost that may arise from the non-payment of the bills.

2.1 Acknowledgements

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 2018/2019 Budget Estimates.

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.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Labour and Social Welfare to submit its report on the scrutiny of the 2018/2019 Budget Estimate.

Signature: ..... Date: 23rd May 2018

THE HON. ALI WARIO, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE

PART II

2. BROAD OVERVIEW OF THE ESTIMATES.

a) The overall budget for the FY 2018/19 amounts to **Kshs 3,074.2 billion** up from the **Kshs 2,773.8 billion** allocated in the FY 2017/18. The allocation to the National Government amounts to **Kshs 1,676.7 billion**, Judiciary – **Kshs 17.8 billion**, Parliament – **Kshs 42.6 billion**, Consolidated Fund Services – **962.6 billion**, and county Government allocation of **Kshs 374.6 billion**. The targeted revenue collection including Appropriations In Aid amounts to **Kshs. 1,923.3 billion** increasing from the **Kshs. 1,659.6 billion**.

b) **Linking the Big Four Agenda to 2018/19 Overall Budget Estimates;**

i. The expenditure priorities in the 2018/19 budget and over the medium term have been realigned to the "Big four" plan. Accordingly, table 2 shows direct interventions towards the big four agenda.

ii. The 2018/19 and the medium term is guided by the Third Medium Term Plan (MTP III) for 2018-2022 of the vision 2030 whose theme is *Transforming Lives: Advancing Socio-Economic Development through the "Big Four"* priorities. Thus, the MTP III has prioritized the big four agenda on Health, Food security, Manufacturing and affordable housing.

iii. Under the 2018/19 budget estimates, Kshs 460.2 Billion has been allocated to implement the big four agenda under both the drivers and enablers. According to the National Treasury, Kshs 82 Billion has been allocated to the main drivers whereas Kshs 378.9 Billion has been allocated to enablers. Table 2 gives a summary of the linkage between the key policy documents and the 2018/19 budget estimates.

3. VOTE BY VOTE REVIEW

3.1 State Department for Labour

i. The State Department was allocated **Kshs 5,185.8 Million** as per the National Treasury Circular No 2/2018 Ref: ES 1/03 dated 9th March 2018 which formed the basis of the itemized budget submitted in March 2018 and discussed during Estimates Working Group on 25th March 2018.

ii. The State Department was allocated **Kshs 316.6 Million** for implementation of critical activities and programs under the **Big 4 Agenda** of the Government in **2018/19** Financial Year. The critical activities to be implemented and the projected cost implications that constitute the Strategic Interventions Allocation of **Kshs 316.6 Million.** The National Treasury through its Letter Reference **RES/1184/17/01/A/ (37)** dated 26th April 2018; addressed to the Principal Secretary; recommended that **Kshs 131 Million** be hived off from the above allocation to cater for long outstanding authenticated Workman's Compensation Claims which had accumulated for the period 2007 and prior years and in respect of which the State Department had sought the assistance of the National Treasury.

III. The Development Budget of Kshs 2,592 Million reflected above is composed of Government of Kenya Component of Kshs 452 Million and Loan of Kshs 2,140 Million in respect of Kenya Youth Employment and Opportunities Project under World Bank which is being implemented by National Industrial Training Authority (NITA) and Department of Human Resource Management of the State Department. The Ceiling also incorporates Appropriation In Aid of Kshs 100 Million under the KOICA Project.

3.2 State Department for Social Protection

I. The State Department for Social Protection comprises of four technical departments namely: Children's Services Department, Department of Social Development, Social Protection Secretariat (SPS) and Social Assistance Unit (SAU). It has three Semi-Autonomous Government Agencies (SAGAs) National Council for Persons with Disabilities (NCPWDs), Child Welfare Society of Kenya (CWSK) and National Council for Children Services (NCCS).

II. Challenges facing the Sector

No.	Challenge	Recommended measures
1.	Limited funding of programmes • LPO Financing for PWDs to AGPO • Doubling of Cash transfer to persons with severe disabilities from 47,000 to 94,000 beneficiaries • Assistive devices (mobility, hearing, visual devices) • Education assistance	• Increase government funding • Establish partnership with stakeholders for support
2.	Staff shortage The approved staff establishment provides for 284 staff and currently the Council is operating with only 107 staff translating to less than 35% of the authorized establishment. The Council lacks key staffs to enable it execute some of its functions as provided for in the Disability Act. Most positions in the structure are not filled because of lack of fund to hire more staff and the current Government embargo on recruitment of new staff	• The National Treasury to allow and provide funds for the Council to employ 47 Disability Services officers and 47 clerks required to be deployed at Huduma Centers County wide
3.	High Staff turnover: The Council has in the recent past lost some of its key staff to other public organizations. This is attributable to the fact that the current Salary Scales in the Council are slightly lower than those in other State Corporations and Constitutional bodies. 12 staff left the	The National Treasury to provide funds to cater for new salary structure recommended by SRC, house mortgage and car loans.

	council reducing the total number from 107 to 95.	
4.	**Lack of accessible facilities and inadequate office space:** The Council is in dire need of accessible office space both at the Headquarters and Counties. The Council is housed in rooms from the Social Development. It is not able to rent its own office space, The Council has nine motor vehicles which are based at the headquarters and are expected to serve the entire Country. Regional officers are struggling to reach PWDs most of who are living in far remote areas because of lack of transport.	National Treasury to authorize sale of mt. view office and allow same funds to be used for construction of disability friendly office and purchase of motor vehicles to be deployed at each County in order to facilitate service delivery.
5.	**Shortage of office space at the headquarters**	• To request the Ministry's intervention to occupy KSMH office which is vacant
6.	**Delays in appointment of directors.** Absence of Board since expiry of their term in May 2017 thus hampering operations of the Council activities.	• To fast tract gazettement of new board by State department for social protection
7.	**Review of the Person with Disabilities Act** has taken a long time at AG's office and Cabinet level	• Lobby the government to FastTrack the adoption of the PWD bill.
8.	Week institutional enforcement of affirmative action provisions for persons with disabilities. i.e. Article 54 of the constitution of Kenya states the progressive implementation of 5% of PWDs in appointive or nominated positions. Thus, many MDAs are not in a hurry to employ PWDs as it is done progressively.	• CS to intervene at top level of government to have the provisions implemented. • Council to strengthen partnerships with key stakeholders for join campaign on implementation of these provision
9.	**Registration of PWDs** For one to be registered as a Person with disability according to the registration regulations, the individual must undergo a disability assessment for categorization and eligibility. • Assessment charges range from Ksh. 500-1,500 and many are not able to afford. • Centralization of the Director of Medical Services signature. The	• The disability assessment should be made free of charge • Devolve the DMS signature to the Counties

	Director of Medical Services approves the registration by signing the Disability assessment report. However, this causes delays as all reports have to be approved centrally by the Director of Medical Services in Nairobi. As a result of this, Disability reports may take more than 6 months to be finalized.	

3.3 State Department for Public Service & Youth Affairs

1) The Youth Empowerment Programme is responsible for integration of youth issues into national planning and development including the implementation of programmes and projects that are geared towards empowering youth and providing them with both financial resources and skills to play a positive and productive role in our society. Specifically, this Programme is tasked with the following:
   (i) National Youth Policy;
   (ii) Youth Employment Policy;
   (iii) Youth Mainstreaming in National Development;
   (iv) Coordination of Youth Interests; and
   (v) National Youth Service

2) State Department's detailed Budget including Performance Targets, Key Performance Indicators and outcomes for FY 2018/2019 are as shown below:

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2018/19
Name of Programme: Youth Empowerment Outcome: Enhanced empowerment and participation of youth and other vulnerable groups in all aspects of National Development				
SP 1.1: National Youth Service	National Youth Service	Youth trained in paramilitary and regimented	No. of youth recruits trained and regimented	30,000
		Youth engaged in national service and re-socialized	No. of community youth gainfully engaged in YEP	75,000
			No. of community youth trained on social transformation	75,000
			Wages earned by Huduma kitchen women	448.2M
			No. of boreholes drilled	8

		Empowered youth through employment creation and youth-led economy	No. of community youth SACCOs registered	330
			Savings generated by community Youth SACCOs (in Kshs Million)	1,260
		Youth imparted with skills	No. of youth who have undergone Vocational Training	30,000
		NYS Presidential directives implemented	Implementation status of NYS Presidential directives (%)	100
SP 1.2 Youth Development Services	Directorate of Youth	Youth mentored and capacity built	No. of youth mentored on leadership and National Values	174,000
			No. of youth sensitized on AGPO promotion, Entrepreneurship skills, and social vices	174,000
			No. of youth engaged in internship and Apprenticeship	30,000
			No. of youth nurtured on innovation, talent and marketing	4,700
		Increased access to youth friendly heathy reproductive services through Vijana Vuka na Afya (VIVA)*	No. of youth trained on health seeking behavior	1,500
		Youth empowered with social-economic knowledge	No. of youth club members trained on management skills	174,000
			No. of youth trained on entrepreneurship	174,000
			No. of clubs supported for innovative IGAs	5,800
		Youth Empowerment Centres (YEC) Operationalized	No. of YEC Operationalized	10
			No. of YEC management Committees established and trained	10
SP 1.3 Youth Employment Scheme	Youth Enterprise Development Fund	Youth entrepreneurial and financial services provided	Amount disbursed to youth in Kshs.	1,343,478,400
			Amounts of loans recovered	821,600,000
			No. of youth beneficiaries	268,700

			No. of trading spaces provided for youth	1,500
			No. of youth trained on entrepreneurship skills	75,500
			No. of youth facilitated to market their Products	3,000
SP 1.4 Youth Coordination and representation	National Youth Council	Youth empowerment services provided	No. of youth sensitized on entrepreneurship, and leadership skills	5,000
			No. of forums held to sensitize youth on AGPO, Affirmative action funds	8
			No. of inter-generational dialogue forums	2
			No. of surveys conducted on youth representation in both levels of government	5
			No. of youth conventions held	1
			Reviewed National Youth Policy	Dissemination in 47 Counties
			Reviewed NYC Act	Implementation of the reviewed Act

3.4 State Department for Gender Affairs

i. In order to deliver on this mandate, the State Department of Gender Affairs coordinates the functions of Women Enterprise Funds, Anti- FGM Board, Uwezo Fund and National Government Affirmative Action Fund.

ii. The summary of the budget for the FY 2018/19 for the State Department of Gender is as per the table provided below;

Vote	Printed Estimates kshs	AIA /Revenue	Net Estimates kshs
Recurrent	1,482,735,104	-	1,482,735,104
Development	2,930,000,000	-	2,930,000,000
Total	**4,412,735,104**	-	**4,412,735,104**

iii. Proposed allocation to programmes

Programme	Allocation 2017/18	Proposed Allocation 2018/19
Affirmative Action Social Devpt Fund	2,130,000,000	2,130,000,000
Women Enterprise Fund	557,750,000	500,000,000
Uwezo Fund	500,000,000	300,000,000
Sanitary towels	470,000,000	473,454,866

3.5 National Gender and Equality Commission

1. The Commission's budget estimates for the financial year **2018/2019 is Kshs. 374.9 million.**

2. The Commission had a budget of **Kshs.352.8 Million** for the year 2017/2018 and incurred an expenditure of **Kshs. 275.5 Million** as at 30th April 2018. A balance of **Kshs 77.4 Million** was available for utilization for the remaining part of the financial year.

3. The Commission had initial allocation of **Kshs 512 Million** from sector working group that was held in November 2017.The budget allocation has been reducing systematically to the current allocation of **Kshs 374 million**. The areas mostly affected by the budget cut include;

a) The commission has opened two more regional offices in Malindi and Kitui. The new offices require furniture, refurbishment and staff. The Commission had anticipated a cost of **Kshs 20 Million** for the financial year 2018/2019 to enable the two offices to function optimally and serve the SIGs intended.
b) The Commission plans to undertake an activity on eradication of Gender Based Violence. The estimated cost for this activity is **Kshs 25 million** for the financial year
c) Auditing children access to education in the ASAL and other rural areas **Kshs 20 million**
d) Auditing access of rural women to County services e,g access to health services **Kshs 10 million**
e) Access Funding for public forums on Economic and Social Rights(Housing, Water and Health) in the Counties (**Kshs 15 Million**)
f) Monitoring affirmative action programmes for special interest groups (Youth Fund,Women Fund,Uwezo, Social Protection Fund and AGPO) (**Kshs 30 Million**)
g) Creating of awareness on uptake of services in the Counties including the "big four" Government priorities (**Kshs 20 Million**)
h) Auditing access to Public buildings for People With Disability in Nairobi, Mombasa and Kisumu **Kshs 10 Million**
i) Auditing drug and substance abuse by Youth control programs **Kshs 10 Million**.

3.6 State Department for Arid and Semi Arid Lands

1. The key role of the State Department is to improve the quality of life for the vulnerable and marginalized groups and areas through promotion of humanitarian assistance and ensure accelerated and sustained social economic development of Arid and Semi-Arid Lands (ASALs).

2. Major Highlights of the 2018/19 Budget Estimates; The total gross budget for State Department is **Kshs. 6,392.5 million** out of which recurrent is **Kshs. 1,034.5 Million** and development is **Kshs. 5,358 million** against the requirement of Kshs. **2,995 million** in recurrent and **Kshs. 6.398 billion** in development.

3. Commitment by Development Partners.

Development Partners have continued to support the State Department through programme grants in form of both A.I.A and Revenue. For FY 2018/19 they have committed to support

Kshs. 2.977 billion to implement various programmes that are in various stages of implementation.

4. The budget has not captured **Ksh. 407 million** which is already committed as per the financing agreement.

5. The State Department's resource requirements are Kshs. **2.994 billion** in recurrent and **Kshs. 6.398 billion** in development. However, going by the Budget Policy Statement (BPS) and further from the review of "Big Four" Agenda Initiative, it was allocated **Kshs. 1.03 billion** in recurrent and **Kshs. 5.358 billion** in development leading to an overall short fall of **Kshs. 3 billion.**

6. On Development additional funding is required on:

   a) Implementation of Special Programmes for Development of Northern Kenya and Other Arid Lands **Ksh 330.8 million**
   b) Special Programmes for Promotion of Social economic Development **Ksh. 426.4 million**
   c) Community Mobilization **Ksh. 63 million**
   d) National Integrated Drought Early Warning System **Ksh. 46 million**
   e) Production and Marketing of drought-tolerant crops **Ksh. 47.8 million**
   f) Fodder/pasture production and conservation **Ksh. 126.7 million**

7. On Recurrent Budget, the State Department recommends additional funding on:

   i. Food relief management **Ksh 1 billion**
   ii. Operation and maintenance for ASAL headquarters **Kshs 500 million**
   iii. Operation and maintenance items for NDMA **Kshs 460 million**

4. OBSERVATIONS

4.1 State Department for Labour

1. Despite the state department for labour playing a critical role in the country's development, it has not been accorded due budgetary consideration to enhance its responsiveness, efficiency and effectiveness in addressing emerging issues and challenges facing the labour sector which also has an impact on all the other sectors of the economy

2. The committee noted that the Budgetary Allocation under National Industrial Training Authority for 2018/19 FY has been transferred to the newly formed state department for Post training and Skill Development. It is important to note that NITA is mandated by the Industrial Training Act Cap 237; to ensure adequate supply of properly trained manpower in the industry. Its parent Ministry is Labour and Social Protection which is responsible for National Human Resource Planning and Development as well as industrial training.

3. With the creation of the Chief Administrative Secretary's Office, a need has arisen for refurbishment and purchase of furniture for the office. The State Department therefore requires **Kshs 20 Million** for this purpose.

4. The State Department requires to hold tripartite meetings which are statutory in nature with Social Partners to deliberate on complex labour issues. This will also assist in alleviating industrial unrest which has been witnessed in both the Public and Private Sectors of the Economy. To hold these meetings the State Department requires **Kshs. 10 Million** in the 2018/19 FY

5. The State Department is expected to cater for tripartite delegations to ILO – Geneva for Social Partners namely Government of Kenya, Central Organization of Trade Unions and Federation of Kenya Employers. Due to low representation in the past, the Country has lost opportunities for support in critical areas such as Export Processing Zone amongst others. Further, despite being a regional economic hub, Kenya is not represented in the Governing Body of the ILO. In the 2018/19 FY, the State Department requires an additional **Kshs. 25 Million** to cater for these delegations

6. As a move towards ensuring protection of the fundamental rights of Kenyan workers the Country requires to sign Bilateral Labour Agreements with key labour destinations in the Middle East. The State Department has so far signed three such agreements with Governments of Qatar, Saudi Arabia and United Arab Emirates. In addition, arrangements are underway to conclude and sign similar agreements with Kuwait, Bahrain, Oman and Jordan. Kenya is expected to benefit from over 50,000 jobs for youth

in the 2018/19 FY in these countries. To conclude the negotiations, sign and operationalize these agreements the State Department requires **Kshs. 30 Million** in the 2018/19 FY.

7. The State Department for Labour has pending bills of **Kshs. 10.1 million** relating to domestic and foreign travel during the Financial Year 2016/17 and 2017/18. Due to austerity measures and budget cuts, funds have not been available to discharge the obligations arising from the implemented activities.

4.2 State Department for Social Protection

1. The grass root structures to facilitate identification of beneficiaries and disbursement of the cash transfer funds are not in place. It was further noted that Constituency Social Assistance Committees have been reconstituted but they have not been facilitated to undertake their mandate.
2. The committee further expressed its concern on the monies spent on bank charges (commission) and was not convinced that the state department is getting value for money in its transaction with the banks.
3. Concern was raised on the continued non operationalization of the Social Assistance Act, 2013.

4.2 State Department for Public Service and Youth Affairs

1. That, the National Youth Service has acquired commuter buses under initiative of 'Operation Okoa Abiria''. The Committee notes that under schedule four of the Constitution, the provision of road transport is a function of the County Government and the Committee was not informed of any written arrangement between the County Government of Nairobi and NYS despite requests made. The Committee was further concerned on whether procedure was followed in the acquisition of the buses and whether NYS is suitable to engage in commercialization following recent claims of misappropriation.

2. During the processing of the Budget Policy Statement, the leadership of the NYS indicated that an audit had been done on the pending bills totaling **Kshs. 5.082 billion** presented to the Committee, however when asked on the same issue the State Department informed the Committee that no audit had been done but the pending bills were verified internally. Further, the pending bills as at 31st March 2018 reported under the youth empowerment Programme totaled **Kshs. 5.688 billion**.

3. The allowance to the National Youth Service men and women increased from **Kshs. 700** to **Kshs. 2,100** effective July 2017, following a directive by H.E the President ,however this has not been provided for under the FY 2018/2019 budget.

4. Youth Enterprise Development Fund has inadequate/limited funds and budget availability to effectively run the Fund's operations. The amount advanced on loan disbursement to the youth is majorly from the revolving fund. The committee further observed that the loans advanced by the Fund are mainly interest free and the cost of disbursement and recovery in cases of default is borne by the Fund, which is not allocated adequate resources for these activities.

5. The committee was concerned with the lack of declaration of the generated income from the revolving fund under the Youth Enterprise Development Fund in the budget.

6. Under the 20th PIC report, the Committee recommended that the Youth Enterprise Development Fund pursues the recovery of Kshs. 204, 534,500 owed by the financial institutions. The State Department responded that the action taken included writing to the defaulting financial intermediaries demanding for repayments. However, the Committee was not satisfied with the action taken.

4.3 State Department for Gender Affairs

1. The Committee observed from the submissions that the allocation to the various affirmative action funds such as NGAAF, UWEZO and WEF are too low to make any meaningful impact.

2. The allocation of **Kshs. 470 million** towards the sanitary towels is insufficient to cover the target of 4,200,000 school girls

3. The pending bills for the State Department as at 31st March 2018 is **Kshs. 11.34 million** of which **Kshs. 10.78 million** is as a result of lack of exchequer during the FY 2016/2017.

4.4 National Gender and Equality Commission

1. The main mandate of the NGEC is to monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions. The

commission has therefore not been able to audit government institutions on compliance with the Constitutional requirements on gender due to lack of funds.

2. To enhance its outreach, the Commission has opened regional offices in Malindi and Kitui. The new offices require furniture, refurbishment and staff at a cost of **Kshs. 20 million**.

3. The committee observed that Article 249(3) of the constitution requires Parliament to allocate adequate funds to enable each Commission to perform its functions. The committee further notes that the National Gender Equality Commission has a total funding gap of Kshs. 150 million to enable it effectively deliver on its mandate

4.5 State Department for Arid and Semi Arid Lands

1. The Committee noted that development partners have committed to support the Ending Drought Emergencies(EDE) project with **Kshs. 847 million**. However, the allocated budget is **Kshs. 440 million**, the difference of **Kshs. 407 million** which is already committed as per the financing agreement has not been captured in the FY 2018/2019 budget.

2. The Committee notes that the capacity of NDMA to monitor and coordinate drought mitigation activities is limited due to inadequate funding. The Authority has a shortfall of **Kshs. 71 million** towards the execution of food security assessment.

3. The NDMA has not been able to fulfil statutory obligations to its employees in terms of payment of pensions. A total of **Kshs 48 million** is required to settle pension claims by retiring employees.

4. The Committee further notes that the State Department has initiated activities towards enhancing community resilience against drought among communities in the ASAL counties. The project aims to put in place effective measures at the community level to reduce vulnerability to the adverse effects of climate change and enhance capacity to adapt.

5. In addition it was noted that the Kenya Drought early warning system has been allocated **Kshs 30 million** against the required **Kshs 40 million**

5 RECOMMENDATIONS

5.1 State Department for Labour

I. That, as per International best practice and as per the ILO tenets of tripartism, skills' training is domiciled in the Ministry of Labour due to its close working relation with industry. The committee therefore recommends that the National Industrial Training Authority be retained under the State Department for Labour

II. The State Department needs to be accorded enhanced budgetary support required in order for it to carry out its mandate as a fully-fledged State Department.

III. The State Department has a severe shortage of staff in general with the Office of the Registrar of Trade Unions having only one technical officer.

5.2 State Social Protection

I. The Committee recommends that the State Department reorganizes and reprioritizes recurrent spending with a view to reduce the growing trend under recurrent component and to ensure more Kenyans benefit from enhanced transfers with less optimal operating expenses.

II. Ministry should consider the use of mobile money transfer services in the disbursement of funds to beneficiaries under the cash transfer programme.

III. Child Welfare Society be adequately facilitated to enable it execute its mandate effectively.

5.3 State Department for Public Service and Youth Affairs

I. The Committee further expresses its reservation against acquiring of the commuter buses and NYS engagement in commercial activities, and recommends that the purchase of the NYS buses be put on hold until the Department demonstrates that all laid down procedures were adhered to.

II. The payment of pending bills be put on hold until investigations and proper audit is done on the list of companies provided by the State Department and the report presented to the Committee.

III. The Committee recommends an additional allocation of Kshs 1.45 billion for the Fund to enable it avail its loan facility to applicants in a timely manner.

5.4 State Department for Gender Affairs

I. The Committee recommends timely disbursement of the allocated funds by the National Treasury to ensure that the targets for the NGAAF, WEF and UWEZO fund are met and the impact of the funds felt at the grass root level.

II. The allocation of **Kshs. 10.78 million** to cater for the pending bills which resulted from lack of funds during the FY 2016/2017.

6 RE-ALLOCATIONS

1. The National Youth Service budget has increased extensively over the years which the committee has noted has led to the constant pilferage/ misappropriation of resources. The committee through further scrutiny of the Programmes under the National Youth Service recommends the reduction of **Kshs. 5,640 Million** from the Youth Empowerment Programme in informal settlements and re-allocate as follows:

    a. **Kshs. 1,450 million** to the Youth Enterprise Development Fund under the youth employment scheme sub-Programme under Youth Empowerment Programme to cater for the decentralization of the youth entrepreneurial and financial services to the Constituency level. The additional allocation is to be distributed at a rate of **Kshs. 5 million** per Constituency to shift the services and address the gaps on loan disbursements at the Constituency level.

    b. **Kshs. 1,000 million** to the Uwezo Fund under the Gender and the socio-economic empowerment Programme in the State Department for Gender. The distribution of the funds to beneficiaries should be constituency based.

    c. **Kshs. 1,000 million** to the National Government Affirmative Action under the Community Development Programme in the State Department for Gender. The funds is to enhance the current Kshs. 7 million shillings per constituency for socio-economic empowerment for the less privileged members of the society.

    d. **Kshs. 500 million** towards the provision of sanitary towels under Gender Empowerment Programme under the State Department for Gender

e. **Kshs. 500 million** for Women Enterprise Fund under the Gender and the socio-economic empowerment Programme in the State Department for Gender to enhance the fund's function of promoting economic empowerment of women by providing accessible and affordable credit and other support services to facilitate establishment and expansion of businesses for wealth and employment creation.

f. **Kshs. 600 million** towards State Department for the Development of ASAL under the Accelerated ASAL Development Programme out of which **Kshs. 426.4 million** is to implement special Programmes for promotion of social economic development, **Kshs. 71 million** to carry out food assessment during the short and long rainy season by NDMA, **Kshs. 48 million** to settle pension claims by retiring employees in NDMA, **Kshs. 10 million** to the Kenya Drought early warning system and **Kshs. 44.6 million** for the production and marketing of drought-tolerant crops.

g. **Kshs. 290 million** to the Safety Net Programme to facilitate the operationalization of the 290 Constituency Social Assistance Committees which have been constituted but have not been facilitated to undertake their mandate.

h. **Kshs.200 million** to enhance the budgetary allocation to the Child Welfare Society of Kenya to support Orphanages and Vulnerable Children outside households totaling to 846,000 under the vote no. 1185102500. These homes support close to 200,000 children.

i. **Kshs. 100 million** to enhance the budgetary allocation for the National Gender Equality Commission and increase the outreach of the commission at the grass root level by opening regional offices in Malindi and Kitui.

2. **Kshs. 100 million** decrease from Construction of Buildings and other infrastructure at NYS under the National Youth Service Sub- Programme and re-allocate to the State Department for Labour as follows:

a. **Kshs. 20 million** under the General Administration Planning and support services Programme to support the setting up of the newly created office for the Chief Administrative Secretary.

b. **Kshs. 10 million** under the promotion of best labour practice Programme to hold statutory tripartite meetings with social partners to deliberate on labour issues which will help in alleviating industrial unrest witnessed in both the public and private sectors of the economy.

c. **Kshs. 25 million** under the promotion of best labour practice Programme to enhance the budgetary allocation for tripartite delegations to the International Labour Organization.

d. **Kshs. 35 million** under the Promotion of the Best Labour Practice Programme to conclude and sign bilateral Labour Agreement with Kuwait, Bahrain, Oman and Jordan in which Kenya is expected to benefit from over 50,000 jobs for the youth.

e. **Kshs. 10.1 million** under the General Administration Planning and support services Programme towards the payment of pending bills to avoid any legal cost that may arise from the non-payment of the bills.

PARLIAMENT OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

SECOND SESSION

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY & COOPERATIVES

REPORT

ON THE FY 2018/2019 BUDGET ESTIMATES FOR

THE STATE DEPARTMENT OF

1.INVESTMENT AND INDUSTRY

2.TRADE

3.COOPERATIVES

MAY 2018

Office of the Director, Committee Services
The National Assembly,
Parliament Buildings, Continental House, Room 402
NAIROBI

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1.0 PREFACE

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of Standing Order 207 (6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the Annual Estimates of 2018/19 and the medium term.

1.1 ESTABLISHMENT OF THE COMMITTEE

The Departmental Committee on Trade Industry and Cooperatives is one of the Departmental Committees of the National Assembly established under ***Standing Order 216*** whose mandates pursuant to the ***Standing Order 216 (5)*** amongst 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;*

1.2 Mandate of the Committee

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

Trade, securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development including small and medium-size enterprises, intellectual property, industrial standards, anti-counterfeit policies and co-operatives development.

In executing its mandate, the Committee oversees the Ministry of Trade,Industry and Cooperatives.

1.3 Committee Membership

The Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday 14th December, 2017 and comprises of the following Members:-

1. Hon. Kanini Kega, MP **Chairperson**
2. Hon. Cornelly Serem, MP **Vice Chairperson**
3. Hon. Alexander Kimutai Kigen Kosgey, MP
4. Hon. Alois Musa Lentoimaga, MP
5. Hon. Anab Mohamed Gure, MP
6. Hon. Andrew Mwadime, MP
7. Hon. Bunyasi John Sakwa, MP

8. Hon. Daniel Maanzo, MP
9. Hon. Wanyonyi Ferdinand, MP
10. Hon. James Mukwe, MP
11. Hon. Jones Mlolwa, MP
12. Hon. Kipruto Moi, MP
13. Hon. Murungi Kathuri, MP
14. Hon. Gichimu Robert, MP
15. Hon. Kimani Patrick Wainaina Jungle, MP
16. Hon. Korir Generali Nixon Kiprotich, MP
17. Hon. Nduati Joseph Ngugi, MP
18. Hon. Wachira Rahab Mukami, MP
19. Hon. Dr. Wilberforce Oundo, Phd, MP

1.4 Committee Secretariat

Mr. Erick Nyambati	-	Clerk Assistant III	**(Lead Clerk)**
Ms. Nuri Kitel Nataan	-	Clerk Assistant III	
Mr. Peter Mwaura	-	Legal Counsel II	
Mr. Chelang'a Rotich Maiyo	-	Research Officer III	
Mr. Yaqub Ahmed	-	Media Relation Officer III	

1.2 OVERVIEW OF THE EXAMINATION OF THE ESTIMATES

The 2018/19 Budget Estimates was tabled in the House on **Wednesday, 15th May, 2018** and thereafter referred to the Departmental Committees for consideration/scrutiny.

In considering the 2018/2019 budget estimates the Committee was briefed by the Parliamentary budget office and held meetings with the cabinet secretary for Industry, Trade and Cooperatives, Principal Secretaries in the State Departments of Investment and Industry, trade & cooperatives ,Heads of SAGAs and departments in the Ministry, representative from Treasury and carried out site visits of some projects.

1.3 COMMITTEE OBSERVATIONS

Upon receiving and analyzing the submissions from the various stakeholders and having visited various projects in considering the Estimates, the committee observed the following while taking into account the letter received from Treasury deducting 4.3 Billion from the Ministry's estimates;

That;

1.3.1 The state Department for Industry:-

- Programs that support Value addition and raising the Manufacturing Sector's Share GDP to 15 Percent by 2022 will accelerate economic growth, create jobs and reduce poverty thus Agro processing is key but not factored in the budget
- To increase Revenue from Textile industry from USD 350 million to USD 2 billion, create 500,000 Cotton jobs and 100,000 new Apparel jobs by 2022 requires increased

production of cotton. This calls for technical services on cotton production and value addition.

- That funding allocated for cotton growing and development has been dismal, despite its importance in the development of the textile industry.
- Developing industrial infrastructure such as Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial Parks across the Country like the proposed Modern Industrial Park in Naivasha, apparel Industrial sheds in Athi River, establish the Dongo Kundu SEZs, Constituency Industrial Development centres, will create jobs for Kenyans
- To improve Kenya's Global Ranking on Doing Business Indicators from our current position of 92 to within the top 50 and further lower cost of Doing Business for both Domestic and Foreign investors requires Reengineering and re-modelling of Business Environment Indicators..
- RIVATEX and K.I.E are fundamental agencies in promoting SMEs growth in the country in order to create employment however the ministry is proposing a reduction in the budget of the two entities in favour of other unfunded projects that are in line with The big four Agenda.
- As RIVATEX embarks in modernizing its machinery, production of cotton which is raw material should be promoted for proper utilization of the modern machines.
- It is not economical for the State department to introduce a new leather project in Kajiado with an allocation of Kshs.200 million while the Kenanie leather project has taken a long period of time to complete.
- KIRDI has capacity to generate its income.
- Numerical Machine Complex needs to be prioritized in promoting industrialization in Kenya. It has the potential of generating revenue but not given priority by the State department. There is need to make it semi-autonomous.
- Ksh 1Billion allocated to K.I.E may not be absorbed fully due to the fact that the institution has been dormant for some time and this may result to misuse of the funds. There is need for progressive increment with improved structures.
- There is need to develop a textile hub in Athi River to take advantage of the Export processing zone in the area.
- The following projects were not funded at all and yet they are key in driving the Big Four Agenda;
    i. Developing of Dongo Kundu Special Economic Zone
    ii. Establishment of one stop center for investors(KENIVEST)
    iii. Accreditation of motor vehicle inspection Body Centers(KENAS)
    iv. Agro-processing development
    v. Development of Leather Sector and MSME policies and Review of National Industrialization policy

vi. Naivasha Industrial Park

- There appears to be a lack of a linkage in terms of the budget proposals between the National Treasury and the State Department for Industry.
- Despite. the role played by the state department and it's agencies in the achievement of the BIG FOUR agenda; the Cabinet Secretary is not in support of the Treasury's proposed allocations and is of the opinion that the allocations be reallocated as annexed in this report.
- The National Treasury is further proposing major reductions in the allocations to the sector amounting to Ksh.4.3 billion which is against the overall goal of the BIG FOUR agenda heavily pronounced by the Head of State.
- Numerical Machine Complex (NMC) is crucial in manufacturing metallic components and other industrial products to promote industrial development. It was formed for the purposes of manufacturing motor vehicle spare parts and metal based engineering products. It offers mechanical and engineering services to the agricultural industrial and automotive sectors.
- The NMC has the potential but is underfunded.
- Kenya National Accreditation Services (KENAS) requires funding to execute its mandate.
- The request by Treasury to reallocate Ksh 2 Billion allocated for the purchase of land in Naivasha to the State Department of Defence is acceptable since there are cheaper options of obtaining land for the same project.
- The request by Treasury to reallocate Ksh 1billion allocated to KIE is declined on grounds that KIE is mandated to provide finances, work space, Business Development Services (BDS) and promotion of Micro, Small and Medium Enterprises (MSMIs) in order to foster manufacturing countrywide which is a component of the BIG FOUR agenda.
- The request by treasury to reallocate Ksh 610 million allocated to KIRDI is declined on grounds that it has a bending bill that is bound to increase with time and KIRDI conducts research and development in all industrial and allied technologies including mechanical, civil, electronics, chemical engineering, energy, environment, and commodity technologies. The execution of this mandate is critical in technological advancement through research and development and this contributes towards the country industrialization process.
- The Committee found it ironical and read mischief in the deductions since the Cabinet Secretary had indicated that the Ministry had a deficit of over Ksh 10 Billion.

1.3.2 The state Department for Cooperatives:-

The Committee observed that;

- SASRA has a deficit in Recurrent
- SASRA is an important institution in regulating SACCOs in the country and therefore needs to be funded.
- New KCC limited being a commercial entity needs to strive to be self-reliant in the future as opposed to requesting for more funding from the exchequer.

1.3.3 The state Department for Small and Medium Enterprises:-

The Committee observed that;

- The ministry has concentrated a lot on export promotion and partially disregarding the protection of the domestic producers by not doing much to control dumping in the country.
- The construction of the KIBT building at parklands has taken so many years and is concerned that the costs could escalate over the years due to time related costs.
- Completion of KIBT will save the State Department over Ksh 102m that Telecom is paid for rent.
- Micro, small and medium enterprises are the drivers of the growth in the informal sector; however there is still inadequate funding towards the same.
- The allocation of KShs.700 million for Constituency Development Centers is important in spurring growth in urban and semi-urban areas despite the challenges associated with the project.
- The State Department needs, to develop a policy to support county governments in developing strategic physical markets in order to avoid the post-harvest losses that are continuously being experienced in the country
- The request to reallocate Ksh 700 million meant for construction and equipping of constituency Industrial Development Centers is declined on grounds that completion and equipping of the centers is long overdue and it is not economically viable to advocate for incomplete projects.

1.4 COMMITTEE RECOMMENDATIONS

In view of the above observations, the committee recommends the following;

1.4.1 Financial Recommendations

1.4.1.1 State Department of Investment and Industry

Reallocations

(A)Reductions

1. The allocation of Ksh 2 Billion towards acquisition of land for industrial parks in Naivasha be reduced by Ksh. 2billion.
2. The allocation of KShs 800 million towards Development of Leather Industrial Park at Kenaine, Athi River, be reduced by **Ksh.400M.**
3. The allocation of KShs.1 billion towards the provision of credit to SMEs in the manufacturing sector (KIE) s be reduced by **Ksh 500M.**

4. The allocation of Kshs.610 million towards Research Technology innovation and Laboratory innovation and KIRDI Nairobi South B, be reduced by **Ksh310M**.
5. The allocation of KShs.200 million towards development of Kajiado Leather Factory be reduced by **Ksh 200M**

(B)Increments

6. The allocation of Kshs 100 million towards **Contracted Technical Services** on Cotton production and Value addition be increased by **Ksh 200M.**
7. The allocation of Kshs 50 million towards Business process Re-engineering and Re-Modelling of Business environment Indicators (**Ease of doing Business)** by increased by **Ksh 400M.**
8. The allocation of Kshs 260 million towards Completion of infrastructure project at Kenya Industrial Training Institute **(KITI)** be increased by **Ksh 40M.**
9. The allocation of Kshs 50 million towards **Modernization of numerical machining Complex** (NMC) be increased by **Ksh 150M.**
10. The allocation of Kshs.400 million towards Development of Athi River Textile Hub be increased by Ksh **420M.**

(C)New allocations

1. **Ksh 200M** be allocated towards Establishment of a One stop center for investors (KENINVEST)

1.4.1.2 State Department of Trade

1. **The allocation of Ksh 102 towards completion of KIBT , be increased by Kshs.200 million.**
2. The allocation of Kshs.700 million towards construction and equipping of constituency Industrial Development Centers (CIDC) be reduced by Ksh 200M.

1.4.1.3 State Department of Cooperatives

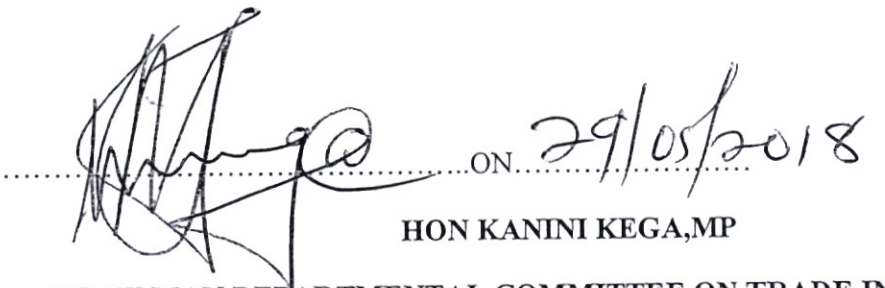
1. The allocation of Kshs 211 million towards recurrent expenditure by SASRA be increased by **Kshs.30 million**
2. The allocation of Kshs.230 million towards acquisition of equipment by New KCC, be reduced by **Kshs.30 million.**

1.4.2 Policy recommendations

1. The committee is provided with a comprehensive report on all the waivers undertaken by SASRA.
2. KIRDI and NMC should be made to go fully commercial

1.5 Acknowledgement

The Committee appreciates the assistance provided by the Office of the Speaker and the Clerk of the National Assembly that enabled it to discharge its functions in considering Budget Estimates for the FY 2018/2019.On behalf of the Committee, it is my duty to forward the Committee report to the Budget and Appropriations Committee.



.....ON.....29/05/2018.....

HON KANINI KEGA,MP

CHAIRMAN DEPARTMENTAL COMMITTEE ON TRADE INDUSTRY AND COOPERATIVES

2.0 BROAD OVEVIEW OF THE 2018/2019 BUDGET

The Ministry of Industry, Trade and Cooperatives was established through the Presidential Circular No. 1/2016 of May 2016. It comprises of three State Departments namely: Investment and Industry, Trade and Co-operatives.

The State Department for industry total approved budget was Kshs. 5.7 billion, in 2014/15 Kshs. 5.3 billion in FY 2015/16 and Kshs. 5.8 billion In the 2016/17 it increased by 8% to Actual expenditure amounted to 4.9 billion, 4.4 billion and 5.7 billion in the FY 2014/15, FY 2015/16 and FY 2016/17 respectively, translating to an average absorption rate of 89% over the period. The allocation in the financial year 2017/18 is Kshs 7.7 billion and a proposed allocation of Kshs 10.355 billion in the financial year 2018/19.

The sector is very significant in the support of the manufacturing sector and thus in the achievement of the BIG FOUR agenda. The major projects proposed to be funded in the financial year 2018/19 geared towards the achievement of the government agenda include: empowering SMEs in the manufacturing sector through lending by K.I.E allocated Ksh.1 billion, Kenanie leather development allocated Ksh.800 million, KIRDI laboratories allocated Ksh.610 million, modernization of RIVATEX allocated Ksh.1, 334 million, and NEW KCC allocated Ksh.230 million among others.

Despite, the role played by the state department and it's agencies in the achievement of the BIG FOUR agenda; the Cabinet Secretary's submission did not support the Treasury's proposed allocations and was of the opinion that the allocations be reallocated as annexed in this report.

The National Treasury is further proposing major reductions in the allocations to the sector amounting to Ksh.4.3 billion which is against the overall goal of the BIG FOUR agenda heavily pronounced by the Head of State.

2.1 THE CABINET SECTRETARY

The cabinet Secretary for the Ministry of trade and industry in his submission to the committee presented the following:-

- That the ministry is very vital in driving the BIG FOUR plan of the government particularly the goal of increasing the share of manufacturing to 15 % of GDP and that enough funding needs to be provided in order to promote value addition along the chain of production.
- The major priorities will focus on the manufacturing related industries that include:- textile, leather, agro-processing, construction materials, iron and steel among other industries that contribute to the growth of manufacturing indirectly or directly.

- That the cotton industry needs to be supported a long the value chain through farmers sensitization and provision of subsidies since this will in the long run reduce the importation of raw material for the textile industry.
- That there is need to provide incentives and other factors that promote the ease of doing business in the country. The incentives include:-development of industrial parks, SMEs development and financing and standards improvement in order to promote the local products.
- That the budget for the ministry needs to be re-allocated according to the schedule submitted by the ministry. (Annexed).
- That, the Kenya Ports Authority owns the Dongo Kundu land and therefore, the duty of relocating the occupants rest with them.
- The there is need to allocate Kshs.120 million for consultancy to determine the feasibility of the development of Dongo-kundu Special Economic Zone.

2.2 THE STATE DEPARTMENT FOR COOPERATIVES

In the submission to the committee, the State department presented the following:-

- That the department had no issues regarding the auditor's general report as at 2016 since it did not exist by then.
- That the department has no pending bills as at March 2018 and that the department is not implementing any Vision 2030 project, however it indirectly contributes to development growth through mobilization of savings.
- That the proposed allocation to SASRA is not enough since according to its budget requirement it will have a deficit of Kshs. 103 million
- That New KCC is 100 % own by the Government of Kenya through the National Treasury and Ministry of cooperatives therefore justifying the allocation of funds by G.O.K.
- That new KCC ltd is currently profitable however it is not at the level of sustaining itself and therefore requires government funding for a few years in the future.
- That in the financial year 2017/18, SASRA waived debts for the Sacco's as follows: Stegro Sacco (Bomet)-Kshs.300 million, Kipkelion Sacco KShs.57.million, bunyula sacco-Kshs.18.5 million.
- That the low number of Sacco's meeting the compliance and standards required is due to low funding.
- That the surpassing of the BPS ceiling is as a result of a projected A.I.A collection of Kshs.199 million due to the changes in the percentage of the levies chargeable to Sacco's.
- That, the department requires funding to deploy commercial attachés to various countries in the near future.

2.3 THE STATE DEPARTMENT FOR INDUSTRY

The state department in its submission to the committee presented the following: _

- That the State department has pending bills of Kshs.926 million and the reason for the accumulated pending bills is insufficient funds arising from the policy of austerity measures experienced in the government in the current financial year.
- That some of the projects under the department have been allocated no funds. The projects include:-development of Dongo-Kundu special economic zones, establishment of a one stop shop centre for investors by KENVEST, revitalization of cotton in western Kenya among others.
- The need to support the cotton industry –the industry is important in the supply of raw materials in the textile industry.
- That the development of the leather subsector is a priority of the State department however there is no need of introducing another leather project in Kajiado.
- The Kenanie project has taken a long time to be completed despite of continued funding.
- That SMEs development is another major priority of the department and therefore requires the allocation of more resources.
- That ,lack of funding has led to a slow construction process for the KIRDI building in South B, despite the ministry's plan to relocate its headquarters to the building. The building requires over Kshs.3 billion to be completed.

2.4 THE STATE DEPARTMENT FOR TRADE (SMALL AND MEDIUM ENTERPRISES)

In its submission to the committee, the state department presented the following:-

- That trade both domestic and international is still within the ministry of trade, industry and cooperatives and the change of name is yet to be officially communicated.
- That the Brand Kenya programme is now in the state department for tourism, however there is still collaboration with the department of trade.
- That the trade department had an accumulated pending bill of Kshs.50.8 million as at the year 2016 which is mainly attributable to the government austerity measures on the recurrent expenditure. However, the department is concerned that its budget is majorly recurrent and the reductions have curtailed its operations in the past and at present.
- That the establishment of the commodity exchange at the Nairobi Stock Exchange, is spearheaded by the Capital Markets Authority and the process is at advanced stages.
- That there is a plan supported by UNCTAD to establish EMPRETEC at KIBT, however the infrastructure development at KIBT has stalled due to a shortage of Kshs.150 million. The department anticipates that, upon completion of the building, it will house the headquarters, saving the department Kshs.120 million per year paid for rent.
- That, the Ant-Counterfeit Agency in collaboration with other state agencies is at present operating on a rapid result mode as per a directive by His Excellency the President. The President directed that, counterfeit goods be destroyed on seizure and

this has enabled the agency in destroying several containers of ant-counterfeit goods in the previous few days.

- The Anti-Counterfeit Agency submitted that, low funding and lack of necessary laws is an impediment in the achievement of targeted results and therefore requests the committee to increase its budget. The monies shall be used to purchase go downs for the agency since it is cheaper as opposed to leasing.

2.5 THE NATIONAL TREASURY

The National Treasury in its submission presented the following:-

- That the budgeting is a process and comprises of consultations between the National Treasury and the ministries together with other stakeholders and therefore whatever is submitted to the National Assembly has been agreed upon.
- That the major allocations in the ministry amounting to Kshs.4 billion are towards the BIG FOUR agenda. The projects for funding were identified at the Cabinet and they include: - the modernisation of RIVATEX (Ksh.830 million) and SME development by the Kenya Industrial Estates (Kshs.1 billion).
- That, in regards to the pending bills, there are two categories: those accrued in the immediate past financial year and historical pending bills. The former is to be a first charge in the ministry budgetary allocation and the latter to be forwarded to the Pending Bills Committee.
- That, the National Treasury encourages for prioritisation of ongoing projects and the projects towards implementation of the BIG FOUR agenda.

3.0 COMMITTEE OBSERVATIONS

Upon receiving and analysing the submissions from the various stakeholders and having visited various projects in considering the Estimates, the committee observed the following while taking into account the letter received from Treasury deducting 4.3Billion from the estimates;

That;

3.1 The state Department for Industry:-

- Programmes that support Value addition and raising the Manufacturing Sector's Share GDP to 15 Percent by 2022 will accelerate economic growth, create jobs and reduce poverty thus Agro processing is key but not factored in the budget
- To increase Revenue from Textile industry from USD 350 million to USD 2 billion, create 500,000 Cotton jobs and 100,000 new Apparel jobs by 2022 requires increased production of cotton. This calls for technical services on cotton production and value addition.
- That funding allocated for cotton growing and development has been dismal, despite its importance in the development of the textile industry.

- Developing industrial infrastructure such as Export Processing Zones (EPZs), Special Economic Zones (SEZs) and industrial Parks across the Country like the proposed Modern Industrial Park in Naivasha, apparel Industrial sheds in Athi River, establish the Dongo Kundu SEZs, Constituency Industrial Development centers, will create jobs for Kenyans
- To improve Kenya's Global Ranking on Doing Business Indicators from our current position of 92 to within the top 50 and further lower cost of Doing Business for both Domestic and Foreign investors requires Reengineering and remodelling of Business Environment Indicators..
- RIVATEX and K.I.E are fundamental agencies in promoting SMEs growth in the country in order to create employment however the ministry is proposing a reduction in the budget of the two entities in favour of other unfunded projects that are in line with The big four Agenda.
- As RIVATEX embarks in modernising its machinery, production of cotton which is raw material should be promoted for proper utilization of the modern machines.
- It is not economical for the State department to introduce a new leather project in Kajiado with an allocation of Kshs.200 million while the Kenanie leather project has taken a long period of time to complete.
- Numerical Machine Complex needs to be prioritized in promoting industrialization in Kenya. It has the potential of generating revenue but not given priority by the State department. There is need to make it semi-autonomous. .
- There is need to develop a textile hub in Athi River to take advantage of the Export processing zone in the area.
- The following projects were not funded at all and yet they are key in driving the Big Four Agenda;
    i) Establishment of one stop centre for investors(KENIVEST)
    ii) Accreditation of motor vehicle inspection Body Centres(KENAS)
    iii) Development of Leather Sector and MSME policies and Review of National Industrialization policy
- There appears to be a lack of a linkage in terms of the budget proposals between the National Treasury and the State Department for Industry.
- Despite, the role played by the State Department and it's agencies in the achievement of the BIG FOUR agenda; the Cabinet Secretary is not in support of the Treasury's proposed allocations and is of the opinion that the allocations be reallocated as annexed in this report.
- The National Treasury is further proposing major reductions in the allocations to the sector amounting to Ksh.4.3 billion which is against the overall goal of the BIG FOUR agenda heavily pronounced by the Head of State.

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- Numerical Machine Complex (NMC) is crucial in manufacturing metallic components and other industrial products to promote industrial development. It was formed for the purposes of manufacturing motor vehicle spare parts and metal based engineering products. It offers mechanical and engineering services to the agricultural industrial and automotive sectors.
- The NMC has the potential but is underfunded.
- The request by Treasury to reallocate Ksh 2 Billion allocated for the purchase of land in Naivasha to the State Department of Defence was acceptable since there are cheaper options of obtaining land for the same project.
- The request by Treasury to reallocate Ksh 1billion allocated to KIE was declined on grounds that KIE is mandated to provide finances, work space, Business Development Services (BDS) and promotion of Micro, Small and Medium Enterprises (MSMIs) in order to foster manufacturing countrywide which is a component of the BIG FOUR agenda.

- The request by treasury to reallocate Ksh 610 million allocated to KIRDI was declined on grounds that it has a bending bill that is bound to increase with time, And KIRDI conducts research and development in all industrial and allied technologies including mechanical, civil, electronics, chemical engineering, energy, environment, and commodity technologies. The execution of this mandate is critical in technological advancement through research and development and this contributes towards the country industrialization process.

- The Committee found it ironical and read mischief in the deductions since the Cabinet Secretary had indicated that the Ministry had a deficit of over Ksh 10 Billion.

3.2 The state Department for Cooperatives:-

The Committee observed that;

- SASRA has a deficit in Recurrent
- SASRA is an important institution in regulating SACCOs in the country and therefore needs to be funded.
- New KCC limited being a commercial entity needs to strive to be self-reliant in the future as opposed to requesting for more funding from the exchequer.

3.3 The state Department for Small and Medium Enterprises:-

The Committee observed that;

- The ministry has concentrated a lot on export promotion and partially disregarding the protection of the domestic producers by not doing much to control dumping in the country.
- The construction of the KIBT building at parklands has taken so many years and is concerned that the costs could escalate over the years due to time related costs.
- Completion of KIBT will save the State Department over Ksh 102m that Telecom is paid for rent.
- Micro, small and medium enterprises are the drivers of the growth in the informal sector; however there is still inadequate funding towards the same.
- The allocation of KShs.700 million for Constituency Development Centres is important in spurring growth in urban and semi-urban areas despite the challenges associated with the project.
- The State Department needs, to develop a policy to support county governments in developing strategic physical markets in order to avoid the post-harvest losses that are continuously being experienced in the country
- The request to reallocate Ksh 700 million meant for construction and equipping of constituency Industrial Development Centers was declined on grounds that completion and equipping of the centers is long overdue and it is not economically viable to advocate for incomplete projects.

4.0 COMMITTEE RECOMMENDATIONS

In view of the above observations, the committee recommends the following;

4.1.0 Financial Recommendations

4.1.1 State Department of Investment and Industry

Reallocations

(A)Reductions

1. The allocation of Ksh 2 Billion towards acquisition of land for industrial parks in Naivasha be reduced by Ksh. 2billion.
2. The allocation of KShs 800 million towards Development of Leather Industrial Park at Kenaine, Athi River, be reduced by **Ksh.400M.**
3. The allocation of KShs.1 billion towards the provision of credit to SMEs in the manufacturing sector (KIE) s be reduced by **Ksh 500M.**
4. The allocation of Kshs.610 million towards Research Technology innovation and Laboratory innovation and KIRDI Nairobi South B, be reduced by **Ksh310M**.
5. The allocation of KShs.200 million towards development of Kajiado Leather Factory be reduced by **Ksh 200M**

a. **(B)Increments**

6. The allocation of Kshs 100 million towards **Contracted Technical Services** on Cotton production and Value addition be increased by **Ksh 200M.**
7. The allocation of Kshs 50 million towards Business process Re-engineering and Re-Modelling of Business environment Indicators (**Ease of doing Business)** by increased by **Ksh 400M.**
8. The allocation of Kshs 260 million towards Completion of infrastructure project at Kenya Industrial Training Institute **(KITI)** be increased by **Ksh 40M.**
9. The allocation of Kshs 50 million towards **Modernization of numerical machining Complex** (NMC) be increased by **Ksh 150M.**
10. The allocation of Kshs.400 million towards Development of Athi River Textile Hub be increased by Ksh **420M.**

(C)New allocations

1. **Ksh 200M** be allocated towards Establishment of a One stop center for investors (KENINVEST)

4.1.2 State Department of Trade

1. The allocation of Ksh 102 towards completion of KIBT , be increased by **Kshs.200 million.**
2. The allocation of Kshs.700 million towards construction and equipping of constituency Industrial Development Centres (CIDC) be reduced by Ksh 200M.

4.1.3 State Department of Cooperatives

1. The allocation of Kshs 211 million towards recurrent expenditure by SASRA be increased by **Kshs.30 million**
2. The allocation of Kshs.230 million towards acquisition of equipment by New KCC, be reduced by **Kshs.30 million.**

4.2.0 Policy recommendations

1. The committee is provided with a comprehensive report on all the waivers undertaken by SASRA.
2. KIRDI and NMC should be made to go fully commercial

----------END----------

ANNEX 1

MINUTES OF THE 14 SITTING OF THE DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES HELD ON TUESDAY 29TH MAY, 2018 IN 2ND FLOOR PROTECTION HOUSE AT 12PM.

Present

1. Hon. Kanini Kega, M.P. – **Chairperson**
2. Hon. Cornelly Serem, M.P. –**Vice Chairman**
3. Hon. Korir Generali Nixon Kiprotich, MP
4. Hon. Dr. Wilberforce Oundo, Phd, MP
5. Hon. Wachira Rahab Mukami, MP
6. Hon. Daniel Maanzo, MP

Absent with Apology

7. Hon. Alois Musa Lentoimaga, MP
8. Hon. Anab Mohamed Gure, MP
9. Hon. Andrew Mwadime, MP
10. Hon. Bunyasi John Sakwa, MP
11. Hon. James Mukwe, MP
12. Hon. Jones Mlolwa, MP
13. Hon. Kipruto Moi, MP
14. Hon. Murungi Kathuri, MP
15. Hon. Wanyonyi Ferdinand, MP
16. Hon. Kimani Patrick Wainaina Jungle, MP
17. Hon. Korir Generali Nixon Kiprotich, MP
18. Hon. Nduati Joseph Ngugi, MP
19. Hon. Nduati Joseph Ngugi, MP

MIN. NO.035/2018 **PRELIMINARY/COMMUNICATION FROM THE CHAIR**

The Chairman called the meeting to order at 12.10PM am , proceeded with a word of prayer

and welcomed the Members to deliberate on the day's agenda.

MIN. NO.036/2018 CONFIRMATION OF MINUTES

Confirmation of Minutes was deferred to the next sitting.

MIN. NO.037/2018 CONSIDERATION OF THE 2018/2019 BUDGET REPORT

The Chair informed the Committee that Treasury had sent a letter to the Committee vide the Clerk of the National Assembly indicating that the Cabinet had approved a budget deduction of Ksh 4.3 Billion from the 2018/19 Budget estimate as follows;

i. Ksh 2 Billion allocated for the purchase of land in Naivasha
ii. Ksh 1billion allocated to KIE
iii. Ksh 610 million allocated to KIRDI
iv. Ksh 700 million meant for construction and equipping of constituency Industrial Development Centers

He informed the Committee that Budget and Appropriation Committee advised that the Committees report be reviewed taking into consideration of the Letter.

Committee Observations

Having briefed the Committee, the committee made the following observations

1. The request to reallocate Ksh 2 Billion allocated towards the purchase of land in Naivasha to the State Department of Defence was acceptable since there are cheaper options of obtaining land for the same project.
2. The request to reallocate Ksh 1billion allocation to KIE was declined on grounds that KIE is mandated to provide finances, work space, Business Development Services (BDS) and promotion of Micro, Small and Medium Enterprises (MSMIs) in order to foster manufacturing countrywide which is a component of the BIG FOUR agenda.
3. The request to reallocate Ksh 610 million allocated to KIRDI was declined on grounds that it has a pending bill that is bound to increase with time, And KIRDI conducts research and development in all industrial and allied technologies including mechanical, civil, electronics, chemical engineering, energy, environment, and commodity technologies. The execution of this mandate is critical in technological advancement through research and development and this contributes towards the country industrialization process.

4. The request to reallocate Ksh 700 million meant for construction and equipping of constituency Industrial Development Centers was declined on grounds that completion and equipping of the centers is long overdue and it is not economically viable to advocate for incomplete projects.
5. The Committee observed that the deducting of Ksh 4.3 Billion contradicts the aspirations of the Head of State in the achievement of the BIG FOUR agenda since the Ministry of Trade Industry and Cooperatives is key in driving the same.
6. The Committee found it ironical and read mischief in the deductions since the Cabinet Secretary had indicated that the Ministry had a deficit of over Ksh 10 Billion.

Committees Reviewed Recommendations

In view of the above observations, the Committee reviewed its recommendations as follows

Financial Recommendations

State Department of Investment and Industry

Reallocations

(A)Reductions

1. The allocation of Ksh 2 Billion towards acquisition of land for industrial parks in Naivasha be reduced by Ksh. 2billion.
2. The allocation of KShs 800 million towards Development of Leather Industrial Park at Kenaine, Athi River, be reduced by **Ksh.400M.**
3. The allocation of KShs.1 billion towards the provision of credit to SMEs in the manufacturing sector (KIE) s be reduced by **Ksh 500M.**
4. The allocation of Kshs.610 million towards Research Technology innovation and Laboratory innovation and KIRDI Nairobi South B, be reduced by **Ksh310M**.
5. The allocation of KShs.200 million towards development of Kajiado Leather Factory be reduced by **Ksh 200M**

a. (B)Increments

6. The allocation of Kshs 100 million towards **Contracted Technical Services** on Cotton production and Value addition be increased by **Ksh 200M.**
7. The allocation of Kshs 50 million towards Business process Re-engineering and Re-Modelling of Business environment Indicators **(Ease of doing Business)** by increased by **Ksh 400M.**
8. The allocation of Kshs 260 million towards Completion of infrastructure project at Kenya Industrial Training Institute **(KITI)** be increased by **Ksh 40M.**
9. The allocation of Kshs 50 million towards **Modernization of numerical machining Complex** (NMC) be increased by **Ksh 150M.**
10. The allocation of Kshs.400 million towards Development of Athi River Textile Hub be increased by Ksh **420M.**

(C)New allocations

a. .

State Department of Trade

1. The allocation of Ksh 102 towards completion of KIBT , be increased by **Kshs.200 million.**
2. The allocation of Kshs.700 million towards construction and equipping of constituency Industrial Development Centres (CIDC) be reduced by Ksh 200M.

State Department of Cooperatives

1. The allocation of Kshs 211 million towards recurrent expenditure by SASRA be increased by **Kshs.30 million**
2. The allocation of Kshs.230 million towards acquisition of equipment by New KCC, be reduced by **Kshs.30 million.**

Policy recommendations

1. The committee is provided with a comprehensive report on all the waivers undertaken by SASRA.
2. KIRDI and NMC should be made to go fully commercial

MIN. NO.038/2018 ADJOURNMENT

There being no any other business the Chairperson adjourned the meeting at 1.35 p.m.

SIGNED.....

.....

HON. KANINI KEGA, M.P

(Chairperson)

DATE....29/05/2018.....

ANNEX 11

PARLIAMENTARY BUDGET OFFICE

In its presentation to the committee, the parliamentary budget office briefed the Committee as follows:-That

- The overall proposed budget for the country in the financial year 2018/19 is KShs.3, 074.2 billion increasing from Kshs.2, 773.8 billion in 2017/18.The allocations to the various State Departments under the purview of the committee are provided in the annex.
- Regarding the states department under the purview of the committee, there is a change in vote numbering in the 2018/19 estimates as compared to the Budget Policy Statement
- For the state department of Small and Medium Enterprises, the baseline allocations is not indicated whereas majority of the programmes are similar to those that were being undertaken by the former state Department of Trade.
- The, average absorption levels for the past three financial years, recurrent expenditure for the state Department of Industry and the state Department for Cooperatives are 93 % and 96% respectively.
- The, average absorption levels for the past three financial years, development expenditure for the state Department of Industry and the state Department for Cooperatives are 100 % and 98% respectively
- There is a proposed allocation of KSh.2 billion for the acquisition of land for the SEZ textile park in Naivasha and it's prudent that the committee gets clear information on the same from the ministry.
- The analysis from the Budget office pointed out the issue of departments not absorbing the allocated development expenditure. Some of the allocations that may not be absorbed include:-the Kshs.1 billion allocation to Kenya Leather Development Council for the projects in Machakos and Kajiado.
- The allocation of KShs.1.5 billion for the modernization of RIVATEX is important in the achievement of the BIG FOUR PLAN.
- The Budget office is concerned on the status of implementation of the constituency development centres taking into consideration the length of time the project has taken and the proposed allocation of KShs.700 million towards the project.
- The budget office further presented that the targets and priorities of some of the delivery units in the state department of Small and Medium Enterprises are not clear the units are, the Export Promotion Council and Foreign Trade Services.

ANNEX IV: ADJUSTMENTS ON PROJECT ALLOCATTIONS

STATE DEPARTMENT FOR SMALL and MEDIUM ENTERPRISES

Summary of allocations at project level

HEAD/PROJECT	FY 2018/2019			
	Estimates	Committee recommendations	Increase	Decrease
KIBT parklands building partitioning	102	302	200	
Construction of constituency development centres (ESP)	700	500		(200)
TOTAL			200	(200)

STATE DEPARTMENT FOR COOPERATIVES

Summary of allocations at project level

HEAD/PROJECT	FY 2018/2019		
	Allocation	Committee recommendation	Change
Acquisition of equipment and machinery (NEW KCC)	230	200	-30
SASRA (recurrent)	211	241	+30

STATE DEPARTMENT FOR INDUSTRY

	HEAD/PROJECT	2018/2019			
		Estimates	Comm. recommendation	Increase	Decrease
1	Development of leather industrial park-kenanie	800	400		-400
2	Development of Athi River Textile hub.	400	820	420	
3	Construction of industrial Research laboratories-KIRDI (South B)	610	300		-310
4	Infrastructure and civil works development-KITI	260	300	40	
5	Hot Dip galvanizing project-NMC	50	200	150	
6	K.I.E	1,000	500		-500
7	Cotton development –subsidy and extension support	100	300	200	
8	Establishment of Kajiado Leather Manufacturing facility(KLDC)	200	0		-200
9	Business Process Re-engineering	50	450	400	
10	Kenvest one stop point	0	200	200	

11	SEZ industrial park Naivasha.	2000	0		-2000
	TOTAL			1,380	-3,380

SURPLUS Ksh.2 Billion

ANNEX V: ADJUSTMENTS AT PROGRAMME LEVEL

Summary of allocation at programme level: State Department for small and Medium Enterprises

PROGRAMME : Trade Development and Promotion		
	Estimates 2018/19 (Kshs in millions)	**Recommendation(Kshs in millions)**
Recurrent expenditure	1,712	1,712
Development	1,012	1,012
TOTAL	**2,724**	**2,724**

Table 3.Summary of allocation at programme level: State Department for Cooperatives

PROGRAMME : Cooperative Development and Management		
	Estimates 2018/19 (Kshs in millions)	Recommendation(Kshs in millions)
Recurrent expenditure	500	530
Development	870	840
TOTAL	**1,370**	**1,370**

Table 3.Summary of allocation at programme level: State Department for Industry

PROGRAMME : **General Administration planning and support services**		
	Estimates 2018/19 (Kshs in millions)	**Recommendation(Kshs in millions)**
Recurrent	445.5	445.5
Development	180	180
TOTAL	625.5	**625.5**
PROGRAMME :**Industrial Development and Investment**		
Recurrent	1,069.20	1,069.20
Development	5,094.00	3,704
Total	**6,163.20**	**4,773.20**
PROGRAMME: **Standards and Business Incubation**		
Recurrent	1,103.40	1,103.40
Development	2,464.00	1,854
Total	**3,567.40**	**2,957**

Annex VI

: 1 COMPENDIUM OF PROJECTS

:STATE DEPARTMENT FOR INDUSTRY										
					2018/19		2019/20		2020/21	
project	E.COST	S.D	E.D	Status	GoK	Foreign	GoK	Foreign	GoK	Foreign
Kenya Petroleum Technical Assistance Programme	540	7/1/2014	6/30/2021	ongoing		180		180		180
Development of SEZ textile park, Naivasha	6,620	7/1/2018	6/30/2021	new	2,000		1,495		965	
development of leather industrial park -kenanie	4,800	7/1/2016	6/30/2021	ongoing	800		1,300		1,478	
Development of Athi River Textile HUB-EPZA.	7,568.50	7/1/2016	6/30/2021	ongoing	400		577		674	
Ease of doing business	3,108	7/1/2016	6/30/2021	ongoing	50		150		200	
Modernization of Rivatex	2,119	7/1/2016	6/30/2021	new	730	604	400	604	400	604
Hot dip galvanizing project	275	7/1/2016	6/30/2021	ongoing	50		75		100	
establishment of Kajiado leather development facility	3,300	7/1/2017	6/30/2021	ongoing	200		200		200	
infrastructure and civil works development-KTI	1,497	7/1/2014	6/30/2021	new	260		380		400	
KIE manufacturing sector SMEs Incubation	21,500	7/1/2016	6/30/2022	ongoing	1,000		1,150		1,200	
Kenya Youth Empowerment and opportunities Project	25,200	7/1/2016	6/30/2022	ongoing	654		654		654	
Cotton development (RIVATEX)-	12,200	7/1/2018	6/30/2021	ongoing	100		100		100	
Equipping of Manufacturing facilities-KIRDI Kisumu)	1,028	7/1/2014	6/30/2021	ongoing	100		150		160	
Develop and transfer Modern agro processing technologies KIRDI South B.	3,424.70	6/1/2014	6/30/2021	ongoing	610		500		750	
Total	93,180.2				6,300		1,438		6,477	1,438

	0									
STATE DEPARTMENT FOR SMALL and MEDIUM ENTERPRISES										
KIBT parklands building partitioning	430	7/1/16	6/30/20	ongoing	102	-	150	-	200	-
STATE DEPARTMENT FOR COOPERATIVES										
Development of SASRA risk supervision system	230	7/1/13	6/30/20	ongoing	70	-	-	-	-	-
Cooperative management information system	360	7/1/16	6/30/20	ongoing	70	-	235	-	-	-
Cooperative share trading platform NSE	150	7/1/19	6/30/21	pipeline	-	-	20	-	130	
Acquisition of equipment and Machinery (NEW KCC)	1,565	7/1/16	6/30/20	ongoing	230	-	315	-	-	-
Dairy Processing	5,000	7/1/18	6/30/22	new	500	-	500			
Modernization of Cooperative cotton Ginneries	500	7/1/20	6/30/22	pipeline	-	-	-	-	475	-
TOTAL	7,805	-	-	-	870		1,070		1,105	-

ANNEX VII: DONOR FUNDED PROJECT

HEAD/PROJECT	2017/2018	2018/2019				
		Gross	AIA	NET	2019/20	2020/21
Modernization of RIVATEX	-	1,334	604	730	1,004	1,004

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON
THE SCRUTINY OF THEBUDGET ESTIMATE FOR 2018/2019 FOR THE FOLLOWING SPENDING DEPARTMENTS:

The State Department of Crop Development
The State Department of Livestock
The State Department of Fisheries and the Blue Economy
The State Department of Irrigation
The State Department Agricultural Research Services

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2018

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REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELVETH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT & NATURAL RESOURCES

REPORT ON THE BUDGET ESTIMATES FOR THE FY 2018/19 AND MEDIUM TERM FOR THE STATE DEPARTMENTS OF:-

VOTE 1107: MINISTRY OF WATER AND SANITATION

VOTE 1108: MINISTRY OF ENVIRONMENT AND FORESTRY

VOTE 1192: STATE DEPARTMENT FOR MINING

VOTE 1204: STATE DEPARTMENT FOR WILDLIFE

DIRECTORATE OF COMMITTEE SERVICES,
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY 2018

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1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Environment and Natural Resources and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the 2018/19 and the medium term budget estimates for the Ministry of Water and Sanitation, Ministry of Environment and Forestry, the State Department for Mining and the State Department for Wildlife.

1.1 Committee Mandate

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

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

The subject matter of the Departmental Committee on Environment and Natural Resources are stated in the Second Schedule of the National Assembly Standing Orders No. 216 (f) as follows: climate change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.

1.2 Oversight

In executing its mandate, the Committee oversees the following Government Ministries and Departments namely:-

i. The Ministry of Environment and Forestry;
ii. The State department for Water and Sanitation;
iii. The State Department for Mining; and
iv. The State Department for Wildlife

1.3 Members of the Committee

The Committee comprises the following Members:

1. The Hon. Japhet M. Kareke Mbiuki, MP – Chairperson
2. The Hon. Sophia Abdi Noor, MP – Vice-Chairperson
3. The Hon. Ali Wario Guyo, M.P.
4. The Hon. Amin Deddy Mohamed Ali, M.P.
5. The Hon. Beatrice Cherono Kones, M.P.
6. The Hon. Benjamin Dalu Tayari, MP.
7. The Hon. Benjamin Jomo Washiali, M.P.
8. The Hon. Charity Kathambi Chepkwony, M.P
9. The Hon. Charles Ong'ondo Were, M.P.
10. The Hon. David Kangogo Bowen, M.P.
11. The Hon. Francis Chachu Ganya, M.P.
12. The Hon. Hassan Oda Hulufo, M.P.
13. The Hon. Hilary Kiplang'at Kosgei, M.P.
14. The Hon. Nasri Sahal Ibrahim, M.P.
15. The Hon. Peter Kimari Kihara, M.P
16. The Hon. Paul Musyimi Nzengu, M.P.
17. The Hon. Rehema Hassan, M.P.
18. The Hon. Rossa Buyu. M.P.
19. The Hon. Said Hiribae, M.P.

1.4 Secretariat

The Committee is serviced by the following Members of Staff:

Ms. Esther Nginyo	**Clerk Assistant III**
Mr. Dennis Mogare	**Clerk Assistant III**
Ms. Amran Mursal	**Fiscal Analyst III**
Mr. Salem Lorot	**Legal Counsel II**
Ms Winnie Kulei	**Research Officer III**

1.5 Overview of the examination of the Estimates

The 2018/19 budget estimates were submitted and tabled to the National Assembly pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act 2012. The Constitution 2010 and the Public Finance Management Act 2012 gives National Assembly the mandate to review the budget estimates and make recommendations before the budget is approved.

Standing Order No. 235(3) provides that after being tabled, the budget estimates are committed to each Departmental Committee to consider according to their respective mandates. The Standing Orders provide that Departmental Committees of the National

Assembly will consider the budget estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

In the exercise of its mandate of reviewing the budget estimates, the Committee scheduled a total of five (5) sittings. The process started by a briefing on 14th May, 2018 from the Parliamentary Budget Office, represented by Ms. Yunis Amran. This was in an effort to unpack for Members the estimates and equip them with the information needed to effectively scrutinize the estimates. The Committee then engaged the Ministries and the State Departments during its retreat in Nairobi from 14th to 16th May, 2018.

1.6 Summary of Committee Recommendations

The Committee having scrutinized and reviewed the 2018/19 Budget Estimates for the Environment and Natural Resources Sector observes that the sector being an enabler to the achievement of the 'Big Four Agenda', it is not adequately funded. The Committee makes the following recommendations:

State Department for Water and Sanitation

1. National Water Harvesting Authority has a national mandate of bridging the gap between the demand and supply of water which is in line with our Constitution and Vision 2030. There is therefore need to operationalize the mandate of the Authority as envisaged in the Water Act, 2016
2. In addition, the committee recommends fixing the governance issue under the Authority immediately to provide strategic direction to the Authority. Subsequently, there is need to revamp its capacity through enhanced budgetary allocation to invest in water harvesting activities.
3. An allocation of **Kshs. 500 million** towards the Maua water & drainage project to settle the pending bills.
4. An allocation of **Kshs. 500 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.
5. An allocation of **Kshs. 1 billion** towards the last mile water connectivity across the country to provide clean, safe and adequate water for kenyans.
6. There is need to have Muranga County under the jurisdiction of one Water Service Board to avoid duplication of services and overlaps of activities.

Ministry of Environment and Forestry

1. In order to disseminate weather and climate information for decision making at grass-root level, the meteorological department decentralized its service to the county and deployed County Meteorological Personnel to its field observation stations. The committee therefore recommends allocation of **Kshs. 70.5 million** for the operations of disseminating the weather products at the counties.

2 Allocate the Kenya Meteorological Department additional **Kshs. 427.8 million** to clear pending bills most of which were as a result of budget cuts. The Department further requires **Kshs. 56 million** for Maintenance of Equipment and further allocation of **Kshs. 48 million** for securing and insuring the high cost equipment the department has invested in

3 The allocation of **Kshs. 842.86 million** for the recruitment of 1,500 forest rangers as part of the implementation of the recommendations by the taskforce

4 **Kshs. 200 million** to be allocated for purchase of land for the Medical Waste and Hazardous Waste Recycling Facility. The Government of Japan may withdraw the support to the project that is to be constructed by a grant that is extended to Government of Kenya;

5 The Committee recommends additional **Kshs. 240 million** to improve tree seed production capacity at KEFRI for the FY 2018/2019 to contribute towards meeting the 10% tree cover by 2022. The Committee further recommends enhanced budgetary support to KEFRI to meet the increasing demand and considering the central role of research in development of forestry and allied natural resources.

6 The Adaptation Fund allocation for FY 2018/2019 be released to NEMA so as to facilitate projects implementation in 14 counties to respond to effects of Climate Change in sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction.

State Department for Mining

1 The committee recommends allocating adequate funds to the State Department for Mining which is expected to contribute 10% to the G.D.P before the year 2030.

2 The committee recommends unlocking the **Kshs. 2,023,508,130** donor funds to facilitate the National Airborne Geophysical Survey for mapping of the mineral resources in the country which will further enhance the state departments potential to reach the 10% contribution to the GDP before the Vision 2030 target.

State Department for Wildlife

1 The Committee recommends that the National Treasury should fund the recruitment of 1,000 rangers by KWS.

2 The Committee recommends that the Department gets adequate funding to clear the outstanding money in form of compensation for human wildlife conflict. Further, the Committee recommends that a long lasting solution and more sustainable mitigation measures such as fencing of the parks be addressed as a matter of urgency.

3 Further, the Department should be funded to provide strategic water points in the rangelands to mitigate the Human Wildlife Conflict.

4 The National Treasury should provide **Kshs. 884 million** for the implementation of SRC categorization, staff annual increment and medical scheme for the Department.

Re-Allocations Schedule

Ministry of Water and Sanitation

1. Re-allocate **Kshs. 150 million** from Drilling of exploratory boreholes for Turkana and Marsabit under the Water Resource Management Programme as follows:
    i **Kshs. 110 million** to Athi Water Services Board as an additional funding towards the Nairobi City regeneration under the water and sewerage infrastructure development Programme.
    ii **Kshs. 40 million** to Lake Victoria South Water Service Board as an additional funding for the Water Harvesting Program under the Water and Sewerage Infrastructure Development

2. **Kshs. 50 million** re-allocation from Athi River Restoration Programme under the Water Resource Management Programme to Tanathi Water Service Board as an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and Sewerage Infrastructure Development Programme. This is a project that covers Kajiado and Machakos Counties and has a 200 KM pipeline length from Mt. Kilimanjaro.

Ministry of Environment and Forestry

1. Re-allocate **Kshs. 450 million** from the School Greening Program as follows:
    i. **Kshs. 100 million** to Urban Rivers Rehabilitation Project under the Environment Management and Protection Programme in the Ministry of Environment and Forestry. This is aimed at rehabilitating urban rivers to restore their former pristine nature.
    ii. **Kshs. 150 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas
    iii. **Kshs. 150 million** to Tana Water Service Board for rehabilitation of water supplies and last mile water connectivity.
    iv. Kshs. 50 million to Rift Valley Water Service Board rehabilitation of water supplies and last mile water connectivity.
    v.

2. Re-allocate **Kshs. 100 million** from the Community Livelihood Improvement Programme (CLIP) under the Forests and Water Towers Conservation Programme to Imarisha Lake Naivasha Project under the Environment Management and Protection Programme to conserve and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.

3. Re-allocate **Kshs. 50 million** from the Mitigation and Management of Soil Loss under the Forests and Water Towers Conservation Programme to Nairobi River Rehabilitation Project under the Environment Management and Protection Programme towards the objective of rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.

1.7 Acknowledgements

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.

I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

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

Mr. Chairman,

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

SIGNED .....

HON. KAREKE MBIUKI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES
DATE 29TH MAY 2018

2.0 BROAD OVERVIEW OF THE BUDGET ESTIMATES FOR FY 2018/2019

1. The proposed budget estimates of revenues and expenditures for the national government for the FY 2018/2019 and the medium term was submitted to the National Assembly on the 26th April 2018 and subsequently tabled to the National Assembly on Thursday 3rd May 2018. This is pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.
2. The Constitution of Kenya Article 221 and the Public Finance Management Act 2012 (Sections 38 and 39) give Parliament the mandate to review the budget estimates and make recommendations before the budget is approved. The review of budget estimates is carried out through the Budget and Appropriations Committee as well as the departmental committees of the National Assembly which analyze the budget of the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.
3. The budget estimates were committed to the Departmental Committees of the National Assembly to review and to deliberate upon according to their respective mandates in line with Standing Order No. 235 of the National Assembly.
4. Section 39(3) of the Public Finance Management Act 2012 empowers the National Assembly to alter the budget estimates provided that an increase in expenditure is balanced by a reduction elsewhere. This provision is also emphasized in Standing Order No. 240(4)

2.1 Mandate and Spending Agencies Under the Purview of the Committee

5. The Second Schedule of the Standing Orders for the National Assembly assigns the Departmental Committee on Environment and Natural Resources the mandate to consider matters related to climate Change, environment management and conservation, forestry, water resource management, wildlife, mining and natural resources, pollution and waste management.
6. The following spending agencies are therefore under the purview of the Departmental Committee:
    i. Vote 1107: Ministry of Water and Sanitation
    ii. Vote 1108: Ministry of Environment and Forestry
    iii. Vote 1106: Ministry of Tourism and Wildlife (Wildlife conservation and Management Programme)
    iv. Vote 1191: State Department of Mining

2.2 Highlights of the 2018/2019 budget Estimates

7. The overall budget for the FY 2018/19 amounts to **Kshs 3,074.2 billion** up from the **Kshs 2,773.8 billion** allocated in the FY 2017/18. The allocation to the national government amounts to **Kshs 1,676.7 billion**, Judiciary – **Kshs 17.8 billion**, Parliament – **Kshs 42.6 billion**, Consolidated Fund Services – **962.6 billion**, and county Government allocation of **Kshs 374.6 billion.** The targeted revenue collection including Appropriations In Aid amounts to **Kshs. 1,923.3 billion** increasing from the **Kshs. 1,659.6 billion**.

2.3 Linking the Big Four Agenda to 2018/19 Overall Budget Estimates

8. The expenditure priorities in the 2018/19 budget and over the medium term have been realigned to the "Big four" plan. The 2018/19 and the medium term is guided by the Third Medium Term Plan (MTP III) for 2018-2022 of the vision 2030 whose theme is *Transforming Lives· Advancing Socio-Economic Development through the "Big Four"* priorities. Thus, the MTP III has prioritized the big four agenda on Health, Food security, Manufacturing and affordable housing
9. Under the 2018/19 budget estimates, Kshs 460.2 Billion has been allocated to implement the big four agenda under both the drivers and enablers. According to the National Treasury, Kshs. 82 Billion has been allocated to the main drivers whereas Kshs 378 9 Billion has been allocated to enablers.

2.4 Comparison of the 2018/19 Budget Estimates for the sector to the Approved BPS 2018 Ceilings

10. As shown in table 1 below, a comparative analysis of the sector's proposed expenditure estimates of **Kshs. 66.52 billion** for FY 2018/2019 and the Budget Policy Statement 2018 House resolutions ceiling of **Kshs. 61.58 billion** show that the proposed estimates is above the BPS ceilings by approximately **Kshs. 4.94 billion**. The recurrent estimates have decreased by **Kshs. 438.42 million** while the development estimates has increased by **Kshs. 5,376.91 million** when compared to the BPS 2018. Table 1 shows a breakdown of the comparison of the BPS house resolutions and the proposed budget estimates for the FY 2018/2019.

Table 1: Comparison of allocations for Programmes in the BPS ceilings against the Printed Estimates FY 2018/2019

	BPS House Resolutions			Printed Estimates FY 2018/19			Deviations		
	Recurrent	Development	Total	Recurrent	Development	Total	Recurrent	Development	Total
Ministry of Water and Sanitation	4,225.80	31,027.00	35,252.80	4,048.23	37,207.39	41,255.62	-177.57	6,180.39	6,002.82
Ministry of Environment and Forestry	10,377 00	6,774.00	17,151.00	9,964 39	6,169.00	16,133.39	-412.61	-605.00	-1,017.61
Ministry of Tounsm and Wildlife (Wildlife	6,207.00	1,097 00	7,304.00	6,394.08	1,125 52	7,519.60	187.08	28.52	215.60
Ministry of Mining	1,139.00	736 00	1,875.00	1,103 68	509 00	1,612.68	-35.32	-227.00	-262.32
TOTAL	21,948.80	39,634.00	61,582.80	21,510.38	45,010.91	66,521.29	-438.42	5,376.91	4,938.49

Source: The National Treasury, PBO

2.5 Linking the Big 4 agenda in the BPS to the 2018/-2019 Budget Estimates for the sector MDA's

11. To boost the growth of manufacturing, the Government under the Budget Policy Statement committed to the development of industrial infrastructure such as industrial parks/zones across the country. More specifically, priority was to be given to establishment of a modern industrial park in Naivasha, apparel industrial sheds in Athi River, establishment of the Dongo Kundu SEZs and infrastructures.
12. In line with the above, in the budget estimates the National treasury has allocated **Kshs. 700 million** for the Naivasha industrial park water supply and **Kshs. 120 million** for the Dongo Kundu water supply project.

2.6 Vote by Vote Analysis

a) Vote 1107: Ministry of Water and Sanitation

13. During the medium term period 2014/15 - 2016/17 the cumulative budgetary allocation to the Ministry was KSh. 103.33 billion with an actual expenditure of KSh. 86.75 billion. This represents an absorption rate of 84%. The under absorption of the budget can be attributed to liquidity challenges due to low/delayed disbursements, slow policy formulation and realignment and slow procurement process by the Ministry.
14. The Ministry has a proposed allocation of **Kshs. 41.26 billion** for the FY 2018/2019. This is an increase of **Kshs. 2.84 billion** when compared to the **Kshs. 38.42 billion** allocated in the FY 2017/2018.
15. Out of the increase of **Kshs. 2.84 billion**, **Kshs. 673.51 million** is an increase under recurrent expenditure while **Kshs. 2.16 billion** is an increase under development expenditure.

b) Vote 1108: Ministry of Environment and Forestry

i. Budget Performance of the Ministry for the FY 2014/15-2016/17

16. The budgetary allocation for the Ministry over 2014/15-2016/17 MTEF period was **KSh. 17.6 billion, KSh.18 billion** and **KSh.20.28 billion** for the FY 2014/15, 2015/16 and 2016/17 respectively. Over the same period of time, actual expenditure was KSh.15.8 billion, **KSh. 16.9 billion** and **KSh. 20.02 billion.** The allocation for FY 2018/2018 is **Kshs. 16.13 billion** comprising of **Kshs. 9.96** for recurrent expenditure and **Kshs. 6.17** billion for development expenditure.

c) Vote 1204: State Department for Wildlife

17. The Programme has 2 sub-Programmes which are wildlife security, conservation and management and administrative services. The Programme has a total allocation of **Kshs. 7.52 billion** out of which **Kshs. 6.39 billion** is for recurrent expenditure while **Kshs. 1.13 billion** is for development expenditure.
18. Out of the total recurrent allocation of **Kshs. 6.39 billion**, **Kshs. 5.50 billion** is allocated to current transfers to government organizations which under this Programme is the Kenya Wildlife Service

d) Vote 1192: State Department for Mining

19. The proposed budgetary allocation for the state department for Mining the FY 2018/2019 is **Kshs. 1.61 billion** out of which **Kshs. 1.10 billion** is for recurrent expenditure and **Kshs. 509 million** is for development expenditure.

2.7 **Key Issues Arising**

1. Section 25 (8) of the Public Finance Management Act provides that the Cabinet Secretary in charge of Treasury shall take into account the resolutions passed by Parliament in finalizing the budget for the relevant financial year. However, for the period under review, 2018/2019 the Cabinet Secretary did not fully adhere to the ceilings of the BPS 2017 and the House Resolutions on the BPS 2017.

2. Under the supplementary II estimates, the Ministry had an allocation of **Kshs. 539.93 million** which was allocated for new projects which were introduced towards the end of the FY, however these projects have not been factored under the FY 2018/2019 budget (except the Thika and Githunguri water project). It is therefore unclear on whether the allocated funds under the supplementary II have been utilized, and whether they met the targets intended.

3. In the 2018/2019 budget, the Ministry of water and sanitation has new projects worth **Kshs. 6 billion**. It has also been noted that drought mitigation project which was introduced in the FY 2017/2018 and was allocated **Kshs. 534.88 million** is not in the 2018/2019 budget. It is therefore unclear on whether the targets for that project was achieved in the FY 2017/2018 and whether the new project (ending drought emergencies: support to drought risk management) which has an allocation of **Kshs. 454 million** is the same as the drought mitigation project.

4. During the processing of the Budget Policy Statement, there were several water projects that were introduced to help in the achievement of the Big four agenda, however under the budget estimates 2018/2019 it is unclear on how and if these projects have been provided for. It is also important to note that one of the new projects proposed under the 2018/2019 budget is water and sanitation development project with an allocation of **Kshs. 4.34 billion** which is donor financed and it targets to provide 33,521 people with clean water. There is however no clear indication on how this is to be achieved.

5. Further analysis also shows that there are projects which the Ministry has been undertaking but have not been financed under the 2018/19 budget. These include; Maua water drainage, Small towns & Rural Water Supply Schemes and the Nairobi Rivers Basin Restoration. The status of these projects is therefore not clear.
6. The Ministry has been undertaking the water harvesting Programme in which it targets to drill boreholes. There is need for a status report on the achievements of this project since its inception to avoid it being a moving target. Another project is

the drilling and equipping of boreholes which has been financed in this and previous budgets.

Ministry of Environment and Forestry

1. It has further been noted that projects such as the adaptation fund which is a fund established to improve livelihoods and ecosystem Resilience Building to Climate Change in Target Counties, has not been included in the FY 2018/2019 budget. Other projects not in the FY 2018/2019 include medical and hazardous waste, mercury initiatives, KEFRI/JICA on development of drought tolerant trees for adaptation to climate change in drylands of Kenya.
2. The Ministry has the National Action Plan for Artisanal Small-Scale Gold Mining as one of the projects and it has been allocated **Kshs. 19 million**. There is therefore need for the Ministry to provide details of this project.

State Department for Mining

There is need for a Status report on the National Airborne Geophysical survey which has not been budgeted for despite signing a loan with China Exim Bank.

Ministry of Tourism and Wildlife

Maintenance of Access Roads and Airstrips in Parks **(Kshs. 250 million)**-this is a new project which aims at improving park infrastructure. The project targets to rehabilitate 100 Km. of road, maintain 2,750kmof road and upgrading of 2 airstrips. The Ministry needs to inform the committee on the realism of these targets against the allocation proposed for the FY 2018/2019.

3.0 COMMITTEE REVIEW: MINISTRY BY MINISTRY

3.1 Ministry of Water and Sanitation

20. The Principal Secretary, State Department of Water and Sanitation, Mr. Joseph Irungu, CBS appeared before the Committee on Monday, 14th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department and informed it as follows, that;

21. During the medium term period 2018/19-2020/21, the Ministry is implementing key priorities under three programmes, namely:

1) General Administration, Planning and Support Services;
2) Water Resources Management; and
3) Water and Sewerage Infrastructure Development.

22. The Ministry's budget requirement in FY 2018/19 was Ksh. 165,417 Million, made up of Ksh 41,559 million for Recurrent expenditure and Ksh. 124,162 million for Development expenditure. However, the Ministry was allocated through the Evironment and Natural Resources Sector a total of Kshs 41,255 Million comprising of Kshs. 4,048 million for recurrent expenditure and Kshs 37,207 Million for Development expenditure for FY 2018/19.

3.1.1 Budget Performance Up To 3rd Quarter Of 2017/18

23. The Ministry's recurrent budget allocation for FY2017/18 decreased by **Kshs.1.080** billion from **Kshs.4. 404 billion** to **Kshs.3.324 billion**. This is mainly attributable to the loss of AIA by the Water Services Board following the enactment of the Water Act 2016. The Ministry however received **Kshs. 417** Million from the National Treasury to support Water Services Boards following the shortfall in AIA. The development Estimate grew by Kshs. 2 87 billion from Kshs. 32.25 billion to Kshs. 35.122 billion.

3.1.2 Status Report On Pending Bills in the Ministry and it's Agencies

The table 2 below gives a summary of the pending bills of the Ministry headquarters and the institutions under it.

Table 2: Summary of the pending bills

Institution	Pending bills (Ksh M)	
	Recurrent Expenditure	**Capital Expenditure**
1) MW & S Hqtr	7	-
2) Athi WSB	-	686.800
3) WRA	-	3,365
4) KEWI	69	94.5
5) NWCPC	746.70	1,559.34
6) Northern	-	54

7) Lake Victoria South	-	377
Total	**822.7**	**691,818.84**

3.1.3 Key Outstanding issues not catered for in the 2018/19 Budget

i) Resettlement Action Plan (RAP)

24. The Ministry made a request for funding to the National Treasury during the Supplementary Estimates 2 however no allocation was received even in the 2018/19 budget estimates. This continues to delay implementation of its projects due to lack of budgetary allocation for Resettlement Action Plan. The requirement for land compensation for these projects is per Table 3 below;

Table 3: RAP requirement

Sno	Project Name	Amount Required (Kshs.B)
1.	Mwache Dam Water Supply	2.960
2.	Kenya towns sustainable water supply and sanitation programme (28 towns)	2.100
3.	Karimenu II dam water supply	0.800
4.	Ruiru II dam water supply	1.500
5.	Nairobi Bulk Water Supply- Thika dam-Kigoro	0.1500
6.	Nairobi City Distribution Network	0.040
7.	Kiserian Sewerage	0.057
8.	Oloitoktok water supply and sanitation programme	0.053
9.	Lower Nzoia Irrigation project	1.200
	TOTAL	**8.860**

3.1.4 Budget Implementation Challenges

1. The general budget cuts and rationalization by the National Treasury experienced midstream the implementation period disorganizes the Ministry's annual work plan and affects project implementation outputs.The budget cuts on the GoK and the Donor budget derailed the achievement of the set targets and cause escalation of project cost on the specific projects.

2. Further, the Ministry is experiencing serious budgetary challenges when extreme weather events occur such as the recent floods occur.

3. The delays on timely release of the exchequer by the National Treasury delays implementation of projects and are likely to result to accumulation of Pending Bills especially those funded under Equalization funds.

4. The Water Act, 2016 repealed the requirement of remittance of revenue by the water companies to the Water Services Boards as was the case under the Water Act 2002 except for purposes of loan repayment (Water Act 2016 Sec.129 (1) and(2)). The enactment of the Water Act, 2016 denied the Water Service Boards the AIA collections revenue which previously supported their recurrent expenditure budget.

5. The GOK commitment counterpart funding for donor supported projects is in adequate thus, delaying project implementation.

6. The low provision of recurrent budget affects project implementation, supervision, Monitoring & Evaluation and a failure to meet the annual subscriptions to international agencies and organizations.

25. For the Government to achieve the Universal Water coverage by year 2030 in line with the aspirations of the SDG 6 and Vision 2030, the Government will have to grow the current allocation of **Kshs. 40Billion** annually to **Kshs.120 billion** to bridge the resource gap in the sector.This may require innovative ways of financing the Sector.

3.2 Ministry of Environment and Forestry

26. The Principal Secretary, Ministry of Environment and Forestry, Mr. Charles Sunkuli, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the Ministry and informed it as follows, that;

27. The Ministry implements the following four key programmes as detailed below

i. Environmental Management and Protection;
ii. Meteorological Services
iii.Forests and Water Towers Conservation and Management; and
iv.General Administration, Planning and Support Services.

3.2.1 Overview of Resource Allocation

28. The total budgetary allocation for the Ministry is Kshs. 16.13 billion comprising of Kshs. 9.96 billion for recurrent expenditure and Kshs. 6.17 billion for development.

29. The allocation to Programme Based Budget (PBB) in the Financial Year 2018/19 comprises of Kshs. 322 million for General Administration, Planning and Support Services, Kshs. 2,858 million for Environment Management and Protection, Kshs. 2,156 million for Meteorological Services and Kshs. 10,797 million for Natural Resources Management Protection.

30. The Development Allocation is Kshs. 6.17 billion as detailed in annex 1 on the status of programmes/projects.

3.2.2 Budget Alignment with the Big 4 Agenda

31. The Ministry of Environment and Forestry is a key enabler to the "Big 4" agenda items outlined by the Government. With the impact of climate change and environmental degradation therefore, the threats to food security, manufacturing sector, and public health is dire. The weather outlook has seen frequent drought, which has depleted. Without deliberate intervention the impact may erode economic gain of Kenya. To address this challenge, the Ministry has taken the following measures:

i Modernization of weather forecasting equipment to enhance accuracy of weather and climate data.
ii Expand Forest surveillance and using high technology and communication systems.
iii Expand forestation programme in the Country.
iv Curb pollution through introduction of emission testing.
v Compact encroachment into wetlands
vi Protection of Water Towers
vii Control polythene materials.
viii Strengthening licensing system
ix Support in the development and investment of private forests.
x Enhance effectiveness of enforcement of environmental regulations.
xi Upscale monitoring of environmental impact assessment
xii Implement air quality emission testing to curb respiratory diseases.

3.2.3 Challenges in Budget Implementation

32. The allocation as provided for, in the Budget Estimates for the FY 2018/2019 Budget and the Medium Term Budgets, is not commensurate to the required funding of **Kshs.30Billion** for key priority areas the Ministry intends to implement as highlighted earlier. This is likely to pose a challenge in fulfilling the requirements of Article 69 of the Constitution. The Article provides for the protection and conservation of the natural resources. The Ministry sought for additional funding to bridge the funding gap of **Ksh.13.87Billion.**

3.2.4 Priority Activities and Resource Gaps of the Ministry: Resource Requirements:

1. **Kenya Forestry Research Institute (KEFRI)**

(a) Production of 360 Million Seeds Per Year.

33. The President while launching the National Tree Planting Day 2018, emphasised that the country must meet the 10% tree cover by 2022. In 2016/2017 financial year, the KEFRI produced approximately 12,000 kg seeds from which about 200 million seedlings could be raised. Assuming that a seedling is approximately Kshs 25, the seedling production contributed approximately Kshs 3.25 billion into the economy thus creating thousands of green jobs.

34. However the current seed production is below the expected 360 million per year required to raise tree cover to 10% by 2022. The low production is attributed to:

- Inability to plan for expansion of tree seed source establishment. Most of the sources are on KFS land and sometimes the KEFRI has lost valuable seed sources through felling without consultation;
- Fluctuating weather patterns that reduce seed production potential of most tree species;
- Loss of superior mother trees through poaching of trees for charcoal production among other uses;
- Inadequate personnel for seed production, collection, processing. The institute has 27 seed collectors and only 9 are fully trained in tree seed collection;
- Inadequate equipment for seed testing and certification;
- Inadequate seed collection gears. One seed collection gear costs about Kshs 1 million;
- Inadequate storage facilities in the centres;
- Inadequate transport facilities and weak seed distribution systems; and
- From the above, it is clear that KEFRI will need to expand its capacity to collect process and distribute tree seeds.

(b) Logistical challenges facing tree seed distribution at KEFRI

35. There is only one tree seed distribution Centre which is based at Muguga. The centre is inaccessible to a majority of stakeholders. In many instances, seeds are lost during transport in addition to loss of viability due to fluctuation of temperatures over long distances thus resulting in poor germination.

36. In order to improve accessibility of tree seeds within the country, KEFRI has initiated a project on construction of seed collection and processing facilities in its 14 centres country wide. The centres include Muguga, Nyeri, Gede, Kibwezi, Kitui, Londiani, Maseno, Turbo,

37. In order to meet the 360 million required to raise the tree cover to 10%, it is inevitable that there is need to;

- Access more forest land to establish seed sources;
- Expand seed production (establishment of seed orchards and seed stands);
- Purchase of seed collection gears;
- Construct /repair seed drying beds and other processing facilities;
- Purchase modern fast seed testing equipment and double cab pickups for the centres;
- Install basic cold room facilities to maintain seed viability centres;
- Construct greenhouses to improve seed drying in colder areas such asLondiani and Nyeri Centres; and
- Construct new processing units inTaitaTaveta, Migori, Turkana, Baringo and Lamu Centres.

38. The most critical budgetary item that will hinder KEFRI from achieving the Presidential agenda of **1.6 billion tree seedlings** in four years is inadequate funds for seed production, collection, processing and distribution which is Kshs. 670 million. In the Financial Year 2018/2019, the Institute will require additional funding of **Kshs. 240 Million** for this activities.

(2) Kenya Forest Services (KFS)

(1) Recommendation of Task Force

39. The Ministry constituted a Task Force to inquire into forest resources management and logging activities in Kenya. The task force concluded there report and gave recommendations which require to be addressed in the 2018/2019 financial year budget. Some of the activities that the Ministry require to undertake are as follows:

1. **Forest Protection -Recruitment of forest rangers**
   The international recommended ratio of Forest Ranger to forest area is 1:400 ha. However in Kenya due to various reasons such as retirement, natural attrition, staff movements the ratio has reduced to 1:1000 ha, making it difficult for effective forest protection. There is therefore need to recruit 1,500 Forest Rangers at annual cost of **Ksh842,857,500/-**.
2. **Modernizing the Forest Protection and security force**
   i. The staff entrusted with forest protection, Forest Rangers have by nature of their work live in the forest in camps together with their families. The existing semi-permanent camps were build several decades and have since gone into disrepair. KFS is seeking an additional amount of **Kshs 300,000,000/-** next financial year for rehabilitation of their camps to make it habitable and provide for security of the firearms.
   ii. In addition, KFS is seeking to improve the work environment of the rangers who are also part of the National Police force by procuring uniforms and related items at and additional cost of **Ksh.215,000,000/-.**
   iii. Further for the rangers to be effective in their work they need appropriate fire arms, ammunitions and bullet proof jackets at an estimated cost of **Kshs 450,000,000/-**
   iv. The security function requires constant surveillance using the appropriate technology. This will require procurement of aero plane, helicopter, drones, vehicles, night vision equipment at an estimated cost of Kshs1,500,000,000/- next Financial year.
3. **Competency Skills Gap**
   In order to keep pace with the new technologies, professionalism and best practices KFS has identified various skills gaps across the entire staff establishment. This will require an additional Kshs189,000,000/- next financial year to cover various cadres of staff.
4. **Forest boundary realignment**
   One of the strategies of forest protection is to have clear forest boundaries. Over time the boundaries have been interfered with and there is need to survey, realign, put permanent marks and map 700 km of forest boundary at a cost Ksh60,000,000/-.
5. **Gazettement of new forest areas**
   KFS has been discussing with various County Governments, communities and other stakeholders with a view towards gazzeting critical forest areas for conservation. In this regard 10,000 ha will be gazzeted next year at a cost **of Kshs. 40Million**. The activities include consultation, surveying, mapping and registering the land for gazettement.
6. **Forest Fire Management**

Forest fires when they occur can be very devastating and the consequences totally disastrous, socially, economically and will release huge amounts of carbon in the atmosphere leading to negative effects of climate change. In this regard KFS is seeking additional support of Ksh 150,000,000 to procure forest fire equipment and establishment, maintenance of forest fire breaks.

7. **Forest Product tracking system**

Forest products originate from different sources namely Private land, community land, County Government land and Central Government Land. While some of the forest products have been restricted to avoid possible extinction, others need to be controlled to avoid illegal access and movement. KFS is aiming to introduce a new and appropriate system for identifying, tracking and monitoring forest products movement. This will require registering farmers with trees and forest, locating with Global Positioning System (GPS) and using bar codes on forest products for monitoring and identifying the products. To operationalize this proposal KFS requires 30,000,000/- to set up the system, create capacity and maintain the system.

(2) Directive to Produce 360 Million Tree seedlings every year

(i)Tree seedlings production

The President while launching the National Tree Planting Day 2018, directed that the Ministry produce 360 million tree seedlings every year as a contribution towards achieving the 10% tree cover by the year 2022. Arising from this, the Kenya Forest Services wish to undertake a robust tree seedling production to meet this demand.

KFS thus requires and additional **Kshs 1.9 Billion** to ensure sufficient seedlings production in conjunction with various stakeholders across the country

(ii) Farm and Dryland Forest Development

The potential for achieving and maintaining 10% tree and forest cover lies in the farm and dryland, since government land is limited. In this regard KFS will implement various strategies such as partnering with County Governments, farmers, youths, groups, Community Forest Associations, private companies, schools, institutions and civil societies to ensure trees have been planted and maintained. The cost of establishing forest in this area will be kshs. 2,000/- per ha. Thus next financial year KFS will aim to have 150,000 ha established at a total cost of **Kshs 300,000,000/-**

(3) Kenya Meteorological Department

i. Development: Pending Bills

40. The Kenya Meteorological Department is implementing several projects under modernization of meteorological services. The instruments and equipment are specialized and are custom- made at factory on request. The budget cuts across financial years has contributed to the pending bills. The Department carried forward from FY 2016/2017 bills amounting to **Kshs. 792.8 Million**. In the 2017/2018 Supplementary II Budget, the Department was allocated **Ksh. 365 Million** towards settlement of the pending bills. There is still an outstanding pending bill of **Ksh. 427. 8 Million**.

ii. **Recurrent Expenditure**

41. The government has invested a lot on the modernization, and the equipment and systems require regular maintenance. The Department will require **Kshs. 56 Million** for Maintenance of Equipment in the 2018/2019 financial year. In addition, given the high cost of the equipment, systems and the infrastructure, there is need that they be secured and insured. Towards this end, the KMD requests for additional funding of **Kshs. 48 Million** under Insurance of equipment in the 2018/2019 Budget. The Department will therefore require a total additional funding of **Ksh. 531.8 Million.**

(4) **Nairobi River Restoration Program**

42. The government has committed itself on a number of service delivery targets under the Nairobi Regeneration Program. Under the Thematic area of Environment Water and Sanitation which is headed by the Ministry, rehabilitation of Nairobi Rivers is a key result area. Towards this objective of rehabilitating the rivers, the ministry has committed itself to rehabilitate 20 KM stretch of the river to near pristine conditions. The Ministry is working in collaboration with the County Government, Nairobi water and Sewerage department, Water Resources Authority, Athi Water Service Board and Nairobi Water and Sewerage Company to deliver on this result area which should be realized within six months period.
43. The money requested is to be utilized to carry out the following activities that are important for achieving this noble objective of rehabilitating 20 Km stretch of Nairobi river; Clearing the riparian area, enforcement, public sensitization, engagement of youths, procurement of indigenous seedlings and growing of the seedlings.
44. The Ministry has already mobilized equipment and personnel from KDF, NYS and National Police Services to assist in the rehabilitation initiative. The Ministry requests for an additional allocating **Kshs. 6.82 Billion** to the key projects off the Ministry. This will enable us implement activities and recommendations in the task force and the Presidential Directive on tree planting.

3.3 State Department for Mining

45. The Principal Secretary, State Department for Mining, Mr. John Omenge, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department and informed it as follows, that;
46. The Mining agenda is focused on the implementation of the Mining Act of 2016 which is part of the policy instruments for the realisation of the Kenya Vision 2030 and Medium Term Plan II (MTP II) 2013 - 2017.
47. The following are the **three priority programs** and their objectives:
    - **General Administration, Planning and Support Services**:- to provide policy and legal framework for efficient and effective management of Mineral and Geo- Information data.
    - **Resource surveys and Remote Sensing**:- to generate Geo Spatial data and information for sustainable development.

- **Mineral Resource Management**: - to develop and manage geological and mineral resources database.

3.3.1 Budget Performance For The F.Y 2017/2018 State Department Of Mining

48. The State Department of Mining approved draft budget for the Financial Year 2017/18 was **Kshs 2,720,785,646** which was further reduced to **Kshs 1,618,415,691** in the Supplementary Estimates No 1 and a slight increase to **Kshs 1,760,377,850** in the Supplementary Estimates No II of the Financial Year 2017/18.

3.3.2 Pending bills as at June 2017

49. The pending bills incurred as at 30th June 2017 is **Kshs 51,484,152,** arising out of late delivery of invoices by suppliers and lack of liquidity (exchequer) especially in the 4th Quarter of the Financial Year 2016/17.

50. Out these pending bills, **Ksh. 22,168,108.00** worth of bills have been cleared pending **KSh. 29,316,044** which is in various stages of payment, expected to be finalised by close of F.Y 2017/18 in June 2018.

3.3.3 Financial Year 2017/18 Utilization (Kshs 1,152,194,790)

51. The current overall budget absorption for the Department as at 30th April 2018 is **67%** with a budget utilization of **Kshs 1,152,194,790** in both the Recurrent and Development vote, out of an allocation of **Kshs 1,724,056,421** from the Exchequer (G.O.K).However this is expected to change by closure of the Financial Year on account of payment of the May and June 2018 salaries, Gratuity to the immediate former Cabinet and Principal Secretaries and other operational costs to be incurred by end of June 2018.

3.3.4 FY 2018/2019 Budget Estimates For The State Department of Mining

52. The State Department Mining has been given a Gross budgetary allocation of **Kshs 1.61 billion** for the financial year 2018/19. The Recurrent vote for the Financial Year 2018/2019 is **Kshs 1.10 billion and the** G.O.K Development allocation is **Kshs 509,000,000**.

3.3.5 Development Partners funded Project Shortfall

53. The Loan AIA from the China Exim Bank to fund the Nationwide Airborne Geo-physical survey amounting to **Kshs 2,023,508,130** has not been factored in the 2018/19 Estimates by the Resource Mobilisation Department of the National Treasury.

3.3.6 Major Budget shortfalls for the F.Y 2018/19 (Ksh 3,900,199,770)

54. The State Department of Mining total budget requirement both recurrent and development was **Kshs 5,715,699,770** against an allocation from the National Treasury of **Kshs 1,815,500,000**. This resulted in a budgetary shortfall of **Kshs 4,105,199,770.**

3.3.6 Prioritization of Projects/Activities For The Financial Year 2018/19

The following are priority activities for the Financial Year 2018/19 for the State Department:

Table 4

Activity	Requirements 2018/19	Allocation 2018/19	Shortfalls for the F.Y 2018/19	Justifications/Remarks
National Airborne Geo-Physical Survey	6,500,000,000 (China Exim Bank Loan)	0	2,023,508,130	Funds are payment for the 1st Instalment to the consultant (Geological Exploration Technical Institute of China) which is 30% of the contract price to be paid 30 days after coming into effect of the contract signed in December 2016.
National Airborne Geo-Physical Survey	740,000,000 (G.O.K)	0	39,400,000	Funds required to pay the independent supervisor, a joint venture between IGS Ltd of UK and PGW of Canada. A further Kshs 5 Million is required for the project launch by H.E the President.
Staffing	584,300,000	451,983,607	132,316,393	Funds needed to fast track recruitment of Technical staff eg Geologist, Inspectors of mines & explosives in line with the expanded mandate in the Mining Act 2016
Purchase of Motor Vehicles	70,000,000	25,000,000	45,000,000	Operations in Regional offices is hampered by lack of transport to facilitate movement
Mineral Rights Board	110,000,000	3,600,000	107,000,000	The Board is incapacitated in terms of lack of staff, office space and vehicles. The board has since accumulated several operational

				pending claims (Sitting allowance)
Refurbishment of Madini House	65,000,000	30,000,000	35,000,000	The Funds are for payment of ongoing contracted civil works at Madini House, Nairobi
Acquisition of Specialised Equipment	545,000,000	345,000,000	200,000,000	Funds are for procurement of technical equipment eg Hyper-spectral Sensor, Laboratory and Survey equipment. Lack of this equipment's means it is not able to collect and analyse data to advice Government for decision making.
Exploration and Research	1,000,000,000	17,000,000	326,000,000	The state department is mandated to do Geo-exploration of Minerals and Natural Resources and share the information with other sectors of the Economy for planning and early warnings.5 Teams will be dispatched to different regions to undertake the exploration
Total G.O.K Deficit			**834,716,393**	
Total Donor Deficit			**2,023,508,130**	
TOTAL BUDGETARY DEFECIT			**2,582,224,523**	

3.3.7 Challenges in the Mining Sector.

a) Delayed establishment of the Institutions provided for under the Mining Act 2016 making it difficult for the Mining sector to operate smoothly.

b) There is budgetary constraint coupled with late release of exchequer caused by unpredictable revenue streams especially for development vote as a result of budgetary cuts/austerity measures.

c) Outdated Geological data and information in the country that hamper effective decision making coupled with Highly dynamic technological changes which renders already acquired expensive mining and geological equipment obsolete.

d) Inadequate specialised survey, remote sensing and Laboratory equipment needed for resource surveys, remote sensing and Geo – exploration.

e) Shortage of Technical and specialised staff (Geologists, Geophysicists, Geochemists, Mining Engineers & Mineral Marketers) coupled with high staff turnover.

f) Inadequate transport. The Ministry has not bought any field utility vehicle since its establishment in 2013, to serve the field/regional offices.

g) Inadequate office space. The Ministry has only three floors in the Works Building in Community Area, Nairobi. This is not enough for the growing numbers of staff

h) Inadequate engagement and underfunding by weak institutions eg Mineral Rights Board and the Geological Registration Board.

3.4 State Department for Wildlife

55. The Cabinet Secretary, Ministry of Tourism and Wildlife, Hon. Najib Balala, EGH, appeared before the Committee on Tuesday, 15th May, 2018 to brief it on the Budget Estimates for the FY 2018/2019 for the State Department of Wildlife and informed it as follows, that;

56. The State Department for Wildlife has two programmes: Wildlife Conservation and Management and General Administration, Planning and Support Services.

57. The total State Departments budget for 2018/19 FY is **Ksh. 7,519 Million** comprise of **Ksh. 6,393 Million** for Recurrent Expenditure and **Ksh. 1,126 Million** for Capital Expenditure.

58. **75%** of the recurrent expenditure is utilized for salaries for both the State Department and SAGAs as illustrated:

Table 5

Details	Printed Estimates FY 2017/18	Requirement FY 2018/19	Allocation FY 2018/19	Remarks
1. HQs	96	124	124	Fully provided for
2.KWS	4,359	5,243	4,763	A Shortfall of Kshs. 884 Million to implement SRC categorization. Staff annual increment and medical scheme
3.WCK	25	27	0	A shortfall of Kshs. 27 million for salary.
Total	**4,480**	**5,394**	**4,887**	

59. The 2018/19 FY allocations for Capital Expenditure is **Kshs. 1,126 Million comprising of Kshs. 881 million from GOK and Kshs. 245 million as grant..**

3.4.1 Wildlife Conservation Project List

60. The following is the Wildlife Conservation Project list as illustrated in Table 6 below:

Table 6

Project Code & Project Title		Approved Estimates 2017/18		Requirements 2017/18		Allocations 2018/19	
		Foreign	GoK	Foreign	GoK	Foreign	GoK
1	Modernization of Anti-poaching Technology	0	143	0	600	0	150
2	Human Wildlife Conflict Mitigation Programme (Fences)	0	117	0	400	0	260
3	Ranger Housing Programme	0	84	0	300	0	100
4	Conservation of Biodiversity of Northern Kenya (AFD)	555	15	250	166	245	66
5	Wildlife Resource Centres	0	17	0	70	0	20
6	Kenya Wildlife Conservation Project (KWPC-USAID)	0	0	88	25	0	20
7	Digital Radio	30	0	0	0	0	0
8	Maintenance of Access Roads in National Parks	0	0	0	538	0	250
9	Refurbishment of NSSF Building	0	5	0	0	0	14.5
	Total	**585**	**381**	**338**	**2,099**	**245**	**881**

3.4.2 Priority areas in MTEF that require urgent funding:

1. Salaries and Remuneration Commission (SRC) categorization, staff annual increment and medical scheme- KWS requires **Ksh.884M** to implement these,
2. **Implementations of Presidential directives**:
    a) Claims payable to human wildlife conflict victims amounting to **Ksh.6 Billion.**
    b) Solving of boundary disputes between Kenya Wildlife Service (KWS) and local communities neighboring Tsavo Conservation Area. It is estimated to cost **Ksh.57 Million**

c) Human Wildlife Conflict Mitigation in Taita-Taveta County **Ksh.250 Million** , Kajiado County **Ksh.250 Million,** Ijaara **Ksh. 25 Million and** Meru National Park Fencing **Ksh.60 Million.**

3. Establishment of compensation scheme for victims of human wildlife Conflict at approximately **Ksh. 2 Billion**
4. Construction of Wildlife Research & Innovation Centre- **Ksh.500 Million**
5. Beach Management Programme **Ksh. 250 Million**
6. Establishing roan & sable antelopes Sanctuary, restocking from other countries **Ksh. 50 Million**
7. Implementation of Indian House Invasive Programme **Ksh. 30 Million**
8. Restoring Ecological Integrity of Key Parks (Tsavos, Nairobi, Nakuru, Shimba hills, Abadare, Mt. Kenya and Meru **Ksh. 500 Million**
9. Kenyans for Wildlife and Wildlife for Kenyans education and awareness programme **Ksh. 100 Million**
10. Enhancing security operations in parks and reserves **Ksh. 100 Million**

3.4.3 Pending Bills and commitments Status

i. The total pending bills for the State Department is **Ksh. 12 million**

ii. It relates to refurbishment of NSSF building for State Department for Natural Resources (20th & 21st floors)

iii. The pending bill was occasioned by budget cut due to austerity measures.

4.0 COMMITTEE OBSERVATIONS

i. Ministry of Water and Sanitation

1. The water sector is funded heavily by donors; however donors look at conditions such as pay-back period, net positive value e.t.c before financing the projects, hence the concentration of water projects in towns and urban areas. The government therefore needs to enhance funding towards rural water projects which do not attract donor financing.
2. The National Water Harvesting Authority is undertaking only two projects for the FY 2018/2019. However, its mandate includes spearheading dam construction for water supplies and developing new, retaining existing and expanding bulk water supply service. It is observed that with the prevailing rainy season, the Authority has not demonstrated much activity in harvesting rain water. The Authority has also been experiencing governance issues as there is no Board in place and the CEO has been in acting capacity.
3. The Drilling of Exploratory Boreholes under the Water Resources Management Authority targets to drill boreholes in Turkana and Marsabit. This has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It further duplicates the ground water mapping project being implemented in the same area of Turkana.
4. The Athi River Restoration Programme started in 2015 to be completed in 2020, the programme has a total cost estimate of **Kshs. 2.5 billion** of which expenditure as at March 2018 is **Kshs. 27 million**. However, the Committee noted that the allocation for the project is not in tandem with the project targets, and the minimal allocation towards it is likely to lead to low output and missed targets.
5. Maua Water & Drainage Project started in 2015, and has been completed. However, there is a pending bill of **Kshs. 500 million** which needs to be completed to ensure that the benefits of the project reach the targeted objective.
6. Flood Control and Mitigation project has an actual expenditure of **Kshs. 357 million** against a total cost estimate of **Kshs. 1.65 billion**. Due to erratic climatic conditions, there needs to be sufficient allocation towards construction of dykes in various parts of the country to mitigate against floods.
7. Northern Water Board is covering a large area of the North Eastern, parts of Rift Valley and upper Eastern. Since it does not attract donor funding for its projects, there is need to support the last mile connectivity (water) and model it up to cater for the rural parts of the country
8. Water being one of the main enabler for the attainment of "Big Four Agenda' and in line with Article 43 (1)(d) of the Constitution, there is need for the National Treasury to allocate adequate funds towards the last mile water connectivity across the country.
9. Athi and Tana Water Service Boards both cover Muranga County. It has been noted that the two boards are not aligning their projects to avoid duplication of services

ii. Ministry of Environment and Forestry

1. The recommendations by the taskforce set up to look into forest management resources and logging in the country require to be addressed immediately; however,

there is no provision of funds under the FY 2018/2019 to undertake these recommendations.

2. Currently the country has a forest cover of about 7% which is under threat of degradation. As such, Kenya Forest Service protection unit is grossly under staffed with a ratio of 1 forest ranger covering 1000 hectares of forest against the best practice of 1forest ranger to 400 hectares. To protect the current forest cover effectively, the Service would require hiring an additional 1,500 forest rangers at a cost of **Kshs. 842 million** per annum.

3. The mandate of the Kenya Forestry Research Institute (KEFRI) is crucial in mitigating the problems of climate change. Further, the President while launching the National Tree Planting Day 2018 emphasised that the country must meet the 10% tree cover by 2022. However the current seed production is below the expected 360 million per year required to raise tree cover to 10% by 2022. In FY 2018/19 this activity has an allocation of **Kshs. 25 million**. In order to achieve the President's target, additional **Kshs. 670 million** is required.
4. The Kenya Forest Service and the Kenya Water Tower Agency have mandates that are overlapping. The Committee observed that there is need to encourage and enhance coordination within the Ministry by establishing a framework for the agencies working in the environmental and forestry sector to ensure that they effectively deliver their mandate without duplication.

5. From previous experience with the Green School programme the Committee has noted that the programme was not being implemented as planned, and therefore recommends that the funds towards this project be reallocated to another project;

6. Adaptation fund was established under the Kyoto Protocol of the UN Framework Convention on Climate Change. NEMA has been accredited and financed to a tune of **Kshs. 1 billion**. The Programme is being implemented in 14 counties to respond to effects of Climate Change and will cover sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction. It is however noted that there is no budget provision within the NEMA budget for the FY 2018/2019.
7. With the effect/impact of climate change, there is need to invest in better and modern weather forecasting and early warning systems to provide the Kenya Meteorological Department the capability to give accurate information on future erratic weather patterns to ensure effective adaptation and mitigation measures especially to avoid the damages caused by the flooding experienced in the country. The Department has made commendable efforts in procuring weather forecasting equipment; however, it requires extra **Kshs. 56 million** for routine operation and maintenance of its equipment and systems across the country and a further **Kshs. 48 million** for securing and insuring these equipment.
8. The Kenya Meteorological Department's implementation of several projects under modernization of meteorological services is hampered by budget cuts across financial

years which have contributed to pending bills of **Kshs.427.8 million**. The instruments and equipment are specialized and are custom- made at factory on request.

9. The Government of Japan extended to the Government of the Republic of Kenya Development Assistance (ODA) Grants, of Kshs. 1.25 billion towards the Project of Medical Waste and Hazardous Waste Appropriate Processing Plant in Nairobi. However, the Government of Kenya is to provide for the land in which the facility is to be put up but there has been no allocation to the purchase of the land since the FY 2015/2016.
10. Waste disposal is not recognized as a land use hence limited or no land is set aside for waste management. The Ministry of Environment and Forestry should work on a stand-alone legislation on waste management which will force the counties to comply to the standards;
11. There is need to balance budgetary allocations to different sectors and invest in environment and forestry as it is a major pillar in achieving the country's vision 2030.

iii. State Department for Mining

1 The Committee notes that with a budgetary allocation of **Kshs. 1.6 billion** out of which development budget is **Kshs. 509 million,** the State Department for Mining is grossly under-funded. The Department is currently contributing 0.9% to the G.D.P which is expected to increase to 10% by 2030. The mining sector is also the highest potential revenue earner for the country and it targets revenue collection of **Kshs. 2.5 billion** for the FY 2018/2019 from royalties. The committee further notes that with enhanced funding, the state department has the potential to achieve the 10% to GDP target before the year 2030

2 The Department's budget of **Kshs. 2,023,508,130** which is a loan from the China Exim Bank to undertake the National Airborne Geo-physical Survey was withdrawn from the state department's budget. However, the Committee expressed its concern in the lack of funding and the delay in implementation of this project despite its importance

iv. Ministry of Tourism and Wildlife

1. The Committee noted that the last ranger recruitment by Kenya Wildlife Service was conducted in 2015 in which 1,200 rangers were recruited, however KWS requires 1,000 additional rangers.
2. There is a shortfall of **Kshs. 884 million** to implement the salaries and remuneration commission categorization, staff annual increment and medical scheme.
3. The human wildlife conflict has been a major concern for the State Department with a current pending bill of **Kshs. 6 billion** in claims. However, the State Department has an allocation of **Kshs. 525 million** against a requirement of **Kshs. 15 billion** for the FY 2018/2019. In the FY 2017/2018, the State Department had an allocation of **Kshs. 612 million**.

5.0 COMMITTEE RECOMMENDATIONS

i. State Department for Water and Sanitation

1. National Water Harvesting Authority has a national mandate of bridging the gap between the demand and supply of water which is in line with our Constitution and Vision 2030. There is therefore need to operationalize the mandate of the Authority as envisaged in the Water Act, 2016
2. In addition, the committee recommends fixing the governance issue under the Authority immediately to provide strategic direction to the Authority. Subsequently, there is need to revamp its capacity through enhanced budgetary allocation to invest in water harvesting activities.
3. An allocation of **Kshs. 500 million** towards the Maua water & drainage project to settle the pending bills.
4. An allocation of **Kshs. 500 million** to Northern Water Service Board to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.
5. An allocation of **Kshs. 1 billion** towards the last mile water connectivity across the country to provide clean, safe and adequate water for kenyans.
6. There is need to have Muranga County under the jurisdiction of one Water Service Board to avoid duplication of services and overlaps of activities.

ii. Ministry of Environment and Forestry

1. In order to disseminate weather and climate information for decision making at grass-root level, the meteorological department decentralized its service to the county and deployed County Meteorological Personnel to its field observation stations. The committee therefore recommends allocation of **Kshs. 70.5 million** for the operations of disseminating the weather products at the counties.

2. Allocate the Kenya Meteorological Department additional **Kshs. 427.8 million** to clear pending bills most of which were as a result of budget cuts. The Department further requires **Kshs. 56 million** for Maintenance of Equipment and further allocation of **Kshs. 48 million** for securing and insuring the high cost equipment the department has invested in
3. The allocation of **Kshs. 842.86 million** for the recruitment of 1,500 forest rangers as part of the implementation of the recommendations by the taskforce

4. **Kshs. 200 million** to be allocated for purchase of land for the Medical Waste and Hazardous Waste Recycling Facility. The Government of Japan may withdraw the support to the project that is to be constructed by a grant that is extended to Government of Kenya;

5. The Committee recommends additional **Kshs. 240 million** to improve tree seed production capacity at KEFRI for the FY 2018/2019 to contribute towards meeting the 10% tree cover by 2022. The Committee further recommends enhanced

budgetary support to KEFRI to meet the increasing demand and considering the central role of research in development of forestry and allied natural resources.

6. The Adaptation Fund allocation for FY 2018/2019 be released to NEMA so as to facilitate projects implementation in 14 counties to respond to effects of Climate Change in sectors like water management, food security, agroforestry, coastal and mangrove ecosystems and disaster risk reduction.

iii. State Department for Mining

1. The Committee recommends allocating adequate funds to the State Department for Mining which is expected to contribute 10% to the G.D.P before the year 2030.

2. The committee recommends unlocking the **Kshs. 2,023,508,130** donor funds to facilitate the National Airborne Geophysical Survey for mapping of the mineral resources in the country which will further enhance the state departments potential to reach the 10% contribution to the GDP before the Vision 2030 target.

iv. State Department for Wildlife

1. The Committee recommends that the National Treasury should fund the recruitment of 1,000 rangers by KWS.
2. The Committee recommends that the Department gets adequate funding to clear the outstanding money in form of compensation for human wildlife conflict. Further, the Committee recommends that a long lasting solution and more sustainable mitigation measures such as fencing of the parks be addressed as a matter of urgency.
3. Further, the Department should be funded to provide strategic water points in the rangelands to mitigate the Human Wildlife Conflict.
4. The National Treasury should provide **Kshs. 884 million** for the implementation of SRC categorization, staff annual increment and medical scheme for the Department.

Re-Allocations Schedule

Ministry of Water and Sanitation

1. Re-allocate **Kshs. 150 million** from Drilling of exploratory boreholes for Turkana and Marsabit under the Water Resource Management Programme as follows:
    iii **Kshs. 110 million** to Athi Water Services Board as an additional funding towards the Nairobi City regeneration under the water and sewerage infrastructure development Programme.
    iv **Kshs. 40 million** to Lake Victoria South Water Service Board as an additional funding for the Water Harvesting Program under the Water and Sewerage Infrastructure Development

2. **Kshs. 50 million** re-allocation from Athi River Restoration Programme under the Water Resource Management Programme to Tanathi Water Service Board as an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and

Sewerage Infrastructure Development Programme. This is a project that covers Kajiado and Machakos Counties and has a 200 KM pipeline length from Mt. Kilimanjaro.

Ministry of Environment and Forestry

1. Re-allocate **Kshs. 450 million** from the School Greening Program as follows:
   i. **Kshs. 100 million** to Urban Rivers Rehabilitation Project under the Environment Management and Protection Programme in the Ministry of Environment and Forestry. This is aimed at rehabilitating urban rivers to restore their former pristine nature.
   ii. **Kshs. 150 million** to Northern Water Service Board under the Ministry of Water and Sanitation to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas.
   iii. **Kshs. 160 million** to Tana Water Service Board under the Ministry of Water and Sanitation for rehabilitation of water supplies and last mile water connectivity.
   vi. **Kshs. 40 million** to Rift Valley Water Service Board under the Ministry of Water and Sanitation for rehabilitation of water supplies and last mile water connectivity.
2. Re-allocate **Kshs. 100 million** from the Community Livelihood Improvement Programme (CLIP) under the Forests and Water Towers Conservation Programme to Imarisha Lake Naivasha Project under the Environment Management and Protection Programme to conserve and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.

3. Re-allocate **Kshs. 50 million** from the Mitigation and Management of Soil Loss under the Forests and Water Towers Conservation Programme to Nairobi River Rehabilitation Project under the Environment Management and Protection Programme towards the objective of rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.

ANNEX IV/V

REDUCTION AND REALLOCATION TABLES

i. **Areas of reduction in the Ministry of Environment and Forestry (Kshs. in Millions)**

Table 1

Sub-Programme	Head/Project	Amount allocated	Amount to be reduced	Justification
Forests and Water Towers Conservation and Management	School Greening Programme	450	450	The programme was not being implemented as planned in the previous years.
Forests and Water Towers Conservation and Management	Mitigation & Management of Soil Loss under KWTA	265	50	The allocation has been reduced so as to assess the output to be achieved in the FY. Further consideration to be made in subsequent financial year.
Forests and Water Towers Conservation and Management	Community Livelihood Improvement Programme (CLIP)	344	100	There are similar activities in another programme under the ministry.
TOTAL			**600**	

ii. **Areas of increment (Kshs in Millions)**

Table 2

Sub-Programme	Head/Project	Amount allocated in millions	Amount to be Increased in millions	Justification
Environment Management and Protection	Urban Rivers Rehabilitation Project	**184**	**100**	This is aimed at rehabilitating urban rivers to restore their former pristine nature.
Environment Management and Protection	Imarisha Lake Naivasha Project	**70**	**100**	This is aimed at conserving and rehabilitate Lake Naivasha in further support to the industrial park initiated to be built in the FY 2018/2019 budget.
Environment Management and Protection	Nairobi River Rehabilitation Project	**60**	**50**	This is aimed at rehabilitating and protecting 100 KM stretch of the river to near pristine conditions.
Total			**250**	

NB: The extra Kshs. 350 million has been reallocated to water as shown in table 4 below.

iii. **Areas of reduction in the Ministry of Water and Sanitation (Kshs. in Millions)**

Table 3

Sub-Programme	Head/Project	Amount allocated	Amount to be reduced	Justification
Water Resource Management	Drilling of Exploratory Boreholes for Turkana and Marsabit	150	150	This has been a continuous/ moving target under the State Department since the FY 2014/2015 with no tangible outputs. It further duplicates the ground water mapping project being implemented in the same area of Turkana.
Water Resource Management	Athi River Restoration Programme	50	50	The allocation for the project is not in tandem with the project targets, and the minimal allocation towards it is likely to lead to low output and missed targets.
TOTAL			**200**	

iv. **Areas of increment (Kshs in Millions)**

Table 4

Sub-Programme	Head/Project	Amount allocated in millions	Amount to be Increased in millions	Justification
Athi Water Services Board	Nairobi City regeneration program	**0**	**110**	This is aimed at rehabilitating the sewerage infrastructure.
Lake	Water	**55**	**40**	This is an as an additional

Victoria South Water Services Board	Harvesting Program			funding for the Water Harvesting Program.
Tanathi Water Service Board	Nolturesh Water Supply	**20**	**50**	an additional funding towards the rehabilitation of the Nolturesh Water Supply under the Water and Sewerage Infrastructure Development Programme.
*Tana Water Service Board	Small Towns and Rural WSS	**0**	**160**	For rehabilitation of water supplies and last mile water connectivity.
*Rift Valley Water Service Board	Rift Valley Water Distribution Improvement Project	**0**	**40**	For rehabilitation of water supplies and last mile water connectivity
*Northern Water Service Board	Kenya Towns Sustainable Water Supply and Sanitation Programme (Marsabit and Mandera Towns)	**50**	**150**	This is to initiate government funded water harvesting projects to improve access to safe water in the Northern dry areas
TOTAL			**550**	

- **Reallocation from Ministry of Environment and Forestry**

Lucy

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE
ON
SPORTS, CULTURE AND TOURISM

REPORT ON THE SCRUTINY OF THE 2018/2019 BUDGET ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1204 - Ministry of Tourism and Wildlife

Vote 1132 - State Department for Sports

Vote 1134 - State Department for Heritage

DIRECTORATE OF COMMITTEE SERVICES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI **MAY, 2018**

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1.0 Preface

Mr. Chairman,

On behalf of the Departmental Committee on Sports, Culture and Tourism and pursuant to provisions of standing order number 207 (6), it is my pleasant privilege and honor to present to the Budget and appropriations Committee the report of the Committee on its Considerations of the annual estimates of 2018/19 and the medium term.

1.1 Mandate of the Committee

The Departmental Committee on Sports, Culture and Tourism is one of the fifteen departmental committees of the House established pursuant to Article 124 of the Constitution of Kenya 2010 and Standing Order 216 of the National Assembly and mandated to:

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

(b) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.

(c) 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 inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;

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

(g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Departmental Committee on Sports, Culture and Tourism oversights the following Ministries/Departments/Agencies:

1. State Department for Sports Development
2. State Department for Heritage
3. Ministry of Tourism and Wildlife

1.2 Committee Membership

Chairperson The Hon. (Dr.) Victor Kioko Munyaka, M.P

Vice Chairperson The Hon. (Dr.) Korei Ole Lemein, M.P.

The Hon. Christopher Omulele, MP

The Hon. (Dr.) Christine Ombaka, MP

The Hon. Cyprian Kubai Iringo, M.P

The Hon. Jones Mlolwa, MP

The Hon. Daniel Wanyama Sitati, M.P.

The Hon. Benard Masaka Shinali, M.P.

The Hon. (Prof.) Jacqueline Oduol, MP

The Hon. (Dr.) Tecla Chebet Tum, M.P

The Hon. Jane Jepkorir Kiptoo Chebaibai, M.P

The Hon. Lydia Haika Mnene Mizighi, M.P.

The Hon. George Risa Sunkuyia, M.P.

The Hon. Annie Wanjiku Kibeh, M.P.

The Hon. Sylvanus Maritim, M.P.

The Hon. Jeremiah Lomurukai, MP

The Hon. Charles Ngusya Nguna, MP

The Hon. Titus Mukhwana Khamala, MP

1.3Committee Secretariat

Third Clerk Assistant	-	Hellen Kina
Third Clerk Assistant	-	Fredrick Otieno
Legal Counsel II	-	Clara Kimeli
Research Officer III	-	Vitus P.O Owino
Fiscal Analyst	-	Catherine Gati
Media Relations Officer	-	James Macharia
Sergeant At-Arms	-	Sheila Chebotibin

2.0 Overview of the examination of the Estimates

The Budget estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya and Standing Order 235 and subsequently tabled on the floor of the House on 3rd May 2018.

The Committee held a total of five (5) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held a total of five consultative meetings with the spending agencies in its purview.

The agencies include Ministry of Tourism and Wildlife- Vote- 1204, State Department for Heritage- Vote 1134 and State Department for Sports- Vote 1132.

2.1 COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

COMMITTEE OBSERVATIONS

In its consultations and deliberations, the Committee made the following observations, THAT:

1. Consultative meetings between line Ministries and National Treasury were held prior to the budget cuts. This was clarified by the representative of the National Treasury.
2. The National Treasury had not adhered to the ceilings of the 2018 Budget policy statement as is the requirement of the Public Finance Management Act, 2012;
3. The name of the fund 'Tourism Fund' had been changed to be called Tourism Transformation Fund; this fund currently held at the _____
4. The Cabinet had unlocked the Tourism Fund established in the Kenya Airport Authority to allow the tourism sector benefit from the funding. The

fund had accumulated up to **Kshs 6 billion** by February, 2018 and this would help in financing the sector;

5. The agencies had accumulated pending bills of up to **Kshs. 1.522 billion** (Sports), **Kshs. 513.98 million** (Heritage) **and Kshs. 1.596 billion** (Tourism);
6. The funds to the agencies were not disbursed on a timely basis and this occasioned pending bills and delayed implementation of projects; and
7. In the financial year 2017/18 the state departments had suffered massive budget cuts during the supplementary estimates I and II. This had hampered project implementation and attainment of the pre-planned targets of the State Departments and ministry.
8. The spending agencies had been underfunded especially on the development votes.
9. Only **Kshs 250 million** had been allocated for the Regional stadia out of the required **Kshs 1,094 million.**

2.2 RECOMMENDATIONS

After a careful scrutiny and deliberations the committee recommends;

THAT;

2.2.1 Ministry of Tourism and Wildlife

A. Policy Recommendations

1. Being a productive sector of the economy, major foreign exchange earner, an enabler in the attainment of the government Big Four Priority Agenda

and a significant contributor to the economy, there is need to revamp the sector in order to realise the unexploited potential.

2. The National Treasury needs to consult widely with the State Department of Tourism throughout the budget cycle and before effecting any budget cuts, as random budgetary cuts could seriously hamper the priority programs and operations of the department
3. The State Department of Tourism needs to evaluate its costing estimates when mapping out its priority projects as when resources needs do not match projected revenues, budget cuts are inevitable.
4. There was need for the Ministry to fast track the establishment of a regulatory framework to operationalize the tourism transformation fund. This would address the financing gaps currently experienced.
5. There is need for the National Treasury to disburse funds to the Ministry in timely basis. This would enhance the performance of the sector and implementation of programs in time.
6. The State Department of Tourism shall endeavor to undertake proper feasibility studies before undertaking any new projects and before implementing these projects.
7. There is urgent need for completion of the Ronald Ngala Utalii college to adhere to the recommendations of the Public Investments Committee.
8. The Committee recommends that, the Ministry should not start any new projects until the ongoing ones are completed.

B. Financial Recommendations

Reallocations

1. **Kshs 26 million be reallocated from 12041001011- Tourism recovery and this is allocated to the Ushanga Kenya Initiative.**
2. **Reallocate Kshs 200 million from Mama Ngina waterfront development and allocate it to the Ushanga Kenya Initiative**
3. **Reallocate Kshs 100 million from the project 'Improve Tourism Institutional framework' and allocate it to the Ushanga Kenya Initiative**
4. **Reallocate Kshs 100 million from the Nairobi Railway Museum and allocate this to the Ushanga Kenya Initiative.**

Additional Request for Funding

1. The National Treasury allocates **Kshs 1.596 billion** to cater for the accumulated pending bills that have accumulated in the Ministry

2.2.2 State Department for Heritage

A. Policy Recommendations

1. There is need for the national Treasury to disburse funds to the state department in time to reduce accumulation of pending bills.
2. The State Department involves the Public service commission in order to recruit and employ new staff.
3. The state department had a shortage of 854 technical staff and this hampered the service delivery in the Department.
4. There is need for the State Department of Heritage to fully implement the recommendations of the report of the Public Accounts Committee for the

Financial Year 2013/14, and that of the Public Investments Committee contained in the 20th and 21st Reports.

B. Financial Recommendations

1. There is need for the National Treasury to increase the allocation to the department by **Kshs 513 million** to cater for pending bills, out of which **Kshs 452 million** relates to pension arrears for the national Museum of Kenya and **Kshs 61 million** is meant for other merchant and obligatory bills.
2. There is need for the National Treasury to allocate **Kshs 25 million** to facilitate recruitment and employment of new staff in the current financial year.
3. There is need for the National Treasury to allocate to the State department and additional **Kshs 1,052 million** to cater for recurrent expenditure.

2.2.3 State Department for Sports

A. Policy Recommendations

1. There is need for the National Treasury to consult widely with the state department before effecting any budgetary cuts.
2. There is need to revamp the sports sector by increasing budgetary allocation to the Department.

B. Financial recommendations

Additional Request for Funding:

1. **CHAN projects**: There is need for the National Treasury to allocate **Kshs 2.354 billion** to cater for the accumulated pending Bills of **Kshs 1.119 billion** arising from the pending certificates and **Kshs 1.235 billion** to cater for works in progress respectively. *(See attached annex for detailed costs)*

2. **National Sports Lottery**: There is need for the National Treasury to increase the allocation by **Kshs 530.4 million.** This would fully operationalize the lottery.
3. **Regional Stadia:** There is need for the National Treasury to allocate **Kshs 33.4 million** to cater for pending bills that had accumulated from the parts of the works completed at the Kamariny Stadium (Elgeyo Marakwet County) **(Kshs 22.6 million)** and the Kipchoge Stadium **(Kshs 10.7 million).**

   There is need for the National Treasury to increase the allocation to the refurbishment of the regional stadia by **Kshs 844 million.** *(See attached annex for the detailed requirement for this financial year)*
4. **Cash Awards:** there is need for the National Treasury to allocate **Kshs 147 million** to be used to pay off the pending honors to athletes which dates back to the year 2010.
5. There is need to increase the development allocation to the state department by **Kshs 560 million,** ;out of which **Kshs 448 million** is meant for the clearance of the accumulated pending bills at the construction of an ultra-modern national library; **Kshs 40 million** for the rehabilitation and upgrade of the Tom Mboya Memorial; **Kshs 40 million** for the rehabilitation and upgrade of Kapenguria 6 Facility/Museum, **Kshs 16 million** for the rehabilitation and upgrade of Lokitaung Memorial and **Kshs 16 million** for the rehabilitation and upgrade of Maralal Kenyatta House.

3.0 Acknowledgements

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 and the Ministry under its purview for their participation in scrutinizing the 2018/2019 Budget Estimates.

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

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Sport, Culture and Tourism, to submit its Report on the scrutiny of the 2018/2019 Budget Estimate.

Signature: .....

Date: 24/05/2018

(THE HON. (DR.) VICTOR MUNYAKA, M.P.)
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS, CULTURE AND TOURISM

PART II

4.0 BROAD OVERVIEW OF THE ESTIMATES.

The Budget estimates have been prepared at a time when the Government is geared towards promoting and achieving its Big four (4) agenda. It is worth noting that, these sectors contribute to the growth of the economy. For instance Tourism contributes to 10% of Kenya's GDP and 9% of country's total formal employment. The Tourism sector is a major enabler of the big four agenda as it generates revenue that funds the big four agenda.

The sporting activities are as well enablers of the attainment of a universal health care.

The Budget estimates has been prepared at time when the Tourism sector is experiencing increased revenue generated despite the experienced political tensions especially in the year 2017. In 2017 the Tourism sector reported post earnings of **Kshs 120 billion** an increase from **Kshs 99.66 billion** earned in the year 2016. The latest statistics released by the Ministry show that international arrivals increased by 9.8% to 1.4 million from 1.3 million tourists recorded in 2016.

It is during this financial year that the national carrier, Kenya Airways will commence direct flights to the United States of America. This will be a shortest route to the continent (USA) which is the leading tourist market for Kenya.

It is during this financial year when the biggest sporting activity, the world cup will be held in Russia. The 2018 FIFA world cup will be the 21st FIFA world cup; it is scheduled to take place in Russia from 14 June to 15 July 2018.

4.1 VOTE BY VOTE REVIEW

4.1.1 Ministry of Tourism and wildlife- Vote 1204

This is a new ministry that has lumped together Tourism and wildlife. The ministry has three programmes namely; Trade development and promotion, Tourism development and promotion and wildlife conservation and management. Under this ministry, the Committee is in charge of the programme 'tourism development and promotion'.

Following the 75% development budget cuts earlier in the year, the ministry could not meet its planned performance targets. Unpredictable exchequer releases has also negatively affected budget execution.

In the financial year 2018/19 the programme has been allocated **Kshs 5,288 million** of which **Kshs 2,668 million** is for recurrent expenditure while **Kshs 2,620 million** is for development expenditure.

The Ministry has pending bills amounting to **Kshs. 1.596 billion** as at 31st March, 2018.

Tourism is expected to play a lead role in attainment of:

(a) Envisaged 10% growth under the economic pillar of Kenya vision 2030,

(b) Sustainable Development Goals 8,12, 14 and 15

(c) Aspiration 1 and 5 of the AGENDA 2063, and

(d) Be an enabler to the attainment of the governments Big four.

However, this is not feasible at the current funding levels of **Kshs 5.3 billion** considering that the sector earned **Kshs 119.9 billion** in 2017 alone.

As a productive sector of the economy, major foreign exchange earner and a significant contributor to GDP, Tourism funding should be enhanced to maximize realization of it enormous but largely unexploited potential.

OBSERVATIONS:

THAT:

- The allocation of **Kshs 5,288 million** to the programme does not meet the resource requirements of the programme in the Ministry which is **Kshs 13,747 million**.
- The Ministry has pending bills amounting to **Kshs 1.596billion** as at 31st March, 2018
- The programme had recorded a very high absorption rate and this attributed to the timely disbursement of funds as well as efficient procurement plans in the ministry.
- The Cabinet had unlocked the tourism fund established in the Kenya Airport Authority to allow the tourism sector benefit from the funding. The fund had accumulated up to **Kshs. 6 billion** by March, 2018 and this would help in financing the sector. Once the tourism transformation fund is fully operationalized the financing gaps in the programme will be adequately addressed.
- The name of the Bomas International Convention and Exhibition Centre had been changed to Nairobi Conventional and Exhibition Centre.
- A special report on the Implementation of the Tourism Fund's Ronald Ngala Utalii College Project in Kilifi County by the Public Investment Committee had recommended that all parties involved in the project work together to ensure the successful implementation of the project, not later than 19th June,

2018 as per the signed contract and the subsequent addendums issued on 14th May, 2013 and 25th August 2014, respectively.

4.1.2 State Department for Heritage- Vote 1134

The State Department was in the previous financial years known as the State Department for Arts and Culture, vote number 1133. The state department has a total of four programmes namely; Arts, Culture, Library services and General administration and support services.

The State Department has seven departments and five semi-autonomous government agencies (SAGAs). The departments are: Culture and arts, permanent presidential music commission, Kenya national archives and documentation services, library services, public records and information management, film services and headquarters. The state corporations are national museums of Kenya, Kenya cultural Centre, Kenya film Commission, Kenya film classification Board and Kenya national library service

In the financial year 2018/19 the State Department has been allocated a total of **Kshs 3,799.9 million**. Out of this amount **Kshs 2,948.8 million** is meant for recurrent expenditure whereas **Kshs 851.6 million** is meant for development expenditure.

A review of the State Department's budget reveals that the resource requirement for the department was **Kshs 9,219.2 million**; **Kshs 5,729.8 million** recurrent and **Kshs 3,489.4 million**, development.

In spite of the low budgetary allocations that the State Department has received in recent years, the State Department has strived to avoid incurring unnecessary

pending bills. However, the National Museums of Kenya (NMK) has got a historical pending bill of **Kshs. 452,650,160** as a result of unpaid pension arrears and a further **Kshs. 61,330,606** arising from merchant and obligatory bills.

OBSERVATIONS:

The Committee observed that:

- The allocation to the State Department was way below the resource requirements. This would hamper the implementation of programmes in the state department.
- The inadequate financing and delayed budget release had resulted into un-achievement of pre-planned targets by the state departments.
- The inadequate funding and untimely release of funds from the exchequer account had caused accumulation of pending bills.
- The state department had over 80 % of staff who were due for retirement in the next four years.
- The State Department has a historical pending bill of **Kshs. 452,650,160** as a result of unpaid pension arrears and a further **Kshs. 61,330,606** merchant and obligatory bills under the National Museums of Kenya.
- The Construction of an ultra-modern National Library was to be completed in November 2018; however this may not be achieved due to persistent budget cuts that have led to accumulation of pending bills.

4.1.3 State Department for Sports- Vote 1132

The overall objective of the State Department is to improve sports performance in Kenya. The State Department has two technical departments and four semi-autonomous agencies. The departments are Sports Development Department and

office of the Sports Registrar. The SAGAs are Sports Kenya, Kenya academy of sports, National sports Fund and Anti-doping Agency of Kenya.

During the current F/Y 2017/18, the State Department was allocated a total budget of **Kshs. 3,028 million** with the development budget of **Kshs. 560 million** and recurrent budget of **Kshs. 2,468 million.**

In Supplementary I, the total budget was reviewed to **Kshs. 6,698 million** of which recurrent was **Kshs. 3,748 million** and development was **Kshs. 2,950 million.**

The Budget was further revised to **Kshs. 4,791 million** in Supplementary II 2017/2018 FY, of which recurrent budget is **Kshs. 2,544 million** while development was **Kshs. 2,247 million.**

The State Department has one programme called the sports development. In the financial year, the State Department has been allocated a total of **Kshs 2,208 million** out of this **Kshs 1,608 million** is meant for recurrent expenditure and **Kshs 600 million** is for development expenditure.

The total outstanding bills due to the State Department for 2016/17 and other previous years totals to **Kshs. 403 Million** which comprises of:

i. Cash awards - **Kshs 147 million**
ii. Supplies of goods, services - **Kshs 256 million** all of which are recurrent. Approximately 50% i.e. Kshs 128 Million relate to air tickets arising from many sporting disciplines participating in international events.

It is notable that these pending bills have been presented to the National Treasury for consideration under supplementary estimates 2.

A total of Kshs 138 million of these bills relate to 2016/17. The State Department has undertaken considerable measures towards reducing these bills which include:

i. Arrangements with KQ for a pre-paid contract on air tickets
ii. Communicating budgets ceilings to federations for alternative financing of sporting events.

Other commitments relates to pending certificates for completed works on both CHAN and regional stadia projects which to date totals to **Ksh.1,119,619,981.** This was attributed to inadequate budgetary provisions and budget cuts during the year under review.

During the year under review, the financial and non-financial performance of the State Department and its Agencies was adversely affected by Budget reductions and austerity measures and the prolonged election period.

The establishment of a National Sports Lottery has been ongoing but has not taken off due to inadequate funding. The project requires a one-off allocation of **Kshs. 600 Million** so as to be operationalized. It is expected that once the lottery is operational, the National Sports Fund will fund sporting activities in Kenya.

OBSERVATIONS:

The Committee observed that:

- The State Department had suffered serious budget cuts in the financial year 2017/18 especially for the development expenditure.
- That the State Department had accumulated up to **Kshs 1,119 million** as pending bills in relation to pending certificates for completed works on both CHAN and regional stadia projects. This was attributed to inadequate budgetary provisions and budget cuts during the year under review.
- Most projects had not been completed due to financing delays as well as inadequate funding.

- There were pending cash awards of **Kshs 147 million** meant for athletes that had not been honored.
- The project 'stadia infrastructural upgrading and development' had not been funded in the financial year 2017/18, despite the fact that most works were ongoing at the various stadia.
- The operationalization of the National sports Lottery would in the long run help in curbing the financing gaps in the state department. The project requires a one-off allocation of **Kshs. 600 Million** so as to be operationalized.
- There were several international competitions that were coming up in the financial year 2018/19 onwards and these required additional funding to enable teams participate in the competitions.

COMMITTEE RECOMMENDATIONS

After a careful scrutiny and deliberations the committee recommends;

THAT;

2.2.1 Ministry of Tourism and Wildlife

C. Policy Recommendations

1. Being a productive sector of the economy, major foreign exchange earner, an enabler in the attainment of the government Big Four Priority Agenda and a significant contributor to the economy, there is need to revamp the sector in order to realise the unexploited potential.
2. The National Treasury needs to consult widely with the State Department of Tourism throughout the budget cycle and before effecting any budget cuts,

as random budgetary cuts could seriously hamper the priority programs and operations of the department

3. The State Department of Tourism needs to evaluate its costing estimates when mapping out its priority projects as when resources needs do not match projected revenues, budget cuts are inevitable.
4. There was need for the Ministry to fast track the establishment of a regulatory framework to operationalize the tourism transformation fund. This would address the financing gaps currently experienced.
5. There is need for the National Treasury to disburse funds to the Ministry in timely basis. This would enhance the performance of the sector and implementation of programs in time.
6. The State Department of Tourism shall endeavor to undertake proper feasibility studies before undertaking any new projects and before implementing these projects.
7. There is urgent need for completion of the Ronald Ngala Utalii college to adhere to the recommendations of the Public Investments Committee.

D. Financial Recommendations

<u>Reallocations</u>

1. **Kshs 26 million be reallocated from 12041001011- Tourism recovery and this is allocated to the Ushanga Kenya Initiative.**
2. **Reallocate Kshs 200 million from Mama Ngina waterfront development and allocate it to the Ushanga Kenya Initiative**
3. **Reallocate Kshs 100 million from the project 'Improve Tourism Institutional framework' and allocate it to the Ushanga Kenya Initiative**

4. **Reallocate Kshs 100 million from the Nairobi Railway Museum and allocate this to the Ushanga Kenya Initiative.**

Request for Additional Funding

1. The National Treasury allocates **Kshs 1.596 billion** to cater for the accumulated pending bills that have accumulated in the Ministry

2.2.2 State Department for Heritage

A. Policy Recommendations

1. There is need for the national Treasury to disburse funds to the state department in time to reduce accumulation of pending bills.
2. The State Department involves the Public service commission in order to recruit and employ new staff.
3. The state department had a shortage of 854 technical staff and this hampered the service delivery in the Department.
4. There is need for the State Department of Heritage to fully implement the recommendations of the report of the Public Accounts Committee for the Financial Year 2013/14, and that of the Public Investments Committee contained in the 20th and 21st Reports.

B. Financial Recommendations

1. There is need for the National Treasury to **Kshs. 452,650,160** to cater for the unpaid pension arrears and further **Kshs. 61,330,606** to cater for merchant and obligatory bills under the National Museums of Kenya
2. There is need for the National Treasury to allocate **Kshs 25 million** to facilitate recruitment and employment of new staff in the current financial year.

3. There is need for the National Treasury to allocate to the State department and additional **Kshs 1,052 million** to cater for recurrent expenditure.
4. There is need to increase the development allocation to the state department by **Kshs 560 million,** ;out of which **Kshs 448 million** is meant for the clearance of the accumulated pending bills at the construction of an ultra-modern national library; **Kshs 40 million** for the rehabilitation and upgrade of the Tom Mboya Memorial; **Kshs 40 million** for the rehabilitation and upgrade of Kapenguria 6 Facility/Museum, **Kshs 16 million** for the rehabilitation and upgrade of Lokitaung Memorial and **Kshs 16 million** for the rehabilitation and upgrade of Maralal Kenyatta House.

2.2.3 State Department for Sports

A. Policy Recommendations

1. There is need for the National Treasury to consult widely with the state department before effecting any budgetary cuts.
2. There is need to revamp the sports sector by increasing budgetary allocation to the Department.

B. Financial recommendations

Request for Additional Funding.

1. **CHAN projects**: There is need for the National Treasury to allocate **Kshs 2.354 billion** to cater for the accumulated pending Bills of **Kshs 1.119 billion** arising from the pending certificates and **Kshs 1.235 billion** to cater for works in progress respectively. *(See attached annex for detailed costs)*

2. **National Sports Lottery**: There is need for the National Treasury to increase the allocation by **Kshs 530.4 million.** This would fully operationalize the lottery.
3. **Regional Stadia:** There is need for the National Treasury to allocate **Kshs 33.4 million** to cater for pending bills that had accumulated from the parts of the works completed at the Kamariny Stadium (Elgeyo-Marakwet County) **(Kshs 22.6 million)** and the Kipchoge Stadium **(Kshs 10.7 million).**

   There is need for the National Treasury to increase the allocation to the refurbishment of the regional stadia by **Kshs 844 million.** *(See attached annex for the detailed requirement for this financial year)*
4. **Cash Awards:** there is need for the National Treasury to allocate **Kshs 147 million** to be used to pay off the pending honors to athletes which dates back to the year 2010.

Annexes

(a) Minutes

(b) Submission by Parliamentary Budget Office

(c) Submissions by the MDAS

(d) List of Pending Bills and projects

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT- SECOND SESSION

REPORT OF THE DEPARTMENTAL COMMITTEE ON ENERGY

ON THE CONSIDERATION OF THE 2018/19 BUDGET ESTIMATES

DIRECTORATE OF COMMITTEE SERVICES
THE NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI

MAY 2018

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Annex III submission by the MDAs

Annex IV a table of detailed project list reconcilable with the capital budget

Annex V a table showing list of donor funded projects showing how much is externally funded and the amount to be contributed for counterpart funding

1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Energy and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the proposed Annual Estimates for Financial Year 2018/19.

2.0 MANDATE AND MEMBERSHIP OF THE COMMITTEE

2.1 Mandate

The Departmental Committee on Energy is established in accordance with the provisions of Standing Order 216 of the National Assembly. Its mandate as provided for in S.O. 216(5) is to *inter-alia*:-

i. Oversight over the day to day running and administration of Ministries, Departments and Agencies under its purview;

ii. Consider Estimates of the said Ministries, Departments and Agencies;

iii. Consider relevant legislation and recommend enactment of laws; and,

iv. Carry out vetting of State/Public Officers as required by law.

2.2 Membership

The Departmental Committee on Energy of the National Assembly comprises;

1. The Hon. David Gikaria, MP – Chairperson
2. The Hon. (Dr.) Robert Pukose, MP – Vice Chairperson
3. The Hon. Cecily Mbarire, M.P.
4. The Hon. Lemanken Aramat, M.P.
5. The Hon. Oscar Sudi, Kipchumba, M.P.
6. The Hon. Ekomwa Lomenen James, M.P.
7. The Hon. Vincent Musyoka Musau, M.P.
8. The Hon. Abdikhaim Osman Mohamed, M.P
9. The Hon. Joseph Wathigo Manje, M.P.
10. The Hon. Amina Gedow Hassan, M.P
11. The Hon. Clement Muturi Kigano, M.P.
12. The Hon. Gitau Faith Wairimu, M.P.
13. The Hon. Walter Owino, MP

14. The Hon. Ken Chonga, MP
15. The Hon. Elisha Odhiambo, MP
16. The Hon. Mohammed Ali Lokiro, MP
17. The Hon. Julius Musili Mawathe, MP
18. The Hon. Tindi Nicholas Mwale, MP
19. The Hon. Elsie Muhanda, MP

2.3 Committee Secretariat

1.	Lead Clerk	-	Mr. Benjamin Magut
2.	Clerk Assitant III	-	Mr. Douglas Katho
3.	Legal Counsel II	-	Ms. Brigitta Mati
4.	Research Officer III	-	Mr. David Ngeno
5.	Fiscal Analyst	-	Mr. Moge Yusuf
6.	Media Relations Officer	-	Mr. Joseph Okongo
7.	Sergeant At-Arms	-	Ms. Sheila Chebotibin
8.	Audio Officer	-	Mr. John Nganga

3.0 OVERVIEW OF THE EXAMINATION OF THE ESTIMATES

Following the referral of the Estimates to the Departmental Committees, the Committee on Energy held its meetings in Mombasa to scrutinize budget estimates for financial year 2018/19 for the Ministries , State departments and Agencies under its Purview.

The Departmental Committee on Energy was briefed by the Parliamentary Budget Office on the proposed 2018/19 Estimates with regard to the Votes under its purview, namely, the State Department for Energy and the State Department for Petroleum.

Thereafter, the Committee met with the two State Departments as well as various Semi-Autonomous Government Agencies SAGAs) falling under it to deliberate and interrogate the proposed Budget Estimates for the FY 2018/19. After deliberations the Committee made the following observations and recommendations;

a) General Observations

The Committee noted a significant variation from the ceilings as was submitted by the National Treasury and as was amended and subsequently approved by the National Assembly as shown in the Table below.

Table 4: 2018/19 proposed allocation against the BPS ceiling Kshs. Millions							
VOTE	**2017/18 Revised Allocation (base line)**	**BPS as submitted Ceilings**	**House Resolution**	**Estimates 2018/19**	**Deviation from submitted**	**Deviation from house resolution**	**% deviation from House resolutions**
1152 State Department for Energy	77,103	69,818	73,115	**62,075**	-7,743	-11,040	-15%
1193 State Department for Petroleum	4,145	3,149	3,140	**3,530**	381	390	12%

Source: National Treasury/ PBO

b) Specific Observations

State Department for Energy

The Committee made the following observations, that -

(i) The budget for the State Department has been reducing from Kshs. 111.426 billion in 2016/17 to Kshs. 77.103 billion in 2017/18 revised estimates and further to the proposed Kshs.62.075 billion for the Financial Year 2018/19. This is despite Energy being a critical enabler of the big four agenda.

(ii) At least 57% of the total development budget in the State department is funded by our development partners, this may compromise on the funds absorption rates whenever it fails to provide or reduce the GoK counterpart funding.

(iii) The State Department of Energy is grappling with an accumulated pending bills totaling to Kshs.22.459 billion shared among the following state agencies under it;

- Kenya Power and Lighting Company.....Kshs.13.478 billion
- Kenya National Electricity Transmission Company .....Kshs. 3.930 billion
- Geothermal Development Corporation .....Kshs. 4.913 billion
- Kenya Nuclear Electricity Board .....Kshs. 148 million

(iv) The Installation of Transformers in Constituencies had its allocations and actual expenditures including Commitments more than the initial estimated cost of Kshs. 7.1

billion by Kshs. 1 billion excluding the proposed Kshs. 1 billion for the financial Year 2018/19.

(v) The critical projects like last mile connectivity, connectivity subsidy, Street lighting and connection of Public Facilities are grossly underfunded. The Committee was informed that the underfunding was due to rationalization of funds in order to provide for big four projects.

(vi) The Committee observed that the delay by the national government in putting funds in improving transmission grid lines has aided in the following negative effects:-

- High cost of power due to the use of the expensive Uganda Electricity Transmission Company Limited (UETCL) power and the use of Muhoroni diesel generator in Western Kenya.
- Unreliable power due to lack of sufficient transmission projects.
- High cost over runs due to delays in progressing with transmission projects. This results in costly projects.
- Donor unrest due to project delays (AfDB are reconsidering funding the Kenya – Tanzania line due to project delays)

(vii) The Committee observed that there are 13 ongoing projects which require 13.457Billion for wayleave cost but however the allocation is 1.754Billion. The Committee noted that these 13 projects require an allocation of 5.545Billion as the minimum funding for the project to progress failure to which the projects will attract holding and arbitration charges.

c) Specific Recommendations

State Department for Energy

Arising from its observation and findings, the Committee recommends that-

(i) The reduction in the budgetary allocation for the State Department of Energy affects completion of critical projects aimed at achieving a 100% access to affordable energy by 2022 as envisioned in the Policy Documents like the Budget Policy Statement and the Medium Term Plan III of the vision 2030. The Committee recommends that going forward, the budgetary allocation for State department be reinstated to its earlier allocations of the financial year 2017/2018 of Kshs. 77. 103 billion or to the approved BPS ceiling of Kshs. 73.115 billion

(ii) Priority funds be provided to clear the pending bills and completion of ongoing projects under respective State Corporations.

(iii) To increase the absorption of donor funds which constitutes 57% of the development budget in the State department, the National Treasury should provide the requisite counterpart funding from Government of Kenya.

(iv) The status of ongoing projects be updated by the spending agencies before the start of preparation of annual estimates including variations in total estimated costs before the expected date of completion.

(v) The National Treasury to prioritize the critical projects subject to availability of funds by providing the following additional allocations in the 2018/19 Budget:

- the last mile Connectivity 1.0Billion
- Connectivity Subsidy 1.5Billion
- Electrification of Public facilities 1Billion
- Installation of transformers in constituencies 1Billion
- Street lighting 1.0.Billion

(vi) The Committee recommends that allocations for the State department of Energy be reviewed upwards to the level of the BPS 2018 Ceilings as was approved by the National Assembly for the purpose of Wayleave funding for the 13 ongoing transmission projects.

d) Specific Observations

State Department for Petroleum

The Committee made the following observation that-

(i) Despite the government push to reduce the dependence on Kerosene by public owing to its role in contributing to fuel adulteration and respiratory ailments the government has not provided resources in the 2018/19 estimates to fund the distribution of LPG gas cylinders (Mwananchi gas project) which would also help in addressing deforestation.

(ii) The Fuel Marking project which entails testing and marking of fuel in order to fight adulteration of fuel in the Market is grossly underfunded. This is expected to negatively impact the fuel export business and will encourage importers of fuel products to use alternative ports e.g. Daresalam.

(iii) Kenya is quickly losing its reputation as a preferred transport corridor for fuel on transit owing to the unnecessary delays on our roads as result of high number of police road block in the Kenyan as compared to our neighboring countries like Tanzanian and Uganda.

e) Specific Recommendations

State Department for Petroleum

Arising from its observation and findings, the Committee recommends that-

(i) Subject to availability of resources, Kshs. 3 billion be provided for Mwanainchi LPG gas Cylinders project to fund the distribution of LPG gas cylinders in order to reduce the country's dependence on kerosene

(ii) Kshs.183 million be provided for fuel marking projects to address adulteration and dumping of export fuel in to the local market.

(iii) The Ministries of Transport and the Ministry Interior and coordination of national government should come up a mechanism on how to standardize axle weights and reduce number of road blocks with a view to promote fuel product export business and make Kenyan petroleum products competitive in the regional Market.

4.0 ACKNOWLEDGMENTS

The Committee wishes to record its appreciation to the Offices of the Speaker and Clerk for the services rendered in facilitating the Committee to execute this exercise in the limited time allocated to it.

Signature: ..... **Date:** 29-5-18

THE HON. DAVID GIKARIA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY

Part II: Body and Details of the Report

5. BROAD OVERVIEW OF THE FINANCIAL YEAR 2018/19 BUDGET ESTIMATES

The proposed 2018/19 budget stands at Ksh. 3.074 Trillion which is an increase of Kshs 302 Billion from the current financial year. This comprises of Kshs. 1.676 trillion for the National Government, Kshs. 17.768 billion of judiciary, Kshs.42.548 billion for Parliament, Kshs. 962.562 billion for Consolidated Fund Services and Kshs. 374.627 billion for Counties.

The Ministries of Energy and Petroleum has a combined allocation of Kshs.65.605 billion representing 4% of overall ministerial expenditure and 1% of the GDP which is a decrease from the Kshs. 81.248 billion (5%) overall ministerial expenditure for 2017/18 revised estimate.

The Table below gives a summary of the various proposed allocations to the three arms of the National Government, County governments' allocation as well as the proposed allocation to the consolidated funds services (CFS).

Table 1: Key Highlights of the 2018/19 Proposed Budget Kshs. Millions

	Baseline	Estimates	Projections	
	2017/18	2018/19	2019/20	2020/21
National Government	**1,660,073.00**	**1,676,655.00**	**1,829,370.00**	**2,005,628.00**
Ministry of Energy & State department for Petroleum	**81,248.00**	**65,605.00**	**71,953.00**	**68,265.00**
% share to the Ministry of Energy and State Dept. of petroleum to overall National gov't allocation	**5%**	**4%**	**4%**	**3%**
Judiciary	**18,051.00**	**17,768.00**	**20,073.60**	**17,571.15**
Parliament	**37,166.00**	**42,548.00**	**43,907.00**	**47,160.00**
CFS	**726,857.00**	**962,562.00**	**885,012.00**	**976,482.00**
County Allocation	**331,681.00**	**374,627.00**	**372,164.00**	**381,909.00**
Overall Budget	**2,773,828.00**	**3,074,160.00**	**3,150,526.60**	**3,428,750.15**
GDP	**8,654,618.00**	**9,790,760.00**	**11,100,784.00**	**12,620,781.00**
% share of GDP to the Ministry of Energy & petroleum	1%	1%	1%	1%

Source: National Treasury

5.1 The State Department of Energy

The State Department of Energy presented its 2018/19 Budget as shown in the table below;

VOTE 1152: STATE DEPARTMENT FOR ENERGY		
	APPROVED ESTIMATES 2017/18	**DRAFT ESTIMATES 2018/19**
	KShs.	**KShs.**
RECURRENT	2,154,000,000	2,188,000,000
DEVELOPMENT	74,949,925,252	59,886,827,489
VOTE 1152	77,103,925,252	62,074,827,489

The trend has however been on downward direction as from Kshs **111 billion** in 2016/2017 to Kshs **77 billion** in 2017/18 and to the 2018/19 of Kshs **62** billon.

The table below shows the BPS ceilings against the proposed estimates for FY 2018/19

Table 4: 2018/19 proposed allocation against the BPS ceiling Kshs. millions

VOTE	2017/18 Revised Allocation (base line)	BPS as submitted Ceilings	House Resolution	Estimates 2018/19	Deviation from submitted	Deviation from house resolution	% deviation form House resolutions
1152 State Department for Energy	77,103	69,818	73,115	**62,075**	-7,743	-11,040	-15%
1193 State Department for Petroleum	4,145	3,149	3,140	**3,530**	381	390	12%

Source: National Treasury

The 2018/19 budget compared to the 2017/18 budget at gross level has dropped by Kshs. 15.1 billion (From Kshs. 74.9 billion to Kshs. 59.9 Billion), with GOK dropping by Kshs. 17.5 billion (From Kshs. 35.9 billion to Kshs. 18.4 Billion).

The distribution of the resources under the Recurrent and Development votes is as follows;

Recurrent			**Development**		
	APPROVED ESTIMATES 2017/18	**DRAFT ESTIMATES 2018/19**		**APPROVED ESTIMATES 2017/18**	**DRAFT ESTIMATES 2018/19**
Items	Kshs. (Millions)	Kshs. (Millions)	Items		
Salaries	353,900,000	349,000,000	Donor	31,920,073,457	34,313,827,489
Operations	249,800,000	207,000,000	GOK	35,887,851,795	18,431,000,000
Transfers to Sagas	1,550,300,000	1,632,000,000	Local AIA	7,142,000,000	7,142,000,000
Gross	2,154,000,000	2,188,000,000	Total	74,949,925,252	59,886,827,489
AIA	228,900,000	207,000,000			
Total Net	1,925,100,000	1,981,000,000			

5.2 The State Department of Petroleum

The table below show the trends in budgetary allocation for the State Department of Petroleum

Table 7: Trends of budgetary in Kshs. millions

	Approved Budget					**Estimates**	**Projections**	
Programme/ Sub – Programmes	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Exploration and Distribution of Oil & gas	1,038	1,706	1,572	3,073	4,145	3,530	5,215	5,243
Total for the Vote	**1,038**	**1,706**	**1,572**	**3,073**	**4,145**	**3,530**	**5,215**	**5,243**

Source: National Treasury

The State Department for Petroleum has been allocated the following budget for FY 2018/2019 as indicated in the table below:-

VOTE 1193: STATE DEPARTMENT FOR PETROLEUM			
	Gross allocation Kshs	**AIA**	**Net**
Total Vote	3,530,000,000	2,392,817,195	1,137,182,805
Recurrent	271,500,000	47,317,195	224,182,805
Development	2,758,500,000	2,095,500,000	663,000,000 **(GoK)**
Donor (WB)	500,000,000	250,000,000	250,000,000

6.0 COMMITTEE REVIEW OF VOTE BY VOTE (STATE DEPARTMENTS)

6.1 State Department for Energy

The current transfers to the SAGAs under the state Department of energy are as shown in the table below

SAGA	**APPROVED ESTIMATES**	**ALLOCATION**
	2017/18	2018/19
	Kshs.	Kshs.
KETRACO	300,000,000	300,000,000
KNEB	91,270,000	214,270,000
REA	470,000,000	470,000,000
KPLC	0	0
KENGEN	0	0
GDC	666,730,000	647,730,000
Grand Total	1,528,000,000	1,632,000,000

The Capital Transfers in the SAGAs under the State Department of Energy are shown in the Table below:-

SAGA	APPROVED ESTIMATES 2017/18 (KSH. Million)				ALLOCATION 2018/19 (KSH. Million)			
	Gross	GOK	Donor	Local AIA	Gross	GOK	Donor	Local AIA
KETRACO	26,214	17,698	8,516	-	24,234	12,819	11,415	-
KNEB	271	271	-	-	380	300	-	80
REA	16,883	5,056	8,596	3,231	7,558	1,560	2,957	3,041
KPLC	20,684	9,860	10,824	-	14,433	3,000	11,433	-
KENGEN	3,800	-	800	3,000	6,594	-	6,594	-
GDC	5,067	2,671	2,396	-	4,858	683	1,175	3,000
Grand Total	**72,920**	**35,556**	**31,133**	**6,231**	**58,058**	**18,362**	**33,575**	**6,121**

7.0 SUBMISSIONS BY STATE DEPARTMENTS AND SEMI-AUTONOMOUS AGENCIES (SAGAS)

7.1 State Department of Energy

7.1.1 Submissions by Kenya Electricity Transmission Company-KETRACO

In its submission, KETRACO informed the Committee that among the key challenges facing the company was vandalism of the equipment and that inadequate budgetary allocation by the Treasury which would seriously affect its operations.

7.1.2 Submissions by Kenya Energy Generation Company

KenGen reported that it was doing its best to generate enough electricity however, some of its equipment such as those in Olkaria were old established 37 years ago and require rehabilitation.

7.1.3 Submissions by Geothermal Development Corporation

Funding was required to finalize the steam gathering system and to expend capacity within the Menengai and Baringo. Baringo-Silali is financed by KFW and the Government of Kenya. Funds requested for were mainly for fuel so that they would be able to drill more. The MD for GDC informed the Committee that the budget for GDC was significantly reduced from 8.3 Billion in the 2017/2018 to to3.1 Billion in the 2018/2019. This will render GDC to be able to pay recurrent expenditure without further exploration in Geothermal in Baringo-Silali and Suswa.

7.1.4 Submissions by Kenya Nuclear Electricity Board

It reported that it planned to generate a minimum of 1,000 megawatts of electricity from nuclear energy by 2030 and that currently site selection was in the process. The students were being supported by various universities abroad as well as abroad and urged parliament to pass legislation so that it gets sufficient funds to carry major projects including siting, strategic environment assessment, capacity building (both locally and internationally).

7.1.5 Submission by Rural Electrification Authority REA

REA reported that the connection of primary schools project has covered above 23,000 (19,000 through the grid and 4,451 through solar). To fully carry out the installation of transformers and the budget has to be fully allocated so that transformers that are supposed to be installed are put in place.

7.1.6 Submissions by Kenya Power

KPLC reported that it has so far connected over 8933 kilometers LV lines and street lighting component of 1056 lanterns. It was however observed that it needed to improve on its efficiency and replace most of the faulty transformers it installed. There were more than 33stations maintained by KPLC which consume 10,000 litres of diesel per day. It was reported that it faced a lot of challenges in wayleave expansion as land owners demand colossal amount of money to pave way.

7.2 State Department for Petroleum

7.2.1 Submission by Kenya Pipeline Corporation KPC

It was working on Replacement of the Mombasa – Nairobi Pipeline which was now old and that the new one which is 98% complete will benefit the users as there is likely to be price reduction on fuel. It however faced challenges that included lack of expertize as most of the labours doing the new pipeline were imported. It has nevertheless, enrolled 12 professional welders when the inflammable product was moving within the pipe.

It was looking for support from the Committee in dealing with adulteration of fuel and the axle limit in order to harmonize the weight of product to be carried within the EAC. It also reported the existence of too many roadblocks on the Kenyan side which should be reduced.

7.2.2 Submissions by National Oil Corporation of Kenya

The NOCK reported that the company that supplied defective cylinders was asked to withdraw them and had been blacklisted. It has its own exploration acreage in Block 14T which is located within the Tertiary Rift Basin and runs from the shores of Lake Bogoria down to Lake Magadi Basin on the border of Kenya and Tanzania. It also has growing retail network of over 114 service stations spread throughout the country.

8.0 COMMITTEE OBSERVATIONS

GENERAL OBSERVATIONS

(i) The Committee noted a significant variation from the ceilings as was submitted by the National Treasury and as was amended and subsequently approved by the National Assembly as shown in the Table below.

Table 4: 2018/19 proposed allocation against the BPS ceiling Kshs. Millions

VOTE	2017/18 Revised Allocation(base line)	BPS as submitted Ceilings	House Resolution	Estimates 2018/19	Deviation from submitted	Deviation from house resolution	% deviation from House resolutions
1152 State Department for Energy	77,103	69,818	73,115	**62,075**	-7,743	-11,040	-15%
1193 State Department for Petroleum	4,145	3,149	3,140	**3,530**	381	390	12%

Source: National Treasury/ PBO

SPECIFIC OBSERVATIONS

State Department for Energy

The Committee made the following observations, that -

(viii) The budget for the State Department has been reducing from Kshs. 111.426 billion in 2016/17 to Kshs. 77.103 billion in 2017/18 revised estimates and further to the proposed Kshs.62.075 billion for the Financial Year 2018/19. This is despite Energy being a critical enabler of the big four agenda.

(ix) At least 57% of the total development budget in the State department is funded by our development partners, this may compromise on the funds absorption rates whenever it fails to provide or reduce the GoK counterpart funding.

(x) The State Department of Energy is grappling with an accumulated pending bills totaling to Kshs.22.459 billion shared among the following state agencies under it;

- Kenya Power and Lighting Company.....Kshs.13.478 billion
- Kenya National Electricity Transmission Company .....Kshs. 3.930 billion
- Geothermal Development Corporation .....Kshs. 4.913 billion
- Kenya Nuclear Electricity Board .....Kshs. 148 million

(xi) The critical projects like last mile connectivity, connectivity subsidy, Street lighting and connection of Public Facilities are grossly underfunded. The Committee was informed that the underfunding was due to rationalization of funds in order to provide for big four projects.

(xii) The Committee observed that the delay by the national government in putting funds in improving transmission grid lines has aided in the following negative effects:-

- High cost of power due to the use of the expensive Uganda Electricity Transmission Company Limited (UETCL) power and the use of Muhoroni diesel generator in Western Kenya.
- Unreliable power due to lack of sufficient transmission projects.
- High cost over runs due to delays in progressing with transmission projects. This results in costly projects.
- Donor unrest due to project delays (AfDB are reconsidering funding the Kenya – Tanzania line due to project delays).

(xiii) The Committee observed that there are 13 ongoing projects which require 13.457Billion for wayleave cost but however the allocation is 1.754Billion. The Committee noted that these 13 projects require an allocation of 5.545Billion as the minimum funding for the project to progress failure to which the projects will attract holding and arbitration charges.

State Department for Petroleum

The Committee made the following observation that-

(iv) Despite the government push to reduce the dependence on Kerosene by public owing to its role in contributing to fuel adulteration and respiratory ailments the government has not provided resources in the 2018/19 estimates to fund the distribution of LPG gas cylinders (Mwananchi gas project) which would also help in addressing deforestation.

(v) The Fuel Marking project which entails testing and marking of fuel in order to fight adulteration of fuel in the Market is grossly underfunded. This is expected to negatively impact the fuel export business and will encourage importers of fuel products to use alternative ports e.g. Daresalam.

(vi) Kenya is quickly losing its reputation as a preferred transport corridor for fuel on transit owing to the unnecessary delays on our roads as result of high number of police road block in the Kenyan as compared to our neighboring countries like Tanzanian and Uganda.

9.0 RECOMMENDATIONS

f) Specific Recommendations

State Department for Energy

Arising from its observation and findings, the Committee recommends that-

(vii) The reduction in the budgetary allocation for the State Department of Energy affects completion of critical projects aimed at achieving a 100% access to affordable energy by 2022 as envisioned in the Policy Documents like the Budget Policy Statement and the Medium Term Plan III of the vision 2030. The Committee recommends that going forward, the budgetary allocation for State department be reinstated to its earlier allocations of the financial year 2017/2018 of Kshs. 77. 103 billion or to the approved BPS ceiling of Kshs. 73.115 billion

(viii) Priority funds be provided to clear the pending bills and completion of ongoing projects under respective State Corporations.

(ix) To increase the absorption of donor funds which constitutes 57% of the development budget in the State department, the National Treasury should provide the requisite counterpart funding from Government of Kenya.

(x) The status of ongoing projects be updated by the spending agencies before the start of preparation of annual estimates including variations in total estimated costs before the expected date of completion.

(xi) The National Treasury to prioritize the critical projects subject to availability of funds by providing the following additional allocations in the 2018/19 Budget:

- the last mile Connectivity 1.0Billion
- Connectivity Subsidy 1.5Billion
- Electrification of Public facilities 1Billion
- Installation of transformers in constituencies 1Billion
- Street lighting 1.0.Billion

(xii) The Committee recommends that allocations for the State department of Energy be reviewed upwards to the level of the BPS 2018 Ceilings as was approved by the National Assembly for the purpose of Wayleave funding for the 13 ongoing transmission projects.

State Department for Petroleum

Arising from its observation and findings, the Committee recommends that-

(iv) Subject to availability of resources, Kshs. 3 billion be provided for Mwananchi LPG gas Cylinders project to fund the distribution of LPG gas cylinders in order to reduce the country's dependence on kerosene

(v) Kshs.183 million be provided for fuel marking projects to address adulteration and dumping of export fuel in to the local market subject to availability of funds.

(vi) The Ministries of Transport and the Ministry Interior and coordination of national government should come up a mechanism on how to standardize axle weights and reduce number of road blocks with a view to promote fuel product export business and make Kenyan petroleum products competitive in the regional Market.

Adoption of the Report

We the members of the Departmental Committee on Energy have pursuant to provisions of Standing Order 199 and 207(6), adopted this Report on the Consideration of the Annual Budget Estimates for the 2018/19 and the Medium term for the State Department of Energy and the State Department of Petroleum and therefore affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today Friday 25th May, 2018.

1. The Hon. David Gikaria, M.P. **-Chairperson** .....
2. The Hon. (Dr.) Robert Pukose, M.P. - **Vice Chair**.....
3. The Hon. Cecily Mbarire, M.P. .....
4. The Hon. Ekomwa Lomenen James, M.P. .....
5. The Hon. Joseph Wathigo Manje, M.P. .....
6. The Hon. Lemanken Aramat, M.P. .....
7. The Hon. Oscar Sudi, Kipchumba, M.P. .....
8. The Hon.(Eng.) Vincent Musyoka Musau, M.P. .....
9. The Hon. Amina Gedow Hassan, M.P .....
10. The Hon. Abdikhaim Osman Mohamed, M.P .....
11. The Hon. Clement Muturi Kigano, M.P. .....
12. The Hon. Elisha Odhiambo, MP .....
13. The Hon. Elsie Muhanda, MP .....
14. The Hon. Gitau Faith Wairimu, M.P. .....
15. The Hon. Julius Musili Mawathe, MP .....
16. The Hon. Ken Chonga, MP .....
17. The Hon. Tindi Nicholas Mwale, MP .....
18. The Hon. Walter Owino, MP .....
19. The Hon. Mohammed Ali Lokiro, MP .....

COMMITTEE COPY

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

COMMITTEE ON EDUCATION AND RESEARCH

REPORT ON THE CONSIDERATION OF THE 2018/19 FY BUDGET ESTIMATES FOR THE MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY AND THE TEACHERS SERVICE COMMISSION

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PART I

PREFACE

1) Introduction

Mr. Chairman,

1. This is the report of the Departmental Committee on Education and Research on its consideration of the 2018/2019 Budget Estimates for the Education Sector. The report is as a result of deliberations between the Committee and the officials from the Ministry of Education and the Teachers Service Commission. The report contains the observations and recommendations of the Committee as regards the proposed 2018/19 Budget Estimates for the Ministry of Education, Science and Technology and the Teachers Service Commission.

2) Mandate and Membership of the Committee

1. The Departmental Committee on Education and Research is established under Standing Order 216 and mandated to consider all matters relating to the Education Sector. Thus, in terms of budget oversight, the Committee covers the Ministry of Education, Science and Technology and the Teachers Service Commission.

2. Therefore, this report covers the proposed 2018/19 Budget Estimates for the Education Sector which consists of the Ministry of Education, Science and Technology which is made up of four (4) State Departments and one independent Commission as indicated below:

   i. State Department for Early Learning and Basic Education;
   ii. State Department for Technical and Vocational Education and Training;
   iii. State Department for University Education and Research;
   iv. State Department for Post Training and Skills Development; and,
   v. Teachers Service Commission.

3. The Education Committee was constituted by the House on Thursday 14th December, 2017 and comprises the following Members;

   1. Hon. Julius Melly, MP - **Chairperson**
   2. Hon. Amos Kimunya, EGH, MP - **Vice-Chairperson**
   3. Hon. Moses Malulu Injendi, MP
   4. Hon. Geoffrey Makokha Odanga, MP

5. Hon. (Dr.) Pamela Ochieng, MP
6. Hon. (Eng.) Nzambia Thuddeus Kithua, MP
7. Hon. (Prof.) Zadoc Abel Ogutu, MP
8. Hon. Catherine Wambilyanga, MP
9. Hon. Eric Muchangi Njiru, MP
10. Hon. Eve Obara, MBS, MP
11. Hon. Jackson Lekumontare, MP
12. Hon. Jerusha Mongina Momanyi, MP
13. Hon. John Oroo Oyioka, MP
14. Hon. Joseph Kipkosgei Tonui, MP
15. Hon. Lilian Cheptoo Tomitom, MP
16. Hon. Omboko Milemba, MP
17. Hon. Peter Lochakapong, MP
18. Hon. Wilson Sossion, MP
19. Hon. Wilson Kipngetich Kogo, MP

4. The Committee is supported by the following members of the Secretariat;

1.	Mr. Daniel Mutunga	Principal Clerk Assistant I
2.	Mr. Philip Lekarkar	Clerk Assistant III
3.	Mr. Eric Kanyi	Fiscal Analyst
4.	Ms. Annceta Gacheri	Research Officer
5.	Ms. Emma Esendi	Legal Counsel
6.	Mr. Nimrod Ochieng'	Audio Officer
7.	Ms. Winnie Kiziah	Media Relations Officer
8.	Ms. Catherine Mukunyi	Serjeant-at-Arms

3) Overview on the Examination of the 2018/19 Budget Estimates

1. The 2018/19 Budget Estimates were submitted and tabled in the National Assembly pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act 2012. The Constitution of Kenya and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Budget Estimates and make recommendations before the budget is approved.

2. Standing Order No. 235(3) provides that after being laid in the House, the Budget Estimates are committed to each Departmental Committee to deliberate upon according to their respective mandates. The Standing Orders also allows the Departmental Committees of the National Assembly to review and consider the Budget Estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

3. During the consideration of the 2018/19 Budget Estimates for the Education Sector, the Committee was briefed by the Parliamentary Budget Officer on Wednesday 16th May 2018 on the contents and key issues regarding the 2018/19 Budget Estimates under the various votes in the Education Sector.

4. Afterwards, on 23rd May 2018, the Committee retreated to hold discussions with the Ministry of Education and the Teachers Service Commission. During the entire period of the budget scrutiny the Committee held seven (7) sittings both within and outside the precincts of Parliament.

4) Summary of the Committee Recommendations

The Committee having scrutinized and reviewed the 2018/19 Budget Estimates for various votes under the Education Sector makes the following recommendations:

a) Policy observations and recommendations

(a) State Department for Early Learning and Basic Education

i. The Committee observed that the School feeding programme which is aimed at retaining learners in primary schools in ASAL and pockets of poverty is not being administered in an effective manner to produce the intended outcomes. One of the reasons attributed to this is the criteria used by the Ministry which leaves out various pockets of poverty across the country. The Committee recommends that the Ministry reviews the school feeding policy to allow mapping out the whole country to bring on board deserving areas which need this programme including slum areas.

ii. The Committee observed that the Ministry has begun capturing of the Learners details at the various levels of Education through the Education Management Information System (EMIS). The Committee recommends that in future and upon successful rollout of EMIS, the data captured should guide resource allocation through capitation to various schools to allow effective use of the resources provided for free primary and secondary education.

iii. The Committee observed that resources have been provided towards infrastructure improvement in both primary and secondary schools. The Committee recommends that to

allow for uniformity in terms of infrastructural works which are undertaken in these institutions, the Ministry should develop a standard norm of various amenities within schools which will ultimately guide resource use and allocation.

iv. The Committee observes that the Ministry through donor support intends to construct ECDE model centres across the 47 counties aimed at establishing standard norms to guide county governments on an ideal ECDE centre as part of policy formulation. The Committee instructed the Ministry to ensure the get a buy in/commitment from the county governments to ensure smooth implementation of this project

(b) State Department for Technical and Vocational Education and Training

i. The Committee observed that the first phase to construct 60 TTI's has been completed and the second phase is well on course. However, the Committee observed that a few of the TTI's under phase 1 are not 100% complete due to challenges between the Ministry and the CDF. The Committee recommends that the Ministry and the CDF management coordinate to ensure that these projects are fully completed and ensure the heavy government investment is put into good use especially with the big 4 agenda of development.

ii. The Committee observed that TVETA which is the agency tasked with quality control in Technical Training Institutes is not fully operational. As the number of TTIs increase in the country this agency needs to be fully operational to ensure that the various TTI's are inspected for quality control.

iii. The Committee observed that a conditional grant of Kshs. 2 Billion has been allocated to counties to support village polytechnics. This is the second financial year this grant has been allocated. The Committee has not felt its impact. The State Department has not submitted any status report on the same. The Committee recommends that since this is National government resources, it should be involved in its oversight to ensure that this allocation is well spent.

(c) State Department for University Education and Research

i. The Committee observed that most of the public Universities are not well funded and are struggling to stay operational. This is compounded by the criteria used to allocate resources

as well as the abrupt reduction in resources as a result of poor enrolment of students in the module II programmes. The Committee recommends a review of the funding criteria to ensure that Universities remain operational.

ii. The Committee also observes that the Country needs a wider consultation on whether the many public universities are required in view of the constrained resources. The Committee recommends a review of the Universities Act which envisages establishment of a university in every county and open discussion on the ideal number of Universities required in the Country.

iii. The Committee noted that Commission for University Education (CUE) and the National Council for Science, Technology and Innovation (NACOSTI) are involved in various income (AIA) generating activities whereas their local revenues are not captured in the Budget Estimates. The Committee made a decision to cut the budget for these two entities.

(d) State Department for Post Training and Skills Development

The Committee observed that this is a new State Department which has been created aimed at supporting the big 4 agenda by linking graduates to relevant practical skills through attachments, internships and apprenticeship. The Committee noted that this is a noble initiative. However, the new State Department needs to be clearly defined in terms of its core mandate to avoid any duplication of functions.

(e) Teachers Service Commission

The Committee noted that the TSC has not been allocated resources to employ teachers in the next financial year despite the fact that the PBB budget has set various targets for teacher recruitment in 2018/19. The resources allocated to TSC are meant to cater for compensation of existing teachers in the service and the normal yearly salary increments. The Committee recommends that resources be allocated to TSC to recruit the teachers or the targets be revised to reflect the actual position in terms of Teacher Recruitment.

b) Proposed reallocations

i. Reductions

1. The Committee recommends a 25% reduction in noncore spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the recurrent budget as follows: -

Vote	2018/19 non-core (Kshs)	Reduction
Basic Education	373,622,191	93,405,548
Technical and Vocational Education	59,751,855	14,937,964
University Education	105,242,828	26,310,707
Post Training & Skills	8,500,000	2,125,000
TSC	314,586,313	78,646,578
Total	861,703,187	215,425,797

2. **The Committee further recommends reductions in the following areas of spending:**

Area	Amount to reduce (Kshs)	Justification
NACOSTI	100 million (Development)	• The construction of the NACOSTI was completed and the allocation of Kshs 185 Million is for pending Bills. • NACOSTI has not declared the AIA it collects
Commission for University Education	30 million (Recurrent)	• CUE has not declared the AIA it collects
School feeding programme	200 million (Development)	• The programme has inefficiencies in terms of the criteria for selecting the schools which needs to be reviewed. • Some county governments are involved in the same programme
Secondary School infrastructure	560 million (Development)	• The CDF is also involved in the improving infrastructure in schools
Total	890 million	

i.) **Increments**

3. **The Committee recommends increments in the following areas of spending: -**

Area	Amount to increase (Kshs)	Justification
Technical and Vocational Education Training Authority (TVETA)	100 million (Recurrent)	Assist in the full operationalization of this Agency in view of the increasing number of Technical Institutes which need to be inspected.
National Council for Nomadic Education (NACONEK)	100 million (Recurrent)	NACONEK has been underfunded despite various activities it aims at rolling to support education in

		ASAL areas
Leasing of vehicles by TSC	**200 million (Recurrent)**	To support supervision and inspection of teaching in schools to as part of improving quality of Education.
University of Nairobi	**500 million (Recurrent)**	These universities budget has been significantly affected due to budget rationalization as submitted by the State Department.
Moi University	**100 million (Recurrent)**	
Jomo Kenyatta University	**100 million (Recurrent)**	
Murang'a University College	**5.4 million (Recurrent)**	
Total	**1,105.4 Million**	

4. The Committee recommends that Kshs 50 Million be reduced from the development budget of Egerton University for Construction of Library and reallocated to Rongo University College for Construction of a dining hall.

5. The Committee recommends that the Kshs 220 million allocated for Construction of Science Complex at Murang'a University College be reduced by Kshs 100 Million and reallocated to the same University for Construction of hostel block phase I which is an ongoing project in the University.

6. The Committee recommends that the Budget and Appropriations Committee considers allocating the Teachers Service Commission (TSC) resources to recruit approximately 21,626 teachers in 2018/19 financial year as captured in the Program Based Budget (PBB) for 2018/19.

5) Appreciation

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 2018/19 Budget Estimates.

Mr. Chairman,

On behalf of the Departmental Committee on Education and Research and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the

proposed 2018/2019 Budget Estimates for the Ministry of Education, Science and Technology and the Teachers Service Commission.

SIGNED ..... DATE 29/5/2018 .....

HON. JULIUS MELLY, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH)

PART II

1) Broad Overview of the 2018/19 Budget Estimates for the Education Sector

1. The total 2018/19 proposed budget for the Education Sector which has five spending agencies is Kshs 439.1 billion. The allocation to this sector has been on an upward trend in the last five years rising from Kshs 274.5 Billion in 2013/14 to Kshs 439.1 billion under the proposed budget.

2. The 2018/19 Budget Estimates for the sector has made budgetary provisions for various programmes and projects which support the overall goal of having a pool of human resources in the economy to support the Big 4 Agenda.

3. The various programmes which have been given priority in the 2018/19 Budget include: the free primary and secondary education, schools' infrastructure improvement, funding of the university education, research as well as expansion and improvement of TVET infrastructure. A new State Department on Post Training and Skills Development has been created to ensure that education effectively contribute the Big Four.

4. The key area of spending under the various State Departments in the Ministry of Education is as indicated below:

   i. The **State Department for Early Learning and Basic Education** has an allocation of Kshs 99.7 Billion which is meant to support free primary and secondary education. The programmes which have received priority in terms in the 2018/19 Budget allocation are the Secondary Education Programme which has been allocated Kshs 69.8 Billion and the Primary Education Programme has also been prioritized where it has been allocated Kshs 20.9 Billion.

   ii. The **State Department for Technical and Vocational Education and Training** has a proposed allocation of Kshs 10.3 Billion which is mainly on capital spending where the focus is on improving and expanding TVET infrastructure. The programmes which have received priority in terms in the 2018/19 Budget allocation are the Technical and Vocational Programme which has been allocated Kshs 8.1 Billion and the Youth Training and Development programme which has an allocation of Kshs 2.1 Billion which is majorly the conditional allocation of Kshs 2 Billion to support village polytechnics at county level.

iii. The **State Department for University Education and Research** has a proposed allocation of Kshs 100 Billion which is largely on current spending where the focus is on funding of the various public universities as well as Agencies under it such as HELB, CUE among others. The programme which has received priority in the 2018/19 Budget allocation is the University Education programme which has a proposed allocation of Kshs 97.4 Billion.

iv. The **State Department for Post Training and Skills Development** is the newly created State Department which has proposed allocation of Kshs 1.9 Billion which is mainly on capital spending where the focus is on manpower development and employment. The programme which has received priority in the 2018/19 Budget allocation is manpower development, employment and productivity management which has a Kshs 1.8 Billion allocation.

One of the key results of creation of this State Department is the placing of the National Industrial Training Authority (NITA) under Ministry of Education from the Ministry of Labour and shifting of the Kenya Education Management Institute (KEMI) from the State Department of Early Learning and Basic Education.

v. The proposed allocation of Kshs 226 Billion to the **Teachers Service Commission** is largely on recurrent spending where the focus is on teacher resource management. The programme which has received priority in the 2018/19 Budget allocation is Teacher Resource Management which has been allocated Kshs 219.7 Billion as recurrent budget.

5. The Committee made the following key observations as regards the 2018/19 Budget for the Education Sector: -

i. That the proposed budget for the Education Sector represents 26% of the entire National government budget for 2018/19. This indicates the importance the government has placed on the Education Sector. This allocation also comes with a huge responsibility especially among the Accounting Officers to ensure that resources are well utilized for the benefit of the Sector.

ii. The Committee noted that under Free Primary and Secondary Education, there is a **Kshs 4 billion** allocation for **other operating expenses** which requires further interrogation on the intended use of this allocation.

iii. The Committee noted that the completion of Mitihani House has been allocated Kshs 15 million. The Committee noted that Kshs 300 Million was allocated during the supplementary budget and was meant to complete the project to allow the KNEC to occupy that space. The Committee expected that this project would not be allocated additional resources in 2018/19 budget.

iv. The Committee also observed that the GOK equipping of the 60 Technical Training Institutes (TTIs) has not been funded in the 2018/19 budget for the State Department for Technical and Vocational Education and Training thus the need to establish the Status of this project from the Ministry.

v. The Committee noted that a conditional grant of Kshs 2 Billion has been allocated to support village polytechnics projects, which is administered at the National level under the Youth Training programme hence the need to establish what so far has been done in terms of support to the village polytechnics.

vi. The Committee noted that CUE and the NACOSTI are involved in various income (AIA) generating activities whereas their local revenues are not captured in the Budget Estimates hence the need to establish why these two entities are not declaring the revenues they collect.

vii. The Committee also noted that a new State Department for Post Skills Training and Development has been created in the Ministry and a key agency, the National Industrial Training Authority (NITA) has been shifted to Education Sector, hence the need to find the rationale and the mandate of this new State Department.

2) Submissions by the Ministry of Education, Science and Technology

1. The Ministry appeared before the Committee on 25th May 2018. The Cabinet Secretary informed the Committee that education and training are critical in promoting political, social and economic development of any country. The Committee was further informed that the provision

of meaningful and adequate education and training is fundamental to Kenya's overall development strategy.

2. As regards the 2018/19 Budget Estimates, the various State Departments made presentations through the respective Principal Secretaries. The following is a summary of the submissions made by the various State Departments regarding the 2018/19 Budget Estimates.

(a) State Department for Early Learning and Basic Education

1. The Principal Secretary submitted that the proposed 2018/19 Budget for the State Department for Early Learning and Basic Education for 2018/19 FY is Kshs 99.6 Billion comprising the following: -

Details	Budget 2018/19 FY
Recurrent	88,504,860,854
Development	11,178,830,978
TOTAL	99,683,691,832

2. That during the 2018/19 FY the State Department will implement its activities and projects within four programmes namely Primary Education, Secondary Education, Quality Assurance and Standards and General Administration, Planning and Support Services.
3. That some of the key Expenditure priorities earmarked for implementation 2018/19 FY are as indicated below: -

Key Priority Area	Allocation (Kshs. Millions)	Remarks
Free Primary Education	13,401	Capitation funds to cater for free primary Education and low cost boarding in public primary schools
School Feeding Programme	2,500	Funds to provide free meals to school on-going children in ASALs and pockets of poverty areas
Special Needs Education (SNE) capitation	655	Top-up capitation for FPE and FDSE for Special Needs students in public primary and secondary schools
Construct &equip the National Psycho-Education Assessment Centre	185	The Centre will offer free psycho-educational services to all areas of disability to learners and the general public once completed and equipped.

Key Priority Area	Allocation (Kshs. Millions)	Remarks
Primary Infrastructure improvement	200	Infrastructure funds for construction and rehabilitation in primary schools
Free Day Secondary Education	59,419	Capitation funds to cater for Free Day Secondary Education
Secondary Infrastructure Improvement	2,669	Infrastructure funds for construction and rehabilitation in public secondary schools
Examination Fee (KCPE & KCSE)	4,024	Examination fee to cater for KCPE and KCSE examination fee for both private and public students.
Kenya Primary Education Project (GPE)	1,737	The project is a grant financed by Global Partnership of Education (GPE) and GoK counterpart funding. In the 2018/19 FY, funding will be geared towards training of 120,000 Teachers on Competency Based Curriculum (CBC), Print and Distribute 3.5 Million Early Grade Mathematics Books and Roll-out an Advanced TPAD online system to monitor Teacher Performance.
Secondary Education Quality Improvement Programme (SEQIP)	2,812	The project is a loan financed by World Bank.The project is intended to augment on-going interventions in support of secondary schools' expansion. The project is implemented in 30 counties where transition and retention were established to be low and learning achievement also low.

4. That on the Contribution of Basic Education to the Big 4 Agenda, the State Department will focus on creating a literate and numerate population, providing quality education which is a pre-requisite for manpower development, laying the foundation for skills development at later years for the youth, contributing to basic health as well as lifelong learning by preparing a wholesome population.

5. That the pending bills in the State Department is Kshs 17.4 Million which relate to pending payments to suppliers and that some of the pending bills date back to 2008. The Committee was informed that internal audit verification revealed that some of the claims did not have necessary documentation attached to enable payments to be made. The State Department submitted that they are in the process of verifying and authenticating the pending bills in order to process the payments.

(b) State Department for Vocational and Technical Training

1. The Principal Secretary submitted that the State Department for Vocational and Technical Training has been allocated Kshs.2,577,094,37 for Recurrent expenditure and Kshs.4,428,000,000 for Development expenditure from the exchequer.

2. That the donor financed projects have been allocated Kshs.3 Billion for the Government/China Projects and Kshs 300 million for the Government/AfDB Projects thus bringing the total proposed budget for the State Department including donor financed component toKshs10.3 Billion.

3. The Committee was informed that the erratic nature of the donor financed projects especially with reductions which are experienced during the supplementary budgets usually have serious implications on the implementation of that project.

4. The Committee was informed that the Government/China project is progressing well and equipment has so far been delivered to 70 institutions out of the 134 institutions that are expected to receive equipment.

5. The Committee was informed that these equipments are for various disciplines such as Mechanical Technology, Electrical, Mechatronics, Automotive technology, Welding technology and Agriculture value addition technology. The Committee heard that all these disciplines relate to the Big 4 Agenda.

6. The Committee was informed that the Projects slated under the equalization funding in Rabai and Msambweni have not taken off due to delay in getting funds from the Equalization Fund. The Rabai TVC was allocated Kshs 39 million and Msambweni TVC was allocated Kshs 50 million under the Equalization Fund.

7. The Committee was informed that the State Department is in the process of initiating major reforms in the TVET Sector. Some of the reforms include:

    - Transiting technical trainers/instructors from Teachers Service Commission to TVET.
    - Seeking additional funding for capitation for students training in TVET

institutions.

- Seeking additional funding for construction of additional TTIs in the remaining 88 Constituencies after the completion of phase II of the project.

8. The Committee was informed that the State Department is a key Enabler in the Big Four Agenda since it is required to provide skilled labour to support the Housing, Manufacturing, Health and Food Security Sectors.

(c) State Department for Research and University Education

1. The Principal Secretary submitted that the State Department has a proposed allocation of Kshs 100.3 Billion in 2018/19 budget out of which Recurrent budget is Kshs 87.3 Billion and the Development budget is Kshs 13 Billion as indicated below: -

Programmes	2018/19		
	Current	Capital	Total
University Education	84,734	12,741	97,475
Research, Science, Technology and Innovation	2,298	298	2,596
General Administration Planning and Support services	270	-	270
Total Budget	**87,302**	**13,039**	**100,341**

2. That the proposed allocation is largely on current spending where the focus is on funding of the various public universities as well as Agencies under it such as HELB, CUE among others and funding of Development projects in various universities.

3. That there is a Kshs 2.1 Billion negative variation in the proposed budget for public universities which State Department had submitted to Treasury and the budget for public universities which the National Treasury submitted to Parliament due to budget rationalization. This will call for the revision of various targets to be in line with the budget as provided.

4. That the pending bills in the State Department amounts to Kshs 1.15 Million and these pending bills mostly relate to services rendered to various suppliers but payments have not yet been done due to inadequate funds. That these pending Bills only relate to the State Department and not various agencies and public universities. The State Department is in the processing of ascertaining the pending bills in this agencies and public universities.

(d) State Department for Post Training and Skills Development

1. The State Department submitted that the proposed budget for the State Department for Post Training and Skills Development for FY 2018/19 and medium-term framework is as follows: -

VOTE	FY 2018/2019	FY 2019/2020	FY 2020/2021
Recurrent	887,818,000	1,022,595,720	1,015,415,563
Development	1,039,480,000	2,029,750,000	2,214,250,000
TOTAL	1,927,298,000	3,052,345,720	3,229,665,563

2. That during the FY 2018/2019 the State Department will implement its activities and projects within three programs namely: -

   i. Secondary Education;
   ii. Manpower Development, Employment and Productivity Management;
   iii. General Administration, Planning and Support Services.

3. That the key list of medium term expenditure programmes, projects and activities earmarked for implementation in FY 2018/2019 are: -

Key Priority Area	Allocation Kshs. Million	Remarks
Secondary Education	92,000,000	To enhance management skills
Manpower Development, Employment and Productivity Management	1,787,718,000	For optimal human resource utilization and competitive workforce
General Administration	47,580,000	To improve service delivery

4. That the funds provided for the FY 2018/2019, may not be sufficient for the departments operation since it is a new department hence lacks key sections such as human resource, finance and procurement.

5. That the following are also key activities for the state department, which funds have also not been allocated for the FY 2018/2019 as tabulated:

No:	Programme	Estimated cost
1	National Internship Program	1.5 Billion
2	The National Apprenticeship Program	100 M

3	Entrepreneurship Skills Development Program	50 M
4	National Skills Development Program	10 M
5	Establishment of Trade Skills Center	50 M
	Total	**1.710B**

3) Submission by Teachers Service Commission

1. The TSC appeared before the Committee on 25th May 2018 and submitted that the total proposed allocation to the Commission for the 2018/19financialyear is Kshs.226.7billion as summarized in the table below: -

Expenditure	**Amount (KSHS)**
Recurrent	226.6 Billion
Development	136 Million
Total	**226.7 Billion**

2. The Committee was informed that the following are the Activities financed in the 2018/19 budget: -
    i. Roll out of teacher professional development Modules
    ii. Sensitization and monitoring of teacher performance appraisal and Development and Performance Contract.
    iii. Supporting the decentralized functions.
    iv. Establishment of disaster recovery site infrastructure and automation of records.
    v. Construction of County office Accommodation in Kiambu and Machakos and completion of Kilifi and Bomet Projects.
    vi. Improvement of learning in upper primary and secondary school through capacity building under the SEQIP.

3. The Committee was informed that the following are activities which the Commission is supposed to undertake in 2018/19 but have not been financed: -
    i. Recruitment of teachers to cater for the shortage – **Ksh.10 billion** (Approximately **22,000 teachers**).The allocation currently given only caters for the existing teaching force and the normal wage drift and promotions.
    ii. As per government policy, recruitment of intern teachers was necessary. TSC had projected to recruit **68,000** teachers at **Kshs. 16.2 Billion**.

iii. Training teachers on Competency Based Curriculum – Kshs. 800 Million

iv. Procure vehicles for Counties and Sub-Counties – Approximately Ksh.475 Million for the next three (3) years.

4. The Committee was informed that the Commission has continued to settle its bills as and when they fall due and that as at 31st March, 2018 the Commission had not accumulated any pending bills.

5. The Committee was informed that the Commission is on course in the implementation of the 2017/18 financial year budget. As at 31st March, 2018 the overall absorption of allocated funds stood at 74.5%.

6. The Commission submitted that on Recruitment of teachers the target to recruit 2,500 primary school teachers has been attained whereas in secondary school the 2,447 have been recruited against a target of 6,000 where the remaining will be recruited in the fourth quarter of the current financial year to support 100% transition.

7. That the Commission is currently implementing three development projects that is; Construction project of offices in Bomet and Kilifi Counties and the Secondary Education Quality Improvement Project (SEQIP).

8. The Committee was informed under the Second Medium Term plan the Commission was required to recruit 25,000 teachers at a rate of 5,000 per annum as its flagship project and that the Commission was able to achieve this target.

9. The Committee was informed that the function of recruiting TVET instructors has been shifted to the Public Service Commission hence the TSC will not be managing this cadre of teachers. The Commission is in the process of handing over the more than 40,000 TVET instructors to PSC.

4) COMMITTEE OBSERVATIONS

The Committee having considered the various submissions, made the following observations during the consideration of the Budget Estimates: -

i.) The Committee noted that under Free Primary and Secondary Education, there is a Kshs 4 Billion allocation for other operating expenses which requires further interrogation on the intended use of this allocation. The State Department clarified that this allocation is for the Kenya National Examination Council (KNEC) to cater for National examinations in the two levels of learning (primary and secondary).

ii.) The Committee noted that the completion of Mitihani House has been allocated Kshs 15 Million. The Committee noted that Kshs 300 Million was allocated during the Supplementary Budget and was meant to complete the project to allow the KNEC to occupy that space. The Committee had expected that this project would not be allocated additional resources in 2018/19 budget. The Committee was informed that the Kshs 300 million under 2017/18 Supplementary Budget II was meant to cater for the various pending bills for the project.

iii.) The Committee noted that resources has been allocated towards construction and rehabilitation of the Teacher Training Colleges projects despite the fact that these colleges are not attracting any students to study the P1 certificate course. The State Department submitted that the next financial year is the last period where the government will be admitting students for PI certificate since the government is phasing out PI course. Thus the colleges will begin offering Diploma Courses.

iv.) The Committee also noted that Kshs 15 Million has been allocated to ECDE development where the key output is the construction of the ECDE model centres which is a devolved function. The State Department submitted that this is a donor supported project aimed at setting standards on an ideal ECDE centre and is meant to guide the county governments on the minimum norms in establishing ECDE centres.

v.) The Committee also observed that the GOK equipping of the 60 Technical Training Institutes (TTIs) has not been funded in the 2018/19 budget for the State Department for Vocational and Technical Training thus the need to establish the Status of this project from the Ministry. The State Department submitted that the project is 100% complete based on what the government

was supposed to undertake. However, some of the TTIs under this project are facing some challenges in terms of completion as a result of some Constituencies not meeting the agreed obligations from their CDF resources.

vi.) The Committee noted that a conditional grant of Kshs 2 Billion has been allocated to support village polytechnics project which is administered at the National level under the Youth Training programme hence the need to establish what so far has been done in terms of support to the village polytechnics. The State Department undertook to come up with a comprehensive report on this project in term of what has been done so far.

vii.) The Committee noted that the Commission for University Education and the National Commission for Science, Technology and Innovation (NACOSTI) are involved in various income (AIA) generating activities whereas their local revenues are not captured in the Budget Estimates hence the need to establish why these two entities are not declaring the revenues they collect. The State Department undertook to follow on this issue and report back to the Committee.

viii.) The Committee also noted that a new State Department for Post Training and Skills Development has been created in the Ministry and a key agency, the National Industrial Training Authority (NITA) has been shifted to Education Sector, hence the need to find the rationale and the mandate of this new State Department.

ix.) The Committee observed that in the FY 2018/2019 no budgetary allocation has been made for the recruitment of teachers to cater for the huge shortage in cognizant of the implementation of the 100% transition to form one policy and that approximately Ksh.10 billion was required for recruitment of 22,000 teachers.

x.) The Committee also observed that some of the targets set by the various State Departments are not in line with the budget provision hence the need to revise the targets to be in line with the budget allocated. The Ministry undertook to revise the targets to reflect the budget realities.

xi.) The Committee noted that the new State Department has a programme named secondary education which might create confusion with the secondary education programme in basic education though the outputs are different.

5) COMMITTEE RECOMMENDATIONS

The Committee having received submissions from the Ministry of Education, Science and Technology and the Teachers Service Commission, makes the following recommendations regarding the 2018/19 budget for the Education Sector: -

I) Policy Recommendations

(a) State Department for Early Learning and Basic Education

1. **The Ministry should review the school feeding policy to allow mapping out the whole country to bring on board deserving areas which need this programme including slum areas. This would ensure that the School Feeding Programme (SFP) which is aimed at retaining learners in primary schools is being administered in an effective manner so as to produce the intended outcomes. One of the reasons attributed to the poor administration of the SFP is the criteria used by the Ministry which leaves out various pockets of poverty across the country.**

2. **In future and upon successful rollout of the Education Management Information System (EMIS), the data captured should guide resource allocation through capitation to various schools to allow effective use of the resources provided for free primary and secondary education. The Ministry had begun capturing of the Learners details at the various levels of Education through EMIS.**

3. **To allow for uniformity in terms of infrastructural works which are undertaken in both the primary and secondary institutions, the Ministry should develop a standard norm of various amenities within the schools which will ultimately guide resource use.**

4. **The Ministry of Education should ensure it gets a buy in from the county governments to ensure smooth implementation of the ECDE model project. The Ministry through donor support intends to construct ECDE model centres across the 47 counties aimed at establishing standard norms to guide county governments on an ideal ECDE centre as part of policy formulation.**

(b) State Department for Vocational and Technical Training

5. The Ministry of Education and the CDF management should coordinate to ensure that the 60 TTI projects are fully completed and ensure this heavy government investment is put into good use especially within the framework of the big 4 agenda of development.

6. As the number of TTIs increase in the country TVETA needs to be fully operational to ensure that the various TTI's are inspected for quality control. TVETA which is the agency tasked with quality control in Technical Training Institutes is not fully operational.

7. The Committee needs to be involved in the oversight of the Kshs. 2 billion grant allocated to the counties to support village polytechnics through the State Department. This is the second financial year this grant has been allocated while its impact is not felt. The State Department has not submitted any status report on the same.

(c) State Department for Research and University Education

8. The Ministry of Education should undertake a review of the funding criteria to ensure that Universities remain operational. Most of the public Universities are not well funded and are struggling to stay operational. This is compounded by the criteria used to allocate resources as well as the abrupt reduction in resources as a result of poor enrolment of students in the module II programmes.

9. The Ministry of Education should review the Universities Act which envisages a university in every county and open discussion on the ideal number of universities required in the Country. Wide consultations should be carried out on whether the many public universities are required in view of the constrained resources.

10. There is need to establish why the Commission for University Education (CUE) and the National Commission for Science, Technology and Innovation (NACOSTI) are not declaring the revenues they collect.

(d) State Department for Post Training and Skills Development

11. The Government needs to fully and clearly define the new State Department for Post Training and Skills Development in terms of its core mandate to avoid any duplication of functions.

(e) Teachers Service Commission

12. The Ministry of Education should set out targets on the teachers to be recruited in government planning documents to guide resource allocation. TSC has not been allocated resources to employ teachers in the next financial year despite the fact that the PBB budget has set various targets for teacher recruitment in 2018/19. The resources allocated to TSC are meant to cater for compensation of existing teachers in the service and the normal yearly salary increments.

a) Proposed reallocations

ii.) Reductions

7. The Committee recommends a 25% reduction in non-core spending (domestic travel, foreign travel and hospitality services) under all votes in the sector under the recurrent budget as follows:

Vote	2018/19 non-core (Kshs)	Reduction
Basic Education	373,622,191	93,405,548
Technical and Vocational Education	59,751,855	14,937,964
University Education	105,242,828	26,310,707
Post Training & Skills	8,500,000	2,125,000
TSC	314,586,313	78,646,578
Total	861,703,187	215,425,797

8. The Committee further recommends reductions in the following areas of spending:

Area	Amount to reduce (Kshs)	Justification
NACOSTI	100 million (Development)	• The construction of the NACOSTI was completed and the allocation of Kshs 185 Million is for pending Bills. • NACOSTI has not declared the AIA it collects
Commission for University Education	30 million (Recurrent)	• CUE has not declared the AIA it collects
School feeding programme	200 million (Development)	• The programme has inefficiencies in terms of the criteria for selecting the schools which needs to be reviewed. • Some county governments are involved in the same programme
Secondary School infrastructure	560 million (Development)	• The CDF is also involved in the improving infrastructure in schools
Total	890 million	

iii.) Increments

9. The Committee recommends increments in the following areas of spending: -

Area	Amount to increase (Kshs)	Justification
Technical and Vocational Education Training Authority (TVETA)	100 million (Recurrent)	Assist in the full operationalization of this Agency in view of the increasing number of Technical Institutes which need to be inspected.
National Council for Nomadic Education (NACONEK)	100 million (Recurrent)	NACONEK has been underfunded despite various activities it aims at rolling to support education in ASAL areas
Leasing of vehicles by TSC	200 million (Recurrent)	To support supervision and inspection of teaching in schools to as part of improving quality of Education.
University of Nairobi	500 million (Recurrent)	These universities budget has been significantly affected due to budget rationalization as submitted by the State Department.
Moi University	100 million (Recurrent)	
Jomo Kenyatta University	100 million (Recurrent)	
Murang'a University College	5.4 million (Recurrent)	
Total	1,105.4 Million	

10. The Committee recommends that Kshs 50 Million be reduced from the development budget of Egerton University for Construction of Library and reallocated to Rongo University College for Construction of a dining hall.

11. The Committee recommends that the Kshs 220 million allocated for Construction of Science Complex at Murang'a University College be reduced by Kshs 100 Million and reallocated to the same University for Construction of hostel block phase I which is an ongoing project in the University.

12. The Committee recommends that the Budget and Appropriations Committee considers allocating the Teachers Service Commission (TSC) resources to recruit approximately 21,626 teachers in 2018/19 financial year as captured in the Program Based Budget (PBB) for 2018/19.

Annex 1: Projects affected by Committee adjustments

Project	Start Date	End Date	Status	2016/17		FY 2017/18		FY 2018/19		ADJUSTMENT		FY 2018/19	
				GOK	Donor	GOK	Donor	GOK	Donor	GOK	Donor	GOK	Donor
Access to basic education (school feeding)	2014	2018	Ongoing	-	1,650	1,650	1,636	1,650		(200)		1,450	
Secondary schools infrastructure improvement	2012	2018	Ongoing	300	-	1,676	-	2,669		(560)		2,109	

Annex 2: Reconcilable compendium of projects

1. State Department for Vocational and Technical Training

Project	Source of Funds	Start Date	End Date	Status	FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		Actual Exp 2016	Estimated Project Cost	%
					GOK	F	GOK	F	GOK	F	GOK	F			
38 GOK-AfDB Phase II	GOK and ADB	2015	2015	Ongoing	224	399	257	495	148	800	242	300	1,699	6,730	25
China Phase II 134 TTIs' equipping	CHINA	2015			-	-	-	-		6,200	82	3,000			
GOK 9 TTI's in Counties	GOK	2015	2017	Ongoing	-	-	55	-	32	-	56		435	490	89
Construction and equipping of TTI's (70)	GOK	2016	2019	Ongoing	668	-	971	-	696	-	1,491	-	1,015	4,200	24
GOK 60 TTI's Equipping	GOK	2016	2018	Ongoing	-	-	492	-	441	-	-	-	2,756	3,600	77
Vocational Training Centres support project	GOK	2017		Ongoing	-	-	-	-	2,000	-	2,000	-			
Equipping and furnishing completed polytechnics				New	-	-	-	-	20	-	-	-			

Annex 2: Reconcilable compendium of projects

1. State Department for Vocational and Technical Training

Project	Source of Funds	Start Date	End Date	Status	FY 2015/16		FY 2016/17		FY 2017/18		FY 2018/19		Actual Exp 2016	Estimated Project Cost	%
					GOK	F	GOK	F	GOK	F	GOK	F			
38 GOK-AfDB Phase II	GOK and ADB	2015	2015	Ongoing	224	399	257	495	148	800	242	300	1,699	6,730	25
China Phase II 134 TTIs equipping	CHINA	2015			-	-	-	-		6,200	82	3,000			
GOK 9 TTI's in Counties	GOK	2015	2017	Ongoing	-	-	55	-	32	-	56		435	490	89
Construction and equipping of TTI's (70)	GOK	2016	2019	Ongoing	668	-	971	-	696	-	1,491	-	1,015	4,200	24
GOK 60 TTI's Equipping	GOK	2016	2018	Ongoing	-	-	492	-	441	-	-	-	2,756	3,600	77
Vocational Training Centres support project	GOK	2017		Ongoing	-	-	-	-	2,000	-	2,000	-			
Equipping and furnishing completed polytechnics				New	-	-	-	-	20	-	-	-			

2. State Department for Early Learning and Basic Education

Project	Start Date	End Date	Status	125 15/16		2016/17		FY 2017/18		FY 2018/19		Actual Expenditure Feb 2018	Project Cost	%
				GOK	F	GOK	F	GOK	F	GOK	F			
School infrastructure in North Nyamira/Borabu	2015	2018	Ongoing	5	18	10	45	11	2	10	45	-	1,650	-
National volunteers programme	2014	2018	Ongoing	158	106	158	-	43		43	158	315	1,619	19
Nomadic Education	2015	2018	Ongoing	-	13	-	125	30	5		35		263	-
Kenya Primary Education Project GPE-HQ	2015	2019	Ongoing	135	3,300	75	3,400	2,076	545	101	1,636	3,198	9,724	33
Primary schools infrastructure improvement	2010	2018	Ongoing	85	-	135	-	200	-	200		1,089	3,200	34
Construct and equip the national psycho-education assessment centre	2015	2018	Ongoing	92	-	105	-	215	-	185		232	569	41
Early childhood development	2015	2018	Ongoing	-	18	-	60	10	5		15		137	-
Construction of 10 new TTCs	2011	2018	Ongoing	116	-	151	-	38	-	185		837	1,500	56
Rehabilitation of 16 old TTCs	2010	2018	Ongoing	3	-	3	-	5	-	20		89	400	22

Project	Start Date	End Date	Status	125 15/16		2016/17		FY 2017/18		FY 2018/19		Actual Expenditure Feb 2018	Project Cost	%
				GOK	F	GOK	F	GOK	F	GOK	F			
Refurbish MDTI's and various community learning resource centers	2011	2018	Ongoing	16	-	16	-	16	-	16		177	400	44
Access to basic education (school feeding)	2014	2018	Ongoing	-	445	-	1,650	1,650	1,636	1,650			3,745	-
Capacity building for teacher training in Kenya KOFEC trust fund	2016	2019	Ongoing	-	12	14	12	-	-				41	-
Construction of equipment production workshop	2014	2018	Ongoing	4	-	4	-	1	-			12	15	81
Upgrading of national schools	2012	2019	Ongoing	260	-	300	-	300	-	300		1,120	3,700	30
Secondary schools infrastructure improvement	2012	2018	Ongoing	300	-	300	-	1,676	-	2,669		8,191	13,559	60
ICT integration in secondary schools	2009	2019	Ongoing	257	-	374	-	272	-	247		1,306	3,000	44
Laboratory supplies and small equipments	2012	2019	Ongoing	-	-	243	-	243	-			783	2,002	39
Establishment of lugari diploma TTC	2015	2019	Ongoing	35	-	35	-	9	-	85		78	500	16

Project	Start Date	End Date	Status	125 15/16		2016/17		FY 2017/18		FY 2018/19		Actual Expenditure Feb 2018	Project Cost	%
				GOK	F	GOK	F	GOK	F	GOK	F			
Establishment of Kibabii diploma TTC	2012	2019	Ongoing	185	-	185	-	46	-	185		524	1,088	48
Establishment of Moiben Science Diploma TTC	2014	2019	Ongoing	60	-	80	-	15	-	50		215	894	24
Infrastructure improvement-Kagumo Diploma TTC	2013	2019	Ongoing	5	-	5	-	6	-	25		33	316	10
Human capital development - capacity building teachers through inset	2003	2019	Ongoing	105	-	105	-	26	-	105		432	1,200	36
Construction of Education Resource center at KICD Phase 1	2013	2019	Ongoing	232	-	232	-	58	-	232		779	1,433	54
Infrastructure improvement at KEMI	2014	2018	Ongoing	7	-	7	-	-	-				150	-
Construction of Mitihani House	1985	2018	Ongoing	320	-	60	-	315	-	15		859	2,670	32
Child friendly schools	2015	2018	Ongoing	-	100	-	131	5	5		10		362	-
Peace Education	2015	2018	Ongoing	-	100	-	99	5	5		10		200	-
Education in emergencies	2015	2018	Ongoing	-	40	-	157	5	5		10		354	-

Project	Start Date	End Date	Status	125 15/16		2016/17		FY 2017/18		FY 2018/19		Actual Expenditure Feb 2018	Project Cost	%
				GOK	F	GOK	F	GOK	F	GOK	F			
Establishment of county EMIS centre	2015	2019	Ongoing	3	-	13	-	5	-	20		8	145	5
Construct county directors of education and District Education Offices	2014	2019	Ongoing	40	-	103	-	26	-	102		362	577	63
Kenya Secondary School Education quality improvement	2017		Ongoing	-	-	-	-	100	-		2,811	54	20,000	0
TOTAL				**2,424**	**4,150**	**2,715**	**5,679**	**7,407**	**2,208**	**6,445**	**4,730**	**20,691**	**75,414**	**27**

3. State Department for Research and University Education

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Support to enhancement of quality and relevance in HE	SDST		2014	2019	Ongoing			101.6	460.2	40.2	-	135.0	800.0	3,229.3	4,725	68.3
School of medicine	Technical University of Mombasa	GOK	2015	2017	Ongoing	56.0	-	10.0	-	35.3	-	105.0		42.5	154	27.6
Customer care centre		GOK	2015		Ongoing	4.0	-	4.0	-	-	-	-		-	4	0.0
Lab equipments for faculty of applied and health sciences		GOK	2015		Ongoing	5.0	-	5.0	-	-	-	-		-	5	0.0
Hostel at Kwale Campus		GOK	2015		Ongoing	40.8	-	77.6	-	-	-	-		-	78	0.0
Completion of lab for faculty of applied and health sciences		GOK	2015		Ongoing	2.0	-	2.0	-	-	-	-		-	2	0.0
Gotani fence		GOK	2015		Ongoing	11.0	-	5.0	-	-	-	-		-	17	0.0
Construction of FAHS Laboratories		GOK	2017	2020	Ongoing	-	-	-	-	-	-	-		-	7	0.0
Development of Master Plan		GOK	2017	2020	Ongoing	-	-	-	-	-	-	20.0		-	20	0.0
School of engineering science and technology complex (Blocks) -Phase	Technical University of Kenya	GOK	2012	2016	Ongoing	94	-	81	-	-	-			496	527	94.1

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Proposed studio,Computer room for SABE (Block R)		GOK	2012	2016		25	-	175	-	-	-			175	305	57.5
Construction of Administration and tuition block		GOK	2019	2022	Ongoing	-	-	-	-	24	-	224		-	681	0.0
Construction of South B Hostel		GOK	2019	2022	Ongoing	-	-	-	-	-	-	-		1	13	3.9
Proposed construction of Library-KSC	University of Nairobi	USAID	2015	2017	Ongoing		-		14	-	-			-	235	0.0
Proposed construction of Parklands Campus-law tower						-	-	-	-	-	-			50	339	14.7
Biotechnology project		UNDP					-		5	-	-			5	19	26.3
Generating evidence for population dynamics		GOK					-		5	-	0			3	10	25.1
Kenyatta University Teaching Research and referal hospital operation	Kenyatta University	China	2014	2018	Ongoing	295	1,500	80	1,500	-	1,600	-	1,500	2,763	6,000	46.1
Construction of school of education building		GOK	2014	2018		-	-	-	-	7	-	-	-	385	423	91.0
Applied human sciences building		GOK	2013	2018		-	-	-	-	3	-	-	-	63	70	90.0
Physical sciences Lab 2A	Egerton University	GOK	2015	2017	Ongoing	55	-	61	-	-	-	-	-	-	223	0.0
Physical sciences Lab 2B		GOK	2015	2017	Ongoing	17	-	252	-	4	-	-	-	220	233	94.5
Library phase 1		GOK	2016	2017	Ongoing		-		-		-	-	-	-	407	0.0

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
						38		17		30						
Construction of University Library Phase II		GOK	2017	2020	Ongoing	-	-	-	-	50	-	337	-	97	2,400	4.0
New Administration Block	JKUAT	GOK	2014	2016	Ongoing	165	-	125	-	5	-	153		281	567	49.6
Proposed Common Lecture Building B		GOK	2015	2016	Ongoing	50	-	0	-	-	-	-		50	50	99.1
Construction of college of engineering -tuition block		GOK	2017	2021	Ongoing	-	-	-	-	8	-	80		-	200	0.0
Completion of Library	Maseno University	GOK	2014	2018	Ongoing	130	-	80	-	-	-	-		109	189	57.7
Construction of Medical Lab		GOK	2015	2014	Ongoing	30	-	215	-	19	-	185		145	360	40.3
Construction of college tuition and Admin Block		GOK	2017	2020	Ongoing	-	-	-	-	30	-	95		-	500	0.0
Construction of ICT infrastructure		GOK	2017	2018	Ongoing	-	-	-	-	4	-	-		-	40	0.0
Construction of Library at Annex	Moi University	GOK	2011	2017	Ongoing	-	-	40	-	11	-	50		100	360	27.8
School of public health, Dentistry and Nursing		GOK	2010	2019	Ongoing	-	-	66	-	4	-	20		317	666	47.6
Students hostel Block 3 wing C		GOK	2010	2019	Ongoing	-	-	34	-	21	-	107		52	184	28.3
Completion of sewerage works		GOK	2016	2018	Ongoing	-	-	50	-	5	-	50		45	290	15.4
Procurement of textile machinery at		GOK	2016	2017	Ongoing	-	-	160	-	50	-	150		510	1,005	50.7

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
RIVATEX																
Renovation of students hostel		GOK	2016	2017	Ongoing	-	-	100	-	-	-	-		-	100	0.0
Construction of amphitheatre		GOK	2016	2017	Ongoing	-	-	200	-	-	-	-		-	200	0.0
Multipurpose Hall Phase 1 completion works	Masinde Muliro University	GOK	2013	2017	Ongoing	93	-	104	-	5	-	-		650	663	98.1
Turkana University College		GOK			Ongoing	-	-	600	-	170	-	128		1,032	1,202	85.9
Construction of Office block and associated works		GOK			Ongoing	-	-	-	-	25	-	174		25	199	12.4
Construction of Human Anatomy Lab		GOK			Ongoing	-	-	-	-	12	-	-		12	49	24.1
Tuition and Office Block 2	South Eaastern Kenya University	GOK	2011	2016	Ongoing	52	-	14	-	-	-	-		-	312	0.0
Construction of the Hostel and kitchen block phase 2		GOK	2011	2016	Ongoing	31	-	12	-	-	-	-		-	248	0.0
Sports facilities		GOK	2013	2016	Ongoing	7	-	1	-	-	-	-		-	42	0.0
Electronic gate		GOK	2016	2018	Ongoing	5	-	2	-	(0)	-	-		2	5	39.6
CCTV Cameras		GOK	2016	2016	Ongoing	7	-	4	-	-	-	-		-	7	0.0
Cabro blocks (internal road improvement)		GOK	2015	2018	Ongoing	8	-	2	-	-	-	-		-	8	0.0
Students Hostel phase 5		GOK	2015	2016	Ongoing	24	-	5	-	-	-	-		-	36	0.0
ICT infrastructure cabling		GOK	2015	2018	Ongoing	4	-	5	-	-	-	-		-	6	0.0

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Construction and completion of central store		GOK	2015	2018	Ongoing	9	-	8	-	1	-	-		10	20	49.5
Construction of Wote Campus		GOK	2015	2018	Ongoing	2	-	40	-	21	-	85		53	150	35.0
Construction of Kitui Campus		GOK	2015	2018	Ongoing	2	-	30	-	21	-	95		43	150	28.3
Construction of humanities and social sciences lecture halls		GOK	2015	2018	Ongoing	20	-	40	-	21	-	66		60	270	22.3
Library	Pwani University	GOK	2013	2015	Ongoing	-	-	86	-	3	-	-		308	350	87.9
Construction of prefab class rooms		GOK	2015	2015	Ongoing	-	-	0	-	-	-	-		20	20	98.2
Construction of internal Roads		GOK	2013	2018	Ongoing	-	-	9	-	1	-	-		29	37	78.9
Construction of lecture theatres and labs		GOK	2016	2018	Ongoing	-	-	50	-	13	-	38		63	100	62.5
Expansion of school of humanities		GOK			Ongoing	-	-	-	-	9	-	103		-	200	0.0
Expansion of school of Agric sciences and business building		GOK			Ongoing	-	-	-	-	7	-	104		-	168	0.0
Construction of Men Hostel	Chuka University	GOK	2014	2019	Ongoing	200	-	147	-	20	-	240		275	700	39.3
Construction of tuition block		GOK	2011	2016	Ongoing	195	-	39	-	8	-	-		143	220	64.9
Construction of Business studies complex		GOK	2012	2016	Ongoing	75	-	57	-	4	-	76		311	395	78.7

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
ICT Centre	Kisii University	GOK	2009	2017	Ongoing	49	-	146	-	42	-	324		625	984	63.5
Lecture Theatre		GOK	2009	2016	Ongoing	113	-	79	-	4	-	122		393	527	74.6
Hostels		GOK	2009	2006	Ongoing	108	-	70	-	19	-	54		11	535	2.0
Tuition Block	Laikipia University of Technology	GOK	2011	2018	Ongoing	60	-	171	-	28	-	144		296	485	61.0
Library and Administration Block		GOK	2015	2017	Ongoing	50	-	51	-	-	-	-		215	266	80.7
Roads Phase II (Gate and Ancillary facility)		GOK	2016	2016	Ongoing	24	-	10	-	-	-	-		13	24	56.5
Conversion of classrooms to science Labs		GOK	2016	2016	Ongoing	29	-	36	-	3	-	-		40	50	80.0
Construction of Science Labs		GOK	2017	2020	Ongoing	-	-	-	-	5	-	142		-	266	0.0
Malaral university		GOK			Ongoing	-	-	-	-	-	-	-		-	70	0.0
Construction of Engineering complex	Meru University of Science and Technology	GOK	2013	2018	Ongoing	50	-	139	-	15	-	100		275	541	50.9
Completion of dining hall and Kitchen		GOK	2014	2016	Ongoing	19	-	36	-	-	-	-		16	53	31.3
Construction of sports field ,storm water drainage and landscaping		GOK	2014	2016	Ongoing	20	-	44	-	2	-	50		44	283	15.5
Construction of sewerage systems phase 2		GOK	2016	2017	Ongoing	10	-	4	-	5	-	85		4	100	4.0
Construction of water reservoir		GOK	2014	2017	Ongoing	5	-	3	-	5	-	50		3	383	0.8

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Procurement and transport building		GOK	2015	2016	Ongoing	10	-	5	-	1	-	-		5	15	33.8
Perimeter Wall	Multi Media University of Kenya	GOK	2015	2018	Ongoing	108	-	51	-	-	-	-		99	150	66.1
Lecture Hall and Offices		GOK	2015	2016	Ongoing	33	-	100	-	5	-	-		72	100	72.2
Installation of PABX		GOK	2017	2018	Ongoing	-	-	-	-	5	-	25		-	25	0.0
Installation of CCTV		GOK	2017	2018	Ongoing	-	-	-	-	2	-	11		-	11	0.0
Construction of Library		GOK	2017	2018	Ongoing	-	-	-	-	10	-	206		-	250	0.0
Tuition block	Maasai Mara University	GOK	2016	2018	Ongoing	54	-	251	-	71	-	200		346	980	35.3
Construction of Perimeter Wall.		GOK	2017	2018	Ongoing	-	-	-	-	29	-	115		-	150	0.0
Nyandarua campus					Ongoing	-	-	-	-	-	-	-		-	50	0.0
Lecture Halls phase III	University of Kabianga	GOK	2014	2016	Ongoing	-	-	63	-	10	-	-		252	283	89.0
Construction of Library		GOK	2016	2017	Ongoing	-	-	150	-	53	-	224		193	800	24.2
Construction of Education complex	University of Eldoret	GOK	2013	2016	Ongoing	12	-	66	-	1	-	63		93	159	58.6
Construction of engineering complex		GOK	2014	2016	Ongoing	22	-	1	-	2	-	-		62	77	80.4
School of economics and Business mgt complex		GOK	2015	2018	Ongoing	64	-	100	-	21	-	183		52	258	20.3
Construction of Perimeter wall and securing		GOK	2015	2017	Ongoing	24	-	40	-	6	-	10		40	70	57.1
Construction of main gate		GOK	2015	2017	Ongoing	10	-	10	-	0	-	-		8	13	65.1

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
CCTV phase II		GOK	2015	2017	Ongoing	7	-	7	-	-	-	-		-	7	0.0
High mast floodlights phase II		GOK	2015	2017	Ongoing	9	-	9	-	-	-	-		-	9	0.0
Construction of resource centre	Karatina University	GOK	2013	2018	Ongoing	138	-	59	-	(0)	-	148		512	624	82.0
Construction of Hostel (750 bed capacity)		GOK	2013	2018	Ongoing	74	-	42	-	13	-	-		294	366	80.5
Construction of perimeter wall (main &town)		GOK	2017	2018	Ongoing	-	-	-	-	6	-	-		-	20	0.0
Construction of Library Phase 1		GOK	2017	2020	Ongoing	-	-	-	-	12	-	152		-	400	0.0
Modern library	Jaramogi Oginga Odinga University of Science and Technology	GOK	2012	2020	Ongoing	80	-	110	-	26	-	74		326	430	75.8
Student hostel		GOK	2010	2020	Ongoing	35	-	119	-	-	-	-		545	664	82.2
Teaching and research lab		GOK	2010	2020	Ongoing	32	-	22	-	-	-	-		520	542	95.9
Construction of tuition block		GOK	2017	2020	Ongoing	-	-	-	-	16	-	92		-	500	0.0
Construction of Research Centre		GOK	2017	2020	Ongoing	-	-	-	-	5	-	114		-	120	0.0
Construction of Administration Block		GOK	2017	2020	Ongoing	-	-	-	-	4	-	27		-	32	0.0
Construction of Academic block	Dedan Kimathi University of Technology	GOK	2011	2016	Ongoing	-	-	66	-	11	-	89		417	519	80.4
Construction of Resource Center III		GOK	2016	2018	Ongoing	-	-	50	-	32	-	126		126	615	20.5
University main lecture theatre		GOK	2014	2017	Ongoing	-	-	27	-	13	-	42		41	80	51.3

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Proposed gate works and ablution blocks	Muranga University College	GOK	2015	2017	Ongoing	4	-	4	-	-	-	-		-	15	0.0
Hostel block phase I		GOK	2013	2015	Ongoing	15	-	73	-	-	-	-		-	144	0.0
Tuition block phase I		GOK	2013	2016	Ongoing	4	-	4	-	-	-	-		-	84	0.0
Water tank 400 M3		GOK	2013	2018	Ongoing	2	-	2	-	-	-	-		-	21	0.0
Tuition block phase II		GOK	2016	2017	Ongoing	91	-	63	-	-	-	-		-	95	0.0
Construction of hostel block phase III		GOK	2016	2017	Ongoing	-	-	80	-	14	-	-		90	110	81.8
Construction of science complex		GOK	2019	2022	Ongoing	-	-	-	-	14	-	220		10	328	3.1
Asbestos removal and replacement		GOK	2019	2021	Ongoing	-	-	-	-	2	-	-		1	10	12.5
Capital grants (Infrastructural Works)	Koitalel University college	GOK			Ongoing	200	-	105	-	13	-	100		105	1,405	7.5
Capital grants (Infrastructural Works)	Gatundu University college	GOK			Ongoing	200	-	105	-	13	-	100		155	1,455	10.7
WIP-Lecture theatre and classroom phase II	Machakos University College	GOK	2015	2017	Ongoing	45	-	62	-	-	-	-		118	180	65.6
Land		GOK	2015	2017	Ongoing	10	-	10	-	-	-	-		-	10	0.0
Extension of ADB building		GOK	2015	2017	Ongoing	20	-	100	-	5	-	38		50	100	50.0
Renovations of buildings		GOK	2015	2017	Ongoing	15	-	5	-	2	-	-		5	15	33.3
Lab and workshop apparatus, Equipments and Machines		GOK	2015	2017	Ongoing	10	-	10	-	-	-	-		-	10	0.0

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Lift training hotel		GOK	2015	2017	Ongoing	10	-	10	-	-	-	-		-	10	0.0
Borehole and Accessories		GOK	2015	2017	Ongoing	4	-	4	-	-	-	-		-	4	0.0
Equipping of ADB Building		GOK	2015	2017	Ongoing	12	-	12	-	-	-	-		-	12	0.0
Construction of tuition block		GOK	2017	2020	Ongoing	-	-	-	-	30	-	220		30	250	12.0
Admin Block	Embu University College	GOK	2014	2017	Ongoing	-	-	57	-	41	-	104		474	596	79.4
Office Block		GOK	2016	2017	Ongoing	-	-	21	-	-	-	-		25	46	54.2
Construction of Livestock House		GOK	2015	2018	Ongoing	-	-	1	-	-	-	-		4	6	76.4
Diagnostic lab, HIV counseling and testing room		GOK	2015	2020	Ongoing	-	-	1	-	-	-	-		5	6	80.2
Bore hole project		GOK	2017	2018	Ongoing	-	-	2	-	0	-	-		12	12	99.9
New multipurpose hall		GOK	2015	2018	Ongoing	-	-	2	-	-	-	-		14	16	86.2
Gate (acceleration and deceleration lanes)		GOK	2016	2018	Ongoing	-	-	1	-	-	-	-		61	62	98.9
Library phase I		GOK	2016	2020	Ongoing	-	-	136	-	0	-	-		162	169	95.5
Construction of tuition block		GOK	2017	2020	Ongoing	-	-	-	-	18	-	122		-	650	0.0
Tuition block	Rongo University College	GOK	2014	2016	Ongoing	-	-	111	-	53	-	69		215	314	68.5
Water treatment plant		GOK	2014	2015	Ongoing	-	-	9	-	5	-	6		-	80	0.0

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Construction of Dining hall		GOK	2015	2015	Ongoing	-	-	5	-	-	-			-	17	0.0
Construction of Hostel		GOK	2015	2015	Ongoing	-	-	80	-	-	-	-		-	94	0.0
Construction of a kitchen with cold room		GOK	2017	2020	Ongoing	-	-	-	-	10	-	11		3	23	14.1
Construction of extension of admin block		GOK	2017	2020	Ongoing	-	-	-	-	11	-	9		1	25	5.5
Construction of a Library		GOK	2017	2020	Ongoing	-	-	-	-	-	-	173		-	600	0.0
Construction of a gate		GOK	2017	2017	Ongoing	-	-	-	-	(0)	-	6		-	15	0.0
Construction of lecture theatre	Cooperative University college	GOK	2013	2015	Ongoing	-	-	113	-	13	-	105		242	356	68.0
Construction of Library		GOK	2017	2020	Ongoing	-	-	-	-	9	-	107		6	500	1.3
Masonry wall	Garrissa University College	GOK	2016	2016	Ongoing	-	-	125	-	34	-	164		98	300	32.5
Construction of 750 students hostel		GOK	2014	2016	Ongoing	-	-	10	-	23	-	82		318	427	74.3
Construction of Office Block	Kirinyaga University College	GOK	2016	2016	Ongoing	-	-	160	-	-	-	-		-	160	0.0
Construction of tuition complex		GOK	2017	2020	Ongoing	-	-	-	-	27	-	129		24	1,200	2.0
Construction of a multipurpose lecture theatre		GOK	2017	2020	Ongoing	-	-	-	-	19	-	82		7	104	6.6
Proposed construction of mines ,fuels and minerals processing centres	Taita Taveta University College	GOK	2013	2015	Ongoing	-	-	9	-	-	-	100		100	109	91.7

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Supply, installation and implementation and commissioning of an ERP system		GOK	2015	2015	Ongoing	-	-	5	-	3	-	-		18	49	36.0
Fencing of Taveta plot and construction of office block, classroom		GOK	2015	2015	Ongoing	-	-	6	-	11	-	200		12	400	3.1
Completion of Admin/classroom		GOK	2016	2016	New	-	-	46	-	38	-	-		4	654	0.7
Proposed phase II of Education tuition block and associated works	Kibabii University College	GOK	2015	2016	Ongoing	-	-	236	-	-	-	83		-	288	0.0
Proposed construction of oxidation ponds		GOK	2014	2015	Ongoing	-	-	0	-	-	-	-		81	81	100.0
Construction of Hostel Block.		GOK	2017	2020	Ongoing	-	-	-	-	16	-	117		-	300	0.0
Capital grants (Infrastructural Works)	Bomet University college	GOK			Ongoing	200	-	70	-	12	-	250		70	1,370	5.1
Capital grants (Infrastructural Works)	Tom Mboya University college	GOK			Ongoing	100	-	155	-	36	-	250		155	955	16.2
Capital grants (Infrastructural Works)	Alupe University college	GOK			Ongoing	100	-	55	-	10	-	260		155	955	16.2
Capital grants (Infrastructural Works)	Kaimosi University college	GOK			Ongoing	100	-	100	-	36	-	250		200	1,000	20.0
Science and Technology Parks	Science and Technology	GOK	2015	2019	Ongoing	-	-	113	-	11	-	250		106	400	26.5

Project	Implementing Agency	Source of Funds	Start Date	End Date	Status	2015/16		2016/17		FY 2017/18		FY 2018/19		Actual Expe Feb 2018	Project Cost	%
						GOK	F	GOK	F	GOK	F	GOK	F			
Initiative	Programme Activities															
Construction of physical Science Lab Phase I		GOK	2017	2020	Ongoing	-	-	-	-	-	-	60		-	700	0.0
Infrastructure Dev for National Scie Tec and Innov indicators Observatory		GOK	2017	2018	Ongoing	-	-	-	-	10	-	50		-	50	0.0
Construction of NACOSTIC HQ		GOK			Ongoing	-	-	28	-	63	-	186		1,009	1,238	81.5
Construction of physical Science Lab		GOK			Ongoing	-	-	-	-	5	-	-		-	-	
University Education Management System	Commission for University Education	GOK	2017	2018	Ongoing	-	-	-	-	5	-	20		-	20	0.0
Construction of KAIST at Konza technopoliis		GOK/F	2017	2020	Ongoing	-	-	-	-	2	-		500	-	11,500	0.0
Construction of centres for Excellence		GOK/F	2017	2020	Ongoing	-	-	-	-	4	-	30	450	335	1,800	18.6
Construction of Wangari Maathai Institute of Peace and Environmental studies		GOK/F	2017	2020	Ongoing	-	-	-	-	39	-	41		328	800	41.1
TOTAL						4,141	1,500	7,714	1,984	1,833	81	9,786	3,250	20,130	72,349	27.8

4. Compendium of projects for State Department for Post Training and Skills Development

Project	Source of Funds	Start Date	End Date	Status	FY 2018/19		Estimated Project Cost
					GOK	F	
Capacity Development of the National Industrial Training Authority-NITA.	GOK	2016	2019	ongoing	19		350
Upgrading of Kisumu Industrial Training Centre (KITC).	GOK	2012	2020	ongoing	59		595
Upgrading of Mombasa Industrial Training Centre (MITC).	GOK	2012	2021	ongoing	31		371
Upgrading of Technology Development Centre (TDC)-Athi River.	GOK	2012	2020	ongoing	40		301
Kenya Youth Empowerment and Opportunities Project.	WB	2017	2022	ongoing		890	5,800
Total					**149**	**890**	7,417

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

****

TWELFTH PARLIAMENT

SECOND SESSION

REPORT OF THE DEPARTMENTAL COMMITTEE ON HEALTH ON ITS CONSIDERATION OF THE 2018/19 BUDGET ESTIMATES FOR THE MINISTRY OF HEALTH

VOTE 1081

DIRECTORATE OF COMMITTEE SERVICES,
THE NATIONAL ASSEMBLY,
PARLIAMENT BUILDINGS,
NAIROBI.

MAY, 2018

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PART I

1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Health and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the 2018/19 and the medium term budget estimates for the Ministry of Health.

1.1 Mandate of the Committee and Membership

The Departmental Committee on Health is established under Standing Order 216 and mandated to, *inter alia,*

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

The Committee is mandated to cover the functions of the Ministry in accordance with the Fourth Schedule of the Constitution. As such, the Committee exercises oversight role on the work and administration of the Ministry of Health alongside agencies that fall under it.

The Committee comprises the following Members;

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

The Committee is supported by the following members of the secretariat;

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

6. Ms. Catherine Wangui Mukunyi - Serjeant-at-Arms
7. Ms. Winnie Kiziah - Media Officer
8. Mr. Fatuma Abdi - Audio Officer

1.2 Overview of the examination of the Estimates

The 2018/19 budget estimates were submitted and tabled to the National Assembly pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act 2012. The Constitution 2010 and the Public Finance Management Act 2012 gives National Assembly the mandate to review the budget estimates and make recommendations before the budget is approved.

Standing Order No. 235(3) provides that after being tabled, the budget estimates are committed to each Departmental Committee to consider according to their respective mandates. The Standing Orders provide that Departmental Committees of the National Assembly will consider the budget estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

In the exercise of its mandate of reviewing the Ministry's estimates, the Committee scheduled a total of five (5) sittings. The process started by a briefing on 14th May, 2018 from the Parliamentary Budget Office, represented by Mr. Eric Kanyi. This was in an effort to unpack for Members the estimates and equip them with the information needed to effectively scrutinize the estimates. The Committee then engaged the Ministry led by the Cabinet Secretary during its retreat in Mombasa on 15th May, 2018. The Committee requested for further information which was provided in a subsequent meeting held with the Principal Secretary in Parliament buildings on 22nd May, 2018. To clarify certain matters, the Committee met with two service providers to the ministry on 25th May, 2018 before embarking on a final session to write and adopt this report.

1.3 Summary of the Committee Recommendations

The Committee having scrutinized and reviewed the 2018/19 Budget Estimates for the Ministry of Health observes that the Ministry's estimates are majorly dependent on donor funds and most of the key allocations are conditional grants to county governments. The Committee makes the following recommendations:

i.) Policy Recommendations

i.) The Committee is also concerned that most of the conditional grants relating to health function going to county governments take time to reach the intended health facilities since the funds must first pass through the County Revenue Fund and get entangled in the bureaucratic system within the county. The Committee recommends a review of relevant public finance laws to allow the possibility of ensuring that these allocations are disbursed directly to health facilities for first service delivery while at the same time putting in place accountability systems to ensure that these allocations are spent well.

ii.) The Committee is concerned that the portable clinics are lying unutilized due to lack of support from some of the identified counties meant to benefit from this project. The Committee further noted that there are other counties which have expressed interest to uptake this project. The Committee recommends that the Ministry reviews the selection criteria for allocating these clinics such that it is demand driven where counties which have expressed interest are allocated the portable clinics at their cost. This will also lessen the burden of the Ministry in terms requesting resources for operational costs relating management of the clinics.

iii.) The Committee noted that the performance in terms of collection of AIA among the various SAGAs in the sector has improved. However, the Committee is still concerned that some agencies are not declaring their local revenues, for instance, Mathari Referral Hospital. The Ministry needs to ensure that the collection and application of AIA by all Agencies is reported to the National Treasury and the Controller of Budget as required to ensure that this resources are utilized well.

iv.) The Committee is concerned that some of the key budgetary allocations in the Ministry of Health are conditional grants to county governments. This include Leasing of medical equipments, allocation to level 5 hospitals whose allocation are ring fenced under the Division of Revenue Act. Also, the project of providing CT Scans to various hospitals was availed before the Committee after signing of the financing between the Government of Kenya and that of China. Considering that the allocations are significant, the Committee recommends that going forward, the Committee be incorporated in the scrutiny of Division of Revenue Bill if there are proposals in the bill to give conditional grants relating to Health to County governments.

ii.) Proposed reallocations

The Committee observed that the slum upgrading project is part of an active EACC investigation. The Committee notes that the Ministry intends to utilize Kshs 200 Million to pay the pending bill owed to the contractor involved in the purchase of the portable clinics despite the fact that Ministry in its submission indicated that the EACC stopped further payments to the contractor until investigations are completed. The Committee recommends that the **Kshs 320 Million** allocated to this project be reallocated to **rehabilitation and improvement of infrastructure** across all the Kenya Medical Training Colleges (KMTC's) across the country.

Acknowledgements

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. I am also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2018/2019 Budget Estimates. The Committee also thanks the Budget and Appropriations Committee for its efforts to engage with Committees, most notably the retreat held with Committee leaderships prior to examination of these estimates. Such engagements will enable effective appropriation of funds towards shared objectives.

Mr. Chairman,

On behalf of the Departmental Committee on Health and pursuant to provisions of Standing Order 207(6), I present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2018/2019 Budget Estimates for the Ministry of Health.

SIGNED .....

HON. SABINA CHEGE, MP

(CHAIRPERSON)

DATE 28/5/18

PART II

2.1 Broad Overview of the 2018/19 Budget Estimates for the Ministry of Health

The total 2018/19 proposed budget for the Ministry of Health and the various SAGAs under it is Kshs 90 Billion. In the last five years the allocation to this sector has almost doubled, rising from Kshs 50.7 Billion in 2013/14 to Kshs 90 Billion in 2018/19. However, the allocation is still below the Abuja declaration which requires that 15% of the budget be set aside for Health. This is also from the fact that there is still no concrete data to indicate allocation the various counties are set aside in their respective budgets to finance health activities.

The 2018/19 budget Estimates for the sector has made budgetary provisions for various programmes and projects which support the big four agenda of providing access to affordable health care to the citizens.

The Ministry will continue implementing five programmes in the 2018/19 Budget and are as indicated below:

Budget allocation (Kshs Mlns)			
Programmes	2018/19 Allocation		
	Current	Capital	Total
Preventive, Promotive and RMNCAH	1,686	8,270	9,956
National Referral and specialized services	22,695	17,510	40,205
Health Research and Development	6,470	426	6,896
General Administration and Planning	6,891	2,220	9,111
Health Policy, Standards and Regulations	11,359	12,480	23,839
Total	49,101	40,906	90,007

The programmes which have received the highest priority in 2018/19 Budget allocation are:

i. The National Referral and Specialized services Programme which has been allocated Kshs 40.2 Billion of the entire Ministry budget.
ii. The Health Policy, Standards and Regulations Programme has also been prioritized where it has been allocated Kshs 23.8 Billion.

The major recurrent allocations are on the following heads:

2018/19 Major Recurrent Allocations (Kshs Mlns)			
Head	Net	AIA	Gross
Headquarters Administrative and Technical Services	7,414.0	0.2	7,414.2
Headquarter Professional and Administrative Services	4,264.0	-	4,264.0
Mathare Hospital	708.0	-	708.0
Kenya Medical Training College (KMTC)	2,588.0	1,868.0	4,456.0
Kenya Medical Supplies Agency (KEMSA)	390.0	2,195.0	2,585.0
Kenyatta National Hospital (KNH)	6,914.0	4,669.0	11,583.0
Moi Teaching and Referral Hospital (MTRH)	5,122.0	2,575.0	7,697.0
Kenya Medical Research Institute (KEMRI)	1,855.0	102.0	1,957.0
Rural Dispensaries and Health facilities	5,226.0	-	5,226.0
Total	34,481.0	11,409.2	45,890.2

A review of the Development budget reveals that several key projects have been funded such as free maternity, establishment of a cancer institute where 4 cancer centres will be established in Nyeri, Nakuru, Kisii and Mombasa, allocation to managed Equipment service among others as indicated in the table below:

Key capital projects funded in 2018/19 (Kshs Mlns)			
Project	2018/19		
	GoK	Donor	Total
Program for basic health insurance for poor and informally employed	100	700	800
Kenya Health Sector support Project (KHSSP)		650	650
East Africa Public Laboratory Networking		203	203
East Africa Centres of Excellence for skills and tertiary education		1,950	1,950
Food and nutritional support for vulnerable populations affected by HIV		324	324
Health system management		2,600	2,600
Clinical waste disposal system project	15	250	265
Managed Equipment service-Hire of medical equipments for 98 hospitals	9,400		9,400
Free maternity program (Strategic intervention)	4,298		4,298
Upgrade of Health centres in slums (Strategic intervention)	320		320
Vaccines and immunization	703		703
Establishment of Cancer Institute (Kisii, Nyeri, Mombasa and Nakuru	400		400
Roll out of universal health coverage	390		390
Support to universal Health care in a devolved system		1,012	1,012

Transforming Health Systems for universal care project		5,126	5,126
Special global fund HIV grant KEN-H-TNT	1,400		1,400
Special global fund malaria grant KEN-H-TNT	802		802
Special global fund TB grant KEN-H-TNT	403	906	1,309
Computed Tomography (CT) Scanners to 37 Hospitals		7,035	7,035

The Committee made the following key observations as regards the 2018/19 Budget for the Ministry of Health:

i. That Kshs 5.2 Billion has been allocated for Rural Health Centres and Dispensaries as user forgone fees (900 Million) and Kshs. 4.3 Billion for level 5 hospitals. The Committee observed that the Ministry may not have a mechanism for tracking use of these conditional funds.

ii. The Committee observed that the Ministry has a foreign borrowing of Kshs 7 billion for purchase of 37 CT scans. This brings the total allocation to this project to Kshs 8.7 billion after Kshs 1.7 Billion was allocated in the 2017/18 supplementary budget II;

iii. The Committee observed that ministry intends to increase the coverage of Leasing of the medical equipment from 98 Hospitals to 119 Hospitals whereas the success of the initial project has not yet been well documented. The Committee resolved that Ministry provide the implementation status of the project in the first 98 including the names of the Counties where the programmes has been fully implemented and operationalized;

iv. The Committee observed that the slum upgrading project aimed at improving health facilities in slum areas has not taken off despite resources being spent on it and that the portable clinics are unutilized. The Committee notes that the EACC has taken more than two years to investigate and conclude the matter.

v. The Committee observed that there are several donor projects targeting counties aimed at supporting UHC especially among the vulnerable and indigents hence the need to fully understand what each of the projects aims to undertake.

vi. The Committee observed that most of the projects aimed at supporting the vulnerable groups and the indigents to access health are largely donor supported hence the sustainability of these projects cannot be guaranteed due to the unpredictable nature of donor supported projects.

vii. The Committee observed that the Ministry of Health allocation has been enhanced to cater for piloting of the Universal Health Coverage to Counties. The Ministry has stated that the funds will be channeled through NHIF to four counties of Kisumu, Nyeri, Isiolo and Machakos. The Committee however notes that UHC is multifaceted and the ministry did not seem to factor in other enablers including human resources, availability of drugs, infrastructure and general access. The Ministry ought to have used innovative ways to settle on counties based on set targets on these and other enablers.

viii. The Committee also observed that the Ministry allocation to cater for recruitment of doctors was through partnership with the government of Cuba. The Committee also notes that part of the allocation is for training of Kenyan doctors. However, inspite of potential benefits of skills transfer, the Ministry should consider hiring of unemployed specialists available locally.

ix. The Committee noted that the performance in terms of collection of AIA among the various SAGAs in the sector has improved. The Ministry needs to ensure that the collection and application of AIA is reported to the National Treasury and the Controller of Budget as required to ensure that this resources are utilized well.

2.2 Submission by the Ministry of Health on the FY 2018/19 budget estimates

The Ministry of Health appeared before the Committee on three occasions on 15th, 22nd and 25th May, 2018. The Ministry submitted as follows regarding the 2018/19 estimates for the Health Sector;

i) Proposed 2018/19 Budget

That the Budget for Revenue and Expenditure for the Ministry of Health for the 2018/19 financial year has been prepared in accordance with the guidelines issued by the National Treasury.

The Committee was also informed that the proposed budget has also taken into account the Government's Transformative Agenda and the Vision 2030 and has been aligned to the Big Four Agenda of expanding access to affordable health care.

That the Ministry of Health has been allocated a total of **Kshs 90,007,270,456** for the 2018/19 financial year as which has been disaggregated as follows;

(a) Recurrent Budget

Item	Amount (Kshs)
Gross	49,100,820,808
Appropriation in Aid	11,465,006,630
Net	37,635,814,178

(b) Development Budget

Item	Amount (Kshs)
Gross	40,906,449,648
Appropriation in Aid	12,690,051,335
Net	28,216,398,313

The Committee was informed that the proposed allocation for 2018/19 financial year represents an increase of Kshs.29,107,463,155 from the allocation of 2017/18 financial year of Kshs.60,899,807,301.

That the budgetary allocation for the 2018/19 financial year of Kshs.90,007,270,456 will be utilized in the following programs as per the Ministry's Program Based Budget (PBB).

Programme	2017/18	2018/19
Preventive, Promotive and RMNCAH	8,851,205,672	9,956,388,343
National Referral & Specialized Services	25,801,515,728	40,204,959,439
Health Research and Development	5,970,163,179	6,896,737,792
General Administration, Planning and Support Services	8,116,871,015	9,110,519,328
Health Policy, Standards and Regulation	12,160,051,707	23,838,665,554
Total	60,889,807,301	90,007,270,456

The Committee was however informed that the Ministry requested for a total of Kshs.115 billion for the 2018/19 financial year thus there still is a deficit of Kshs.24.99 billion.

ii) Highlights of the Recurrent Budget

The Committee was informed that the recurrent Budget is Kshs. 49,100,820,808 representing an increase of Kshs 18,223,321,038 from the current financial year.

That key allocations under the recurrent budget are the following:

- Universal Health Coverage (UHC) – Kshs. 5,700,000,000
- The allocation for Specialists Doctors from Cuba- Kshs.1,001,922,000
- Allocation for Level 5 Hospitals- Kshs. 4,326,000,000
- Increase in the Appropriations-In-Aid for the SAGAs- Kshs.7,195,399,038

a. Universal Health Coverage (UHC)- Kshs. 5,700,000,000

That the Universal Health Coverage is one of the Big Four Agenda for the Government and the focus of the Ministry during the Medium term will be on providing Universal Health Coverage (UHC).

That the Ministry aims at achieving 100% universal health care by 2022 as envisaged by the government ,where all people will have access to quality healthcare services without incurring financial hardships.

That the allocation for UHC will cater for 100% coverage to all households in the piloted 4 Counties namely Kisumu, Isiolo, Machakos and Nyeri and the package will be uniform to all households for a period of 15 months.

The objective of piloting UHC in the 4 counties is to;

i. Access the feasibility and cost implications of providing a full subsidy of Kshs 6,000.
ii. Provide lessons on the resilience of the health system to provide comprehensive health services and use the lessons learnt to scale up to the rest of the country.

That the total cost of the coverage is Kshs.3.9 billion out of which the World Bank through the Transforming Health Systems for Universal Care (THS-UC) project provided Kshs.1.4 billion in 2017/18 financial year and thus an allocation of Kshs Kshs.2.5 billion has been provided in 2018/19 financial year.

The Ministry under the UHC will also provide NHIF coverage for 1,041,000 elderly persons at a cost of Kshs.3.2 billion. The Ministry reported that the beneficiaries will be identified by the Ministry of Labour and Social Welfare through its existing cash transfer programme to the elderly.

b. The allocation for Specialists Doctors from Cuba-Kshs1,001,922,000

The Committee was informed that the Republic of Cuba will provide medical specialists from various fields who will work in selected hospitals in all the counties across the Republic of Kenya, in particular,

- ASAL areas where it is hard to attract and retain specialists;
- Specialties and subspecialties which have limited numbers in the Public Sector;
- Facilities whereby Government has invested in infrastructure that is underutilized due to Human Resource gaps.

The Committee was informed that the Government will receive 110 Specialist doctors from Cuba as part of the deepening of collaboration in the field of Health between the two countries and that the Specialists will assist in enhancing capacity building and service delivery of the public health sector in Kenya.

The Committee was further informed that out of the 110 specialists, 100 are medical doctors while 10 are specialists in malaria vector control. The Committee was informed that the composition of the various specialities is as follows:
Anesthetist 2, Cardiologist 3, Dermatologist 1, Emergency Medicine 9, Endocrinologist 2, Family Medicine 53, Gastroenterologist 1, General Surgeon 5, Maxillofacial Surgeon 1, Nephrologist 5, Neurologist 2, Neurosurgeon 10, Ophthalmologist 1, Orthopedic Surgeon 5, Plastic Surgeon 3, Radiologist 3 and Urologists 3

The Ministry submitted that the specialists will also provide training to medical officers and other specialists as they provide healthcare services within the facilities they are stationed. That the remuneration for the Specialists is at the same level as local specialists in the country and the allocation for the personnel emoluments is Kshs. 563 million.

That the 10 vector control specialists will collaborate in vector control through the use of biolarvicide technology available in Cuba and this vector control program will commence at the Lake Region comprising 8 counties and to run for 2 years. Thereafter the program will be cascaded to the Highland and Coastal Regions that are less endemic than the Lake Region. The allocation for the Vector Control Program is Kshs 100 million.

In addition, the Committee was informed that the Republic of Cuba will train 50 Kenyan doctors for a 2-year Family Medicine post-graduate course. Similarly, the Kenya Medical Training Institute will also conduct a one-year Diploma program for 1,000 students on Family Medicine. The allocation for the two training programs is Kshs 338.9 million.

c. Allocation for Level 5 Hospitals - Kshs.4,326,000,000

The Committee was informed that the Conditional allocation for Level 5 hospitals has been introduced to the Ministry's budget for the first time. That this allocation which is in the Division of Revenue Act, 2018 were previously disbursed directly by the National Treasury.

The Committee was informed that the purpose for this grant is to sustain service delivery in designated Level 5 hospitals, targeting medical and surgical subspecialties, inter-county referral services and medical training.

The Committee was informed that an allocation criterion is the bed occupancy rate per each level 5 hospitals and that the level 5 hospitals to benefit from the allocation are:

Hospital	County	% occupancy 2015	Allocation
Machakos	Machakos	79	383,583,815
Embu	Embu	62	301,040,462
Garissa	Garissa	71	344,739,884
Kakamega	Kakamega	88	427,283,237
Meru	Meru	77	373,872,832
Mombasa	Mombasa	80	388,439,306
Nakuru	Nakuru	77	373,872,832
Nyeri	Nyeri	84	407,861,272
Kisumu	Kisumu	76	369,017,341
Thika	Kiambu	85	412,716,763
Kisii	Kisii	86	417,572,254
Kiambu	Kiambu	103	126,000,000
Grand Total			4,326,000,000

The Committee was informed that these funds are disbursed to counties under the following conditions;

i. Funds are earmarked for the Level 5 hospital in the receiving County.
ii. Hospitals should meet and maintain the norms and standards for Level 5 hospital as set by the Ministry of Health.
iii. The level 5 hospital should meet the minimum standards set by Medical Practitioners' and Dentist Board (MPDB) as an internship center for medical doctors.
iv. Hospitals should routinely report on Hospital Administrative Statistics in the Health Information System (DHIS)
v. Hospitals should provide additional information on referrals from other counties, and specialized medical services provided in standard format.

The Committee was informed that in addition, Kshs 900 Million has also been allocated as conditional grants to counties for user foregone fees which bring the total allocation to Kshs 5,226,000,000. The Committee was informed that in the recurrent Budget Estimates, the Kshs 5.2 Billion for the User foregone (Kshs 900 Million and Kshs 4.3 Billion for level 5 hospitals) is captured as allocation to rural Health Centres and Dispensaries.

d. Increased Appropriations-In-Aid for the SAGAs- Kshs.7,195,399,038

The Committee was informed that the Appropriations-In-Aid for the Ministry's' SAGAs in the previous financial years were being understated in the Ministry's budget.

The Committee was informed that this has now been corrected in the 2018/19 budget to reflect the exact amounts of revenue that the SAGAs generate during the financial year. Some of these SAGAs include KNH, MTRH, KEMRI, and KMTC among others.

iii) Highlights of the Development Budget

The Committee was informed that the Development Budget is Kshs. 49,100,820,808 which represents an increase of Kshs. 18,121,820,808 from the current financial year.

That the increase is as a result of increase in the allocations for the following projects in 2018/19;

- Managed Equipment Service- Kshs.9,400,000,000

- Upgrade of Health Centres in Slum Areas- Kshs.320,000,000
- Free Maternity Program –Kshs.4,298,000,000
- Computed Tomography (CT) Scanners- Kshs.7,035,000,000.

a. Managed Equipment Service/Leasing of the Medical Equipments – Kshs.9,400,000,000

The Committee was informed that this allocation is a conditional grant to counties as provided in the Division of Revenue Act, 2018.

The Committee was informed that the increased allocation for the Leasing of the Medical Equipments program is to cater for the actual annual charge for the five contracts which is USD 61,783,165 which translates to Kshs 6.1 Billion.

The Committee was informed that the allocation of Kshs 5.1 Billion in the 2017/18 financial year was not adequate to cater for the annual charge. Secondly during the 2017/18 financial year the number of hospitals covered under the program increased to 119 from 98 thus necessitating additional budgetary requirements.

The Committee was informed that the program has a Health Care Information Technology (HCIT) which connects all the 98 hospitals covered in MES to a central control unit which enables the submission of imaging pictures to the control unit for interpretation by the radiologists and radiographers and that this is critical given that the number of radiographers and radiologists are very few in the country.

The Committee was informed that the HCIT will also collect data on the service provided by the equipment under program and the number of patients attended in the hospitals and that the HCIT program will also play a critical role in medical tourism that the country has prioritized in the Vision 2030.

b. Upgrade of Health Centres in Slum Areas- Kshs.320,000,000

The Ministry in response to the plight of slum dwellers purchased 100 portable clinics during 2015/16 financial year which have not been installed and commissioned due to non-provision of funds in 2016/17 and 2017/18 financial years. This was under the slum upgrade

programme that initially was intended to be done through construction of clinics by the National Housing Corporation. The plan was shifted due to lack of land in the intended areas.

The Ministry explained that the 2018/19 allocation of Kshs.320 million will cater for site preparation for the already identified sites where the portable clinics will be installed, and pay the contractor the balance of the contracted sum amounting to Kshs.200 million. The portable clinics will be installed in 18 Counties.

That the Ministry is fully aware of schedule 4 of the Constitution of Kenya 2010 which assigns health service delivery from level 5 and below to County Governments and thus, ideally, portable clinics which fall under level 2 of the health service delivery system ought to be an intervention by the respective County Governments that have informal settlements.

The Committee was informed that the County Governments have not committed resources to improve health services in the informal settlements despite the fact that there are enormous gaps in health service delivery in informal settlements as confirmed by the high uptake of health services following installation of portable clinics in the Kibera slum from December 2014.

c. Free Maternity Program –Kshs.4,298,000,000

The Committee was informed that the Free Maternity Program converted to LINDA MAMA program from 2017/18 financial year and that the program now covers both public and private hospitals particularly the faith-based organizations.

The increased coverage of this program has brought in about 2,000 additional health facilities therefore necessitating the need for additional funds.

The Committee was also informed that the LINDA MAMA program is now operated by the National Hospital Insurance Fund (NHIF) rather than being allocated as conditional grants to the county governments.

d. Computed Tomography (CT) Scanners Equipment in 37 hospitals – Kshs.7,035,000,000

The Committee was informed that the CT scanners have become a basic diagnostic tool that should be universally availed in all health facilities.

That due to the increase in non-communicable diseases such as cancer, CT diagnosis will offer early diagnosis and follow-up of treatment progress thereby contributing to reversal of mortality and morbidity trends across the country.

That due to the ability of the technology to make fast and accurate diagnosis in emergency situations for example head injuries, hospitals adjacent to accident prone highways will benefit road traffic accident victims.

That there is serious shortage of CT Scanners in public hospitals where the country currently has about 2.2 scanners per one million population. There are 90 CT Scanners in the country, out of which only 18 low capacity machines are in public hospitals, thinly spread out in only 16 of 47 counties. Further, out of the 18 a third are not functional hence necessitating the need for the procurement of the 37 CT- Scanners.

The Committee was informed that the CT-Scanners comprise 36 CT scans which are 64 slice while 1 CT scan is 128 slice.

The Committee was informed that the procurement of the CT-Scanners has been facilitated through funding from both the Government of Kenya and the Peoples Republic of China.

That the Government of Kenya contributed of 20% of the total cost amounting to Kshs.1.74 Billion which was factored in 2017/18 Supplementary Estimates 2 as it was a condition precedent to the disbursement of the loan from the Peoples Republic of China.

The Committee was informed that the total cost of the operationalization of the 37 CT-Scanners is USD 84,143,737 (Kshs 8.4 Billion) which translates into each Scanner operationalization costing USD 2,274,155 (Kshs 227.4 Million).

The Committee was informed that that the scanner alone costs USD 400,000 (Kshs 40 Million) and the rest of the cost is for the following components;

- Construction of building where the machines will be placed
- Air conditioning all 5 rooms 24,000btu,
- Generator 120KV for 64 slice and 150KV for 128 slice,
- Uninterrupted power supply(UPS) unit 120KVA,
- Furniture for all the rooms,
- Special Thermal film printer,
- Injector,
- Standard Report printer,
- Warranty and spare parts for 5 years,
- Service for 5 years,
- Factory training for 37 Radiologists/ Radiographers,
- More than 800 users Refresher training for 5 years,
- Government Taxes

The Committee was informed that CT-Scanners are not part of the Leasing of the Medical Equipment project and that the implementation of the project will enable the public to access specialized services based on advanced technology at affordable cost when installed in the 37 hospitals spread in all the counties across the country.

e. Support to UHC projects

The Committee was informed that there are several projects aimed at supporting UHC especially among the vulnerable and indigents such as program for basic insurance for the poor and informally employed, roll out of the Universal Health Coverage support to universal health care in a devolved system in Kenya and Transforming Health systems for Universal care project.

That these projects augment the UHC in that they are primarily focused at the primary health care facilities where the majority of women and children access service.

- Transforming Health Services- Universal Care Project- World Bank- Kshs 5.12 billion.

The Committee was informed that under this Project Conditional Grants will be disbursed to all the 47 counties. The funds are for improving primary health care services with a focus on reproductive, maternal, new born, child adolescent health (RMNCAH).

Part of the grant will also be disbursed to Counties based on service delivery improvement which is mainly numbers of children immunized, women attending ante natal clinics and delivering in health facilities. These allocations are contained in the CARA 2018.

The Project also has allocated grants for procurement of family planning commodities and for training of community health nurses at KMTC. The grant has also an allocation for project management costs.

- **Support to Universal Health Care in Devolved System in Kenya- Danida- Kshs 1,012,500,000**

The Committee was informed that the allocation is meant for gazetted public primary healthcare facilities to support operations and maintenance for example security of the facility, maintenance, water and electricity.

- **Program for basic Health Insurance for Poor and Informally Employed-(HISP) - Kshs 800,000,000- JICA and World Bank**

The Committee was informed that the project covers elderly persons with severe disabilities who were receiving cash transfers from the Ministry of East Africa, Labour and Social Security's Department of Social Services.

The Committee was informed that the current coverage is 42,000 households in all the Counties. The project also covers 160,421 poor households. Further the HISP aims at increasing prepaid health insurance coverage especially for the poor population thereby providing financial risk protection.

2.3 Committee Observations

The Committee having considered the various submissions, made the following observations during the consideration of the Budget Estimates;

i. That Kshs 5.2 Billion has been allocated for Rural Health Centres and Dispensaries. The Committee was informed that this is a conditional allocation is for Level five hospitals of Kshs 4.3 Billion which was previously disbursed by the National Treasury but now has been shifted to the Ministry of Health and Kshs 900 million for User fee foregone which is also a conditional grant to the county governments provided under the Division of Revenue Act, 2018.

ii. The Committee observed that the Ministry has a foreign borrowing of Kshs 7 billion for purchase of 37 CT scans. The Committee was informed that the total cost of the project is not only for purchase of the CT scans rather it has components as such as Construction of building where the machines will be placed, Air conditioning all of rooms ,Generator 120KV for 64 slice and 150KV for 128 slice, Uninterrupted power supply(UPS) unit 120KVA,Furniture for all the rooms, Special Thermal film printer, Injector, Standard Report printer, Warranty and spare parts for 5 years, Service for 5 years, Factory training for 37 Radiologists/ Radiographers, More than 800 users Refresher training for 5 years and Government Taxes. The Committee was also informed that the CT scans were not part of the Leasing of Medical equipment and that the approximate unit cost of one CT scan is Kshs 40 Million.

iii. The Committee observed that ministry intends to increase the coverage of Leasing of the medical equipments from 98 Hospitals to 119 Hospitals with an allocation of Kshs 9.4 Billion. The Ministry submitted that out of the Kshs 9.4 Billion;

- Kshs 6.1 Billion is meant for the quarterly payments of the initial five contracts for the 98 hospitals
- Kshs 1 Billion is for Health Care Information Technology (HCIT) which is a two year contract
- Kshs 2.3 Billion is for the additional 21 hospitals which been incorporated into the program

iv. The Committee observed that the slum upgrading project aimed at improving health facilities in slum areas has not taken off despite resources being spent on it and that the procured portable clinics are unutilized. The Committee was informed that the Ministry budget for this project has always be hampered by lack of exchequer release as well as lack of buy in some of the targeted counties.

The Committee noted that the Ministry intends to utilize Kshs 200 million to pay the contractor the balance of the contracted sum amounting to Kshs.200 million. However, from the Ministry submissions, the EACC stopped further payment of the contract until investigations are concluded. The Committee also observed that the portable clinics which fall under level 2 health facility category are a devolved function.

v. The Committee observed that the Ministry of Health allocation has been enhanced to cater for piloting of the Universal Health to Counties. The Ministry submitted the identified counties are Nyeri (due to prevalence of non-communicable diseases), Kisumu (due to prevalence of communicable diseases), Machakos (due to the highway hence prone to accidents) and Isiolo (ASAL region). The intention of the piloting to ascertain the feasibility of the UHC before being rolled out in the entire country. The Ministry submitted that the obligation of the selected county governments is to ensure that Human Resources are available and Health facilities are improved including having medical products.

The Committee observes that the pilot programme is one dimensional and fails to appreciate the multi-faceted nature of UHC hence the need to review it. It allocates funds to NHIF without commensurate capacity built for health personnel, access, medicine among other factors. Moreover, it has not been explained how NHIF intends to scale up 100% coverage in these counties.

vi. The Ministry submitted that the enhanced allocation for recruitment of doctors relates to the partnership between Kenya and Cuba where 110 specialist doctors from Cuba will work in Kenya. The programme also involves an exchange program where Kenyan

doctors will be trained in Cuba as well as malaria control in malaria prone regions. The Committee also notes that part of the allocation is for training of Kenyan doctors. However, inspite of potential benefits of skills transfer, the Ministry should consider hiring unemployed local specialists.

2.4Committee Recommendations

The Committee having considered and scrutinized the 2018/19 Budget Estimates for the Ministry of Health makes the following recommendations:

i.) Policy Recommendations

1. The Committee is concerned that some of the key budgetary allocations in the Ministry of Health are conditional grants to county governments. This include Leasing of medical equipments, allocation to level 5 hospitals whose allocation are ring fenced under the Division of Revenue Act. Considering that the allocations are significant, the Committee recommends that going forward, the Committee be incorporated in the scrutiny of Division of Revenue Bill if there are proposals in the bill to give conditional grants relating to Health to County governments.

2. The Committee is also concerned that most of the conditional grants relating to health function going to county governments take time to reach the intended health facilities since the funds must first pass through the County Revenue Fund and get entangled in the bureaucratic system within the county. The Committee recommends a review of relevant public finance laws to allow the possibility of ensuring that these allocations are disbursed directly to health facilities for first service delivery while at the same time putting in place accountability systems to ensure that these allocations are spent well.

3. The Committee is concerned that the portable clinics are lying unutilized due to lack of support from some of the identified counties meant to benefit from this project. The Committee further noted that there are other counties which have expressed interest to uptake this project. The Committee recommends that the Ministry reviews

the selection criteria for allocating these clinics such that it is demand driven where counties which have expressed interest are allocated the portable clinics at their cost. This will also lessen the burden of the Ministry in terms requesting resources for operational costs relating management of the clinics. The portable clinics can also be used by NYS in their Gender Based Violence (GBV) centres.

4. The Committee noted that the performance in terms of collection of AIA among the various SAGAs in the sector has improved. However, the Committee is still concerned that some agencies are not declaring their local revenues, for instance, Mathari Referral Hospital. The Ministry needs to ensure that the collection and application of AIA by all Agencies is reported to the National Treasury and the Controller of Budget as required to ensure that this resources are utilized well.

ii.) Proposed reallocations

5. The Committee observed that the slum upgrading project is part of an active EACC investigation. The Committee notes that the Ministry intends to utilize Kshs 200 Million to pay the pending bill owed to the contractor involved in the purchase of the portable clinics despite the fact that Ministry in its submission indicated that the EACC stopped further payments to the contractor until investigations are completed. The Committee recommends that the Kshs 320 Million allocated to this project be reallocated to rehabilitation and improvement of infrastructure across all the Kenya Medical Training Colleges (KMTC's) across the country.

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ANNEXURES

Annex 1: Minutes of sittings of review of estimates

Annex 2: Presentation by Parliamentary Budget Office

Annex 3: Tables of Programmes and Projects adjusted

Annex 5: Table showing detailed project list reconcilable with the Capital Budget

Annex 6: Table of list of donor funded projects VS GOK component

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – SECOND SESSION

THE DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

REPORT ON THE EXAMINATION OF BUDGET ESTIMATES FOR THE YEAR 2018/19

(i) VOTE 1011: THE PRESIDENCY
(ii) VOTE 1021 STATE DEPARTMENT FOR INTERIOR
(iii) VOTE 1022: STATE DEPARTMENT FOR CORRECTIONAL SERVICES
(iv) VOTE 1024: STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES
(v) VOTE 2071: PUBLIC SERVICE COMMISSION
(vi) VOTE 2101: NATIONAL POLICE SERVICE COMMISSION
(vii) VOTE 2151: THE INDEPENDENT POLICE OVERSIGHT AUTHORITY

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBER,
PARLIAMENT BUILDINGS,
NAIROBI.

MAY 2018

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1.0 PREFACE

On behalf of the Departmental Committee on Administration & National Security and pursuant to provisions of Standing Order 232, it is my pleasant privilege and honour to present to the Budget and Appropriations Committee, the Report on its consideration of the Budge Estimates for the Ministry's and State Departments that fall under its purview. The Budget Estimates was tabled before the House on Thursday 3rd May, 2018 pursuant to Standing Order No. 232 and thereafter committed to relevant Departmental Committees for deliberation according to respective mandates.

1.1 MANDATE OF THE COMMITTEE

The Departmental Committee on Administration & National Security is established pursuant to the provisions of Standing Order No. 216. The mandate and functions of the Committee is to:-

I) *Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*

II) *Study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*

III) *Study and review all legislation referred to it;*

IV) *Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;*

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

VI) Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and

VII) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

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

The estimates of Revenue and Expenditure have been submitted to the National Assembly at a time the economy is recuperating from tensions and animosity that characterized the 2017 General Elections. The political temperatures have since cooled following the truce between the leading presidential Candidates. Insecurity however remains in few hotspots in Mount Elgon as relates to conflict on resource sharing.

The second schedule of the Standing Orders for the National Assembly mandates the Committee on Administration and National Security to consider matters relating to National security, Police services, home affairs, Public Administration, Public Service, prisons, Immigration and the management of natural disasters. It is from this perspective that the Committee scrutinized seven votes namely;

(i) Vote 1011, the Presidency
(ii) Vote 1021, State Department for Interior
(iii) Vote 1023, State Department for Correctional Services
(iv) Vote 1024, state Department for Immigration and Citizen Services
(v) Vote 2071, Public Service Commission
(vi) Vote 2101, National Police Service Commission
(vii) Vote 2151, Independent Police Oversight Authority
(viii) Public Service Transformation programme under the Ministry of State for Public Service and Youth

1.2 COMMITTEE MEMBERSHIP

1. The Hon. Paul Koinange, MP - **Chairperson**
2. The Hon. John Waluke, MP - **Vice-Chairperson**
3. The Hon. Dr. Makali Mulu, MP
4. The Hon. Wafula Wamunyinyi, MP
5. The Hon. Justus Kizito, MP
6. The Hon. George Theuri, MP
7. The Hon. Geoffrey Kingangi Muturi, MP
8. The Hon. Dr. Tecla Chebet Tum, MP
9. The Hon. Josphat Kabinga Wachira, MP
10. The Hon. Abdi Omar Shurie, MP
11. The Hon. Peter Francis Masara, MP
12. The Hon. Ahmed Kolosh Mohammed, MP
13. The Hon. Oku Kaunya, MP
14. The Hon. Ngunjiri Wambugu, MP
15. The Hon. Nimrod Mbithuka Mbai, MP
16. The Hon. Didmus Wekesa Barasa Mutua, MP
17. The Hon. Marselino Malimo Arbelle, MP
18. The Hon. Halima Mucheke, MP
19. The Hon. Aduma Owuor, MP

Secretariat

1. Mr. Aden Abdullahi - Senior Clerk Assistant
2. Mr. Joshua Ondari - Clerk assistant II
3. Mr. Edison Odiambo - Fiscal Analyst
4. Mr. Sidney Bwire - Legal Counsel II
5. Mr. Donald Manyala - Research Officer
6. Mr. Josephat Bundotich - Senior Sergeant at arms II

2.0 CONSIDERATION OF THE BUDGET ESTIMATES

The Budget estimates was tabled in the House on Thursday 3rd May, 2018 and subsequently committed to relevant departmental Committees pursuant to Standing Orders 232 (4) for consideration, discussion and review. The Committee upon receipt of the Budget Estimates and in pursuit of its mandate received a briefing from Mr. Edison Odiambo from the Parliamentary Budget Office (PBO) and held meetings with the State Department for Interior, State Department of Correctional Services, Ministry of Public Service, National Police Service Commission, Public Service Commission, Independent Police Oversight Authority and Comptroller of State House to consider the Budget proposals.

3.0 COMMITTEE GENERAL OBSERVATIONS

1. In preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS have been taken into consideration when preparing the estimates. Indeed the Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations on the estimates. It is observed that a number of programmes under the state Department for Interior did not adhere to the BPS as the basis for preparing the estimates. They include Population Management Services and Policing services.

2. A review of projects under the Presidency reveals that it is implementing a total of 13 projects with an estimated cost of KShs 13 5 billion. In the 2018/2019, and the medium term, KShs 1.18 billion, KShs1.579 billion and 1.641 billion has been proposed for allocation across the various projects. While the total allocation in the medium term amounts to KShs. 4.4 billion, the total cost against an estimated cost of KShs. 13.5 billion gives a deficit in resource requirement of KShs. 9.1 billion.

3. Similarly the state Department for Interior will be implementing 149 projects in the FY 2018/2019 and the medium term whose estimated cost amounts to KShs. 114 billion with a proposed allocation of KShs. 15.6 billion. The allocation will be financed by the GoK at KShs. 15.1 billion and KShs. 429 million through external funding respectively. The resources available for capital spending are limited.

4. Pending Bills always affect the implementatation of any budget given that it forms the first charge in any financial year. The Committee noted with concern the pending bills across the various agencies under its purview as shown below

	MDA	Pending Bills	Remarks
	The Presidency	73.4 Million	Occasioned by budget cuts
	Interior	3,679 Million	Occasioned by budget cuts
	Correctional Services	6,710 Million	Relates to historical pending bills and KShs. 165 million for Development occasioned by budget cuts
	Immigration and Citizen Services	1.4 million	

5. The donor funded project that aims at supporting refugees host communities around Dadaab and Kakuma Refugee camps to reduce the impacts of long standing presence of refugees through community driven development should not be under the Presidency vote which deals with overall policy issues and coordination. Instead the project can be implemented better by the State Department for Interior which has full-fledged directorate on Refugee Affairs.

6. There has been slow implementation of Vision 2030 flagship projects partly attributed to limited funds for capital spending. The flagship projects were the foundation upon which the vision 2030 targets were based on. Therefore the slow pace has hampered the envisaged economic growth and development. The Presidency being in charge of overall policy direction may give direction in the view of limited capital spending by completing the unfinished agenda of MTP II.

4.0. COMMITTEE RECCOMENDATIONS

1) The Committee recommends that the House approves
   a) KShs. 8,782,092,253 for Vote 1011, the Presidency
   b) KShs. 4,575,268,823 for Vote 1024, State Department for Immigration and Citizen Services
   c) KShs. 1,219,510,000 for Vote 2071, Public Service Commission
   d) KShs. 817,002,200 for Vote 2151, Independent Police Oversight Authority
   e) KShs. 3,249,328,176 for Public Service Transformation programme under the Ministry of State for Public Service and Youth.

Reductions

2) Reduce the allocation for State Department for Interior vote 1021 by **KShs. 300 million** under the programme Planning, Policy Coordination and Support Services and increase the allocation for

   a) State Department for Correctional Services Vote 1023 by KShs. 200 million to NACADA to take care of a shortfall in their Operations and Maintenance under Planning, Policy Coordination and Support Services for the State Department for Correctional Services.

   b) National Police Service Commission Vote 2101, by KShs. 100 million to National Police Service Commission for the sub- programme Human Resource Management under the Programme National Police Service Human Resource Management to enable the Commission set up 8 Counseling units for the Police.

Re-allocations

3) Reduce the allocation for National Secure Communication and Surveillance System development project under the programme Planning, Policy Coordination and Support services by **KShs. 600 million** and re-allocate

   a) KShs. 570 million towards construction of sub-county Headquarters under the same sub-programme.

b) KShs. 30 million towards the construction of Police Housing under Policing Services Programme.

4) Reduce the allocation for the programme Planning, Policy Coordination and Support Services by **KShs. 300 million** and re-allocate

   a) KShs. 200 million to the Office of the Deputy Inspector General, Kenya Police for Security Operations under sub –programme Kenya Police Services, Policing Services Programme.
   b) KShs. 100 million to the sub –programme Criminal Investigation Services, Policing Services Programme.

5) Provide **KShs. 20 million** towards compensation of owners of plots taken over by the Government to build Government Offices at the Embu North District Headquarters by reducing recurrent for OOP Headquarters, Planning, Policy Coordination and Support Services Programme

6) The Budget and Appropriations Committee to source for resources amounting to KShs. 1.5 billion elsewhere towards supplies services for Registration of Persons for the production of third Generation Identity Cards and KShs. 400 million for the recruitment of new police officers.

5.0 ACKNOWLEDGEMENTS

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. I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

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

Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Administration and National security, to present this Report to the Budget and Appropriation Committee pursuant to the provisions of section 25 of the Public Finance Management Act (PFM Act) and Standing Order 232 (4).

Thank You

SIGNED .....

HON. PAUL KOINANGE, MP

(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

DATE.....29th May 2018.....

6.0 CONSIDERATION OF THE BUDGET ESTIMATES FOR THE FY 2018/2019

6.1 PRESENTATION BY THE STATE DEPAERTMENT OF CORRECTIONAL SERVICES

The Principal Secretary, Mr. Alfred Cheruiyot informed the Committee that;

i) The proposed allocation for the department for the FY 2018/2019 amounts to Kshs. 27,878 million

ii) The State Department will be running four programmes namely, Planning Policy Coordination and Support Services, Betting Control Licensing and Regulation Services, Correctional Services, General Administration, Planning and Support Services in the FY 2018/2019. This reflects an increase in the number of programmes from three in the FY 2017/2018 to four in the FY 2018/2019.

iii) The Department having implemented the programmes stated above has made the following remarkable achievements by the third quarter of 2017/18 financial year.

a) Collected revenue for Kshs 215Million from licenses and permit fees on gaming and betting activities.

b) Tax revenue to KRA of approx. Kshs 3Billion

c) 41,540 offenders Rehabilitated and reintegrated

d) 22,577 Offenders provided with formal education

e) Provided temporary accommodation to 147 needy and deserving offenders

f) Strengthened the workforce by recruiting 3,200 prison officers to enhance service delivery

g) 178 housing units were constructed for prison staff

h) Timely Production of averagely 2,500 inmates daily to courts

COMMITTEE OBSERVATIONS

a) The State Department for correctional Services will be running two programmes which are similar in nature. While the number of programmes is attributed to re-alignment of the new government, it is not clear why the ministry will be running

two programmes which look the same on planning policy coordination and support services on one hand and General Administration, Planning and Support Services on the other hand. It is noted that NACADA that was initially under the state Department for Interior has been transferred to this state department. The State Department may consider merging the two programmes into one

b) The State Department Budget estimates has surpassed the ceiling

6.2 PRESENTATION BY THE STATE DEPARTMENT INTERIOR

The Principal Secretary Dr. Eng Karanja Kibicho informed the Committee that;

i) The proposed allocation for the department for the FY 2018/2019 amounts to Kshs. 124,895.30 Million

ii)The State Department implements its mandate in the following programmes and Sub-programmes

a) Policing Services – Kenya Police Service, Administration Police Services, Criminal Investigation Services, General Paramilitary Services, Government Chemist Services

b) National Government Administration and Field Services – Planning and Field Administration Services, Peace Building and Conflict Management Disaster Risk Reduction

c) Government Printing Services

d) Population Registration Services

ii) The principal Secretary further informed the Committee of the departments achievement which include Police modernization through acquisition of assorted modern security equipment, a Forensic laboratory which has been constructed to completion and the equipping and training of experts in phases, Enhanced mobility and acquiring of 2,820 vehicles for the NPS.

iii) The other achievements of the department include reduction of police citizen population ratio and recruitment of 10,000 police officers annually

COMMITTEE OBSERVATIONS

The Committee observed the following;

i) The cost for the construction of National Police Forensic Laboratory is increasing from what was originally estimated to be its cost. The project requires an additional Kshs. 4 Billion to enable it be equipped and another Kshs. 2.4 Billion for case management system. It is now estimated it will cost KShs. 12 billion to its final completion.

ii) The budgetary allocation of Kshs. 18.8 Billion is similar to National Communication and Surveillance Project that was completed

iii) A review of projects under the Presidency reveals that it is implementing a total of 13 projects with an estimated cost of KShs 13. 5 billion. In the 2018/2019, and the medium term, KShs 1.18 billion, KShs1.579 billion and 1.641 billion has been proposed for allocation across the various projects. While the total allocation in the medium term amounts to KShs. 4.4 billion, the total cost against an estimated cost of KShs. 13.5 billion gives a deficit in resource requirement of KShs. 9.1 billion.

iv) The state Department for Interior will be implementing 149 projects in the FY 2018/2019 and the medium term whose estimated cost amounts to KShs. 114 billion with a proposed allocation of KShs. 15.6 billion. The allocation will be financed by the GoK at KShs. 15.1 billion and KShs. 429 million through external funding respectively . The resources available for capital spending are limited.

6.3 PRESENTATION BY STATE DEPARTMENT OF IMMIGRATION, BORDER CONTROL & REGISTRATION OF PERSONS.

The Principal Secretary Maj Gen. (Rtd) Dr Gordon Kihalangwa informed the Committee that;

i) The proposed allocation for the department for the FY 2018/2019 amounts to Kshs. 4,575 Million

ii) The State Department will improve immigration services by implementing the e-Passports system, Gazetted border points connection of 65 (NIIMS) National

Integrated Identity Management System, 107,000 temporary passes, 56,500 visas, 77,000 foreign nationals certificates and 80,000 work permits.

iii) The Department will install Automated immigration clearance system and acquisition of 200 vehicles to enhance border patrol and registration services

COMMITTEE OBSERVATION

The committee observed that;

1. The transfer of Immigration services to the newly created State Department for Immigration and Citizen Services while the other Population Services remains in the State Department for Interior may not lead to better and efficient management. It would have been better if all population management services could have been in one state Department including Registration of Persons, Registration of births and deaths among others.

2. The State Department target of issuing 80,000 work permits does not auger well for a country where its youth and other University Graduates are unemployed. Some of the work permits issued relate to jobs which can be performed by the locals. Work permits should be issued to expatriates whose skills cannot be found locally. The Committee may interrogate the skills of foreign nationals being issued with the work permits to avoid denying Kenyans jobs they can perform.

6.4 PRESENTATION BY THE CONTROLLER OF STATE HOUSE

The Controller of State House, Hon. Kinuthia Mbugua informed the Committee that;

1. The proposed allocation for the Presidency for the FY 2018/2019 amounts to Kshs. 8,782 Million

2. During the Financial year 2018/19 the Presidency shall be implementing four programmes and twelve sub- programmes

a) State House Affairs - Coordination of State House Functions and Administration of statutory benefits to the retired Presidents

b) Deputy President Services – General Administration, Planning and Support Services and Coordination and supervision

c) Cabinet Affairs – Advisory Services on economic and Social Affairs

d) Government Advisory Services – State Corporations Advisory Services, Kenya – South Sudan Advisory Services, Power of Mercy Advisory Services and Coordination of Vision 2030

Analysis of Allocation by Programmes

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
State House Affairs	3,513.9	3,848	4,848	4,185	**3,521**	3,651	3,798.5
Deputy President Services	3,326.9	2,567.8	2,726.3	2,131.3	**2,305**	2,852	2,928.9
Cabinet Affairs	1,327.7	2,102.5	2,216.3	2,619	**2,110**	2,411	2,546
Government Advisory Services	285	383	1,158	993.8	**846**	882	893.6
	8,453.50	**8,901**	**10,949**	**9,929**	**8,782**	**9,796**	**10,167.00**

COMMITTEE OBSERVATION

The committee observed that;

i) The donor funded project that aims at supporting refugees host communities around Dadaab and Kakuma Refugee camps to reduce the impacts of long standing presence of refugees through community driven development should not be under the Presidency vote which deals with overall policy issues and coordination. Instead the project can be implemented better by the State Department for Interior which has full-fledged directorate on refugee Affairs.

6.5 PRESENTATION BY THE CABINET SECRETARY MINISTRY OF PUBLIC SERVICE YOUTH & GENDER AFFAIRS

The Cabinet Secretary, Prof Margaret Kobia informed the Committee that;

i) The Directorate of Public Service Management will implement two programmes namely Public Service Transformation Programme and General Administration

ii) The proposed allocation for Public Service transformation programme for the FY 2018/2019 amounts to Kshs. 3,249 Million

The budget progrmme for the financial year 2018/2019 is as follows

PROGRMME	EXPEENDITURE ESTIMATES & CEILING (KSHS. MILLIONS		
	RECURRENT 2018/19	DEVELOPMENT 2018/19	TOTAL
Public Service Transformation	1,850.93	1,398.40	3,249.33
General Administration	4,149.19	-	4,149.19

COMMITTEE OBSERVATION

1. The Committee observed that there was no reason for allocating Huduma Kenya Service monies because of the alleged financial claims and irregularities on the arrangements relating to the "Kenya Smart Service and Payment Card Distribution Network" including the Huduma Card Service Mobile Application.

6.6 PRESENTATION BY THE INDEPENDENT POLICING OVERSIGHT AUTHORITY

The Chairperson Mr. Macharia Njeru, informed the Committee that;

1. The proposed allocation for the Independent Policing Oversight Authority for the FY 2018/2019 amounts to Kshs. 817 Million.

2. The following is a summary of outputs, performance indicators, and targets

Summary of Key Outputs, Performance Indicators and Targets for FY 2018/19 and the Medium Term

Programme	Key Outputs	Key Performance Indicators	Target 2016/17	Achieved 2016/17	Target (Baseline) 2017/18	Target 2018/19	Target 2019/20	Target 2020/21
Police Oversight Services								
1	Complaints received and processed within time	Percent of received complaints cleared within time	100%	100%	100%	100%	100%	100%
2	Cases in IAU monitored and reviewed	Percent of cases in IAU monitored	100%	58%	100%	100%	100%	100%
3	Investigations conducted and finalized	Percent of targeted investigations finalized	100%	100%	100%	100%	100%	100%
		Percent of completed investigation files submitted to ODPP within time	80%	90%	100%	100%	100%	100%
4	Police premise	Number of police	56	94	100	130	150	180

Programme	Key Outputs	Key Performance Indicators	Target 2016/17	Achieved 2016/17	Target (Baseline) 2017/18	Target 2018/19	Target 2019/20	Target 2020/21
	s inspected and monitored	premises inspected						
5		Number of police premises followed up	150	114	150	160	180	200
6	Police operations monitored (Disclosed and Formal)	Percentage of police operations monitored	100%	50%	100%	100%	100%	100%
7	Regional devolved units established	Number of operational devolved units	3	3	6	-	-	-
8	Thematic and National Surveys on services by police Conducted	Number of surveys conducted	1	0	3	4	5	5

Budget Absorption

FY	Approved Budget Kshs. '000	Total Expenditure Kshs. '000	Absorption Rate, %
2014/15	290,621	265,103	91
2015/16	395,894	359,848	91
2016/17	484,935	432,956	89
2017/18	695,860	507,196	73

6.7 PRESENTATION BY THE NATIONAL POLICE SERVICE COMMISSION

The Chairperson Mr. Johnston Kavulundi informed the Committee that;

1. The proposed allocation for the National Police Service Commission for the FY 2018/2019 amounts to 1,219,510,000 million.

2. The Commission sought the following intervention from the Committee

a) ***Establishment of NPS counseling units***

Health care is one of the Government 'BIG FOUR' agenda. A healthy police service will ensure security thus enabling a conducive environment that will eventually boost the manufacturing initiatives. Psychological health is key for the NPS to be efficient and effective. The Commission recognizes the fact that Police officers are faced with many challenges in the process of undertaking their duties. In addition, they are subjected to horrible and shocking scene situations that often leaves them traumatized and heavily stressed.

Media reports indicate that there is an increase in the rate of suicide, drug and substance abuse and misuse of fire arms in the Police Service. In order to combat and address the ever rising need for the counseling services, the Commission envisages establishing guidance and counseling centers that will handle psychological trauma and ensure that affected officers receive counseling on regular basis.

The Cost of establishing the units in 8 regions is estimated at **Ksh.187.56M** and this forms part of deficit for operations and maintenance.

b) *NPS human resource Audit*

The Commission took over the management of the NPS human resource from the public service Commission which had delegated the management to the Commissioner of Police.

The Commission has been unable to directly implement or oversee implementation of its decisions due to the fact that the commission does not manage the payroll for NPS. Further the Commission has numerous cases in court where decisions made by the Commission and the NPS are challenged for various reasons. Many of the cases stem from the lack of adherence to the law and regulations on the human resource procedures.

The envisioned benefits of carrying out the audit include cleansing of the Payroll; confirming compliance of Commission decisions especially on dismissal, interdiction, disciplinary measures, promotion and transparency in transfer management. Further the process will see improved welfare through affirmative action especially for the vulnerable groups and the PWDS.

It's therefore recommended that an audit of the NPS human resource be carried out as the process of delinking of the payroll is finalized. The estimated cost of carrying out a human resource audit estimated at a cost of **Ksh.145M**

c) *Strengthen operational capacity for NPSC*

The Commission will concentrate its efforts during the next medium term period on implementing the goal for human resource management in the NPS. The envisioned activities will focus on recruitment, retention, succession planning, promotion, performance evaluation practices, workplace health, training and leadership development to ensure that the NPS is adequately equipped to perform its core functions in keeping the country safe, secure and at peace.

In addition focus will be on strengthening human resource management practices, building human resource capacity and modernizing human resource processes within the police training institutions as well as the police internal organs. The activities envisioned will also target the capacity and capability in the Human resource management required to deliver police reforms.

The current NPSC human resource infrastructure does not permit the timely analysis of data hence accurate and timely decision making by the Commission is severely constrained. There is therefore need for acquisition of an Enterprise Resource Planning (ERP) system that facilitates smooth flow of information for purposes of enhancing operational efficiency, encourage information sharing and ultimately improve service delivery to the public.

The objectives of the system are:-

- To increase speed of response in the management of processes and feedback mechanism for effective and efficient service delivery;
- To improve transparency and fairness in Human Capital Processes;
- To ensure verification and validation of all Human Capital processes;
- To establish linkages to each police station countrywide, providing an in-built data validation mechanism right from HQS/ Regions / Counties/ Divisions/ stations/Posts
- To ensure timely, accurate and efficient access to personnel records, management of Nominal/Seniority rolls, Recruitment, Promotions and deployments.
- Establish a safe, secure, reliable and efficient customized management information system that supports the sensitivity and confidentiality of police records

The cost of strengthening the NPSC operational capacity including acquisition of the required hardware and software equipment is estimated at **Ksh.110M**.

d) ***Establishment of a house mortgage and Car loan scheme for NPSC***

Affordable housing is one of the pillars in the Government 'BIG FOUR' agenda.
The Government is committed to ensuring that its citizens acquire decent housing. Acquisition of a home is a great achievement and provides security and peace of mind to the owner. In order to extend this facility to staff, the Commission is in the processes of putting in place the National Police Service Staff House Mortgage Scheme.

The objective of the scheme shall be to provide a loan scheme for members of staff for purchase of an existing residential property, construction, renovation and improvement of an existing residential property, takeover of loans on existing mortgages or equity release.

In the 2018/19 FY the Commission has set aside a seed capital of **Ksh.17M** for the mortgage scheme. The estimated cost of establishing the scheme is **Ksh.100M** and **Ksh.50M** for the house mortgage and car loan respectively. The deficit for establishing the scheme is **Ksh.133M.**

5.8 PRESENTATION BY THE PUBLIC SERVICE COMMISSION

The Ag. Chairperson. Amb. Peter O Ole. Nkuraiya informed the Committee that;

1. The proposed allocation for the Public Service Commission for the FY 2018/2019 amounts to Kshs. 530.6 Million.

2. The Commission has not been allocated adequate funds in the 2018/19 Financial Year due to the prioritisation of the 'big four' by the Government. The Commission, however,plays a critical role in provision of necessary skills in the human resource management and development of the public service, which is acritical resource for the Government to achieve the **'Big FourAgenda'**.It is noted that without the required human resource in the service, the achievement of the Big Four Agenda would be negatively affected.

3. The Commission sought the following interventions from the Committee

   a) promotion of efficiency, effectiveness and productivity score cards for a responsive public service-**Kshs. 50 million**;

   b) support to Devolution and promotion of national values and principles of governance; and values and principles of public service under Article 10 and 232 -**Kshs. 100 million**;

   c) purchase of motor vehicles -**Kshs. 121 million;**

   d) public Service Human Resource Management and development master Plan -**Kshs. 50 million;**

   e) job Evaluation -**Kshs.20 million;**

   f) improving terms and conditions of PSC Staff -**Kshs.100 million;**

   g) payroll audit - **Kshs.50 million; and**

   h) organizational Structures -**Kshs.15 million.**

The Commission underfunded critical progammes total to **Kshs. 506 million**

7.0 COMMITTEE GENERAL OBSERVATIONS

7. In preparing the estimates, the National Treasury is required to present a memorandum on how the resolutions of the BPS have been taken into consideration when preparing the estimates. Indeed the Public Finance Management Act acknowledges that in preparing the estimates, the adopted BPS should be used as a basis for future deliberations on the estimates. It is observed that a number of programmes under the state Department for Interior did not adhere to the BPS as the basis for preparing the estimates. They include Population Management Services and Policing services.

8. A review of projects under the Presidency reveals that it is implementing a total of 13 projects with an estimated cost of KShs 13. 5 billion. In the 2018/2019, and the medium term, KShs 1.18 billion, KShs1.579 billion and 1.641 billion has been proposed for allocation across the various projects. While the total allocation in the medium term amounts to KShs. 4.4 billion, the total cost against an estimated cost of KShs. 13.5 billion gives a deficit in resource requirement of KShs. 9.1 billion.

9. Similarly the state Department for Interior will be implementing 149 projects in the FY 2018/2019 and the medium term whose estimated cost amounts to KShs. 114 billion with a proposed allocation of KShs. 15.6 billion. The allocation will be financed by the GoK at KShs. 15.1 billion and KShs. 429 million through external funding respectively. The resources available for capital spending are limited.

10. Pending Bills always affect the implementatation of any budget given that it forms the first charge in any financial year. The Committee noted with concern the pending bills across the various agencies under its purview as shown below

	MDA	Pending Bills	Remarks
	The Presidency	73.4 Million	Occasioned by budget cuts
	Interior	3,679 Million	Occasioned by budget cuts
	Correctional Services	6,710 Million	Relates to historical pending bills and KShs. 165 million for Development occasioned by budget cuts
	Immigration and Citizen Services	1.4 million	

11. The donor funded project that aims at supporting refugees host communities around Dadaab and Kakuma Refugee camps to reduce the impacts of long standing presence of refugees through community driven development should not be under the Presidency vote which deals with overall policy issues and coordination. Instead the project can be implemented better by the State Department for Interior which has full-fledged directorate on Refugee Affairs.

12. There has been slow implementation of Vision 2030 flagship projects partly attributed to limited funds for capital spending. The flagship projects were the foundation upon which

the vision 2030 targets were based on. Therefore the slow pace has hampered the envisaged economic growth and development. The Presidency being in charge of overall policy direction may give direction in the view of limited capital spending by completing the unfinished agenda of MTP II.

8.0 COMMITTEE RECOMMENDATIONS

7) The Committee recommends that the House approves
   f) KShs. 8,782,092,253 for Vote 1011, the Presidency
   g) KShs. 4,575,268,823 for Vote 1024, State Department for Immigration and Citizen Services
   h) KShs. 1,219,510,000 for Vote 2071, Public Service Commission
   i) KShs. 817,002,200 for Vote 2151, Independent Police Oversight Authority
   j) KShs. 3,249,328,176 for Public Service Transformation programme under the Ministry of State for Public Service and Youth.

Reductions

8) Reduce the allocation for State Department for Interior vote 1021 by **KShs. 300 million** under the programme Planning, Policy Coordination and Support Services and increase the allocation for

   c) State Department for Correctional Services Vote 1023 by KShs. 200 million to NACADA to take care of a shortfall in their Operations and Maintenance under Planning, Policy Coordination and Support Services for the State Department for Correctional Services.

   d) National Police Service Commission Vote 2101, by KShs. 100 million to National Police Service Commission for the sub- programme Human Resource Management under the Programme National Police Service Human Resource Management to enable the Commission set up 8 Counseling units for the Police

Re-allocations

9) Reduce the allocation for National Secure Communication and Surveillance System development project under the programme Planning, Policy Coordination and Support services by **KShs. 600 million** and re-allocate

c) KShs. 570 million towards construction of sub-county Headquarters under the same sub-programme.

d) KShs. 30 million towards the construction of Police Housing under Policing Services Programme.

10) Reduce the allocation for the programme Planning, Policy Coordination and Support Services by **KShs. 300 million** and re-allocate

c) KShs. 200 million to the Office of the Deputy Inspector General, Kenya Police for Security Operations under sub –programme Kenya Police Services, Policing Services Programme.

d) KShs. 100 million to the sub –programme Criminal Investigation Services, Policing Services Programme.

11) Provide **KShs. 20 million** towards compensation of owners of plots taken over by the Government to build Government Offices at the Embu North District Headquarters by reducing recurrent for OOP Headquarters, Planning, Policy Coordination and Support Services Programme

12) The Budget and Appropriations Committee to source for resources amounting to KShs. 1.5 billion elsewhere towards supplies services for Registration of Persons for the production of third Generation Identity Cards and KShs. 400 million for the recruitment of new police officers.

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT- SECOND SESSION

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING

ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2018/2019

DIRECTORATE OF COMMITTEE SERVICES
THE NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI

MAY 2018

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1. PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Transport, Public Works and Housing and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the annual budget estimates of the financial year 2018/19 and the medium term.

2. Mandate and Membership of the Committee

a) Mandate

The Second Schedule of the National Assembly Standing Orders assigns the Departmental Committee on Transport, Public Works and Housing the mandate to oversee all matters pertaining transport, roads, public works, construction and maintenance of roads, rails and buildings, air, seaports and housing. In executing its mandate, the Committee oversees the following government State Departments and their respective SAGAs:

i. The State Department for Infrastructure
ii. The State Department for Transport
iii. The State Department for Shipping and Maritime
iv. The State Department for Housing, Urban Development and Public Works

It is from this perspective that the Committee is mandated to scrutinize the Budget Estimates for the Votes under the Ministry of Transport, Infrastructure, Housing and Urban Development as well as all the SAGAs under the Ministry. The Committee is equally tasked with the responsibility of scrutinizing budget related policies, programmes and their objectives as well as the comprehensiveness and effectiveness of such programmes.

b) Membership

1. Hon. David Pkosing, M.P. **Chairperson**
2. Hon. Moses Kuria, M.P. **Vice Chairperson**
3. Hon. Johnson Manya Naicca, M.P.
4. Hon. David Njuguna Kiaraho, M.P.
5. Hon. Peris Pesi Tobiko, M.P.
6. Hon. Savula Ayub Angatia, M.P.
7. Hon. Samuel Arama, M.P.
8. Hon. Suleiman Dori Ramadhani, M.P.
9. Hon. Rigathi Gachagua, M.P.
10. Hon. Ahmed Bashane Gaal, M.P.
11. Hon. Ahmed Abdisalan Ibrahim, M.P.
12. Hon. Dominic Kipkoech Koskei, M.P.
13. Hon. Gideon Mutemi Mulyungi, M.P.

14. Hon. Kulow Maalim Hassan, M.P.
15. Hon. Mugambi Murwithania Rindikiri, M.P.
16. Hon. Rehema Dida Jaldesa, M.P.
17. Hon. Shadrack John Mose, M.P.
18. Hon. Tom Mboya Odege, M.P.
19. Hon. Vincent Kemosi Mogaka, M.P.

3. Overview of the Examination of the Estimates

Following the referral of the Estimates to the Departmental Committees, the Committee held its meetings in Boma Inn Hotel in Nairobi to scrutinize budget estimates for 2018/19 for agencies under its purview. The Departmental Committee on Transport, Public Works and Housing was briefed by the Parliamentary Budget Office on the contents of the Estimates with regard to the Votes under the Ministry.

Thereafter, the Committee met with all the State Departments as well as various Semi-Autonomous Government Agencies (SAGAs) falling under them to deliberate and interrogate the proposed Budget Estimates for the FY 2018/19.

After deliberations the Committee made the following observations and recommendations;

a) General Observations

i. There was a significant variation from the ceilings of the BPS as was submitted by the National Treasury and as was amended and subsequently approved by the National Assembly as shown in the Table below.

Table : Analysis of 2018/19 Estimates vs BPS Ceilings Kshs. Millions							
VOTE	**2017/18 Revised Allocation (base line)**	**2018/19 BPS as submitted Ceilings**	**2018/19 BPS House Resolution on ceilings**	**2018/19 Proposed Estimates**	**Deviation from the BPS as submitted**	**Deviation from House resolutions**	**% deviation from the House resolution**
1091 State Dept. for Infrastructure	149,444	181,593	189,837	171,349	-10,244	-18,488	**-10%**
1092 State Dept. for Transport	112,488	87,322	87,044	100,749	13,427	13,705	**16%**
1093 State Dept. for shipping & Maritime Affairs	260	326	316	1,669	1,343	1,353	**428%**

1096 State Dept. for Housing & Urban Development and Public Works	19,975	21,939	21,845	32,225	10,286	10,380	**48%**

Source: National Treasury/ PBO

ii. While Treasury is required to submit a memorandum explaining why they have not adhered to the House resolutions on the BPS ceiling, their submission was not convincing since their explanation for 428% above the ceiling for Shipping and Maritime affairs was an 'increase in AIA' - raising the question on why money collected by an existing State Corporation like Maritime Authority was not anticipated during BPS preparations

iii. The Committee also observed that the information on the projects submitted with 2018/19 budget estimates was scanty for informed analysis and effective oversight since it lacked actual expenditure including commitments as at the time of preparing the annual estimates. It was also noted from the scanty information provided that the start dates and expected end dates do not inform budgeting since projects listed to end in 2018 or 2019 are allocated projections for the outer years of 2020 and 2021.

iv. The Committee also observed that there was inadequate synergy between the State Departments and their parastatals in matters budgeting. Only the State Department for Infrastructure demonstrated that it had full information on the budgets of the State Corporations under it. The parastatals under the other State Departments especially for Transport submitted their requirements instead of real budget while some State Departments had no idea what is collected by the parastatals (AIA) under them.

b) Specific Observations and Committee Recommendations

(i) State Department for Transport

a) The Committee observed that there was inadequate synergy between the State Department for Transport and the State Corporations under it since the corporations submitted their budget requirements to the Ministry at initial stages of budget-making instead of actual proposed estimates for financial year 2018/19.

b) The Committee observed that the Bandari College principal reports to a manager in the Human Resource Department instead of the CEO, hindering the planned upgrading of the college to state of the art centre of excellence in the region. It was the view of the Committee that the Kenya Ports Authority with the help of the State Department for Transport to relook in to the management structure of the Bandari College so as to ensure that proper reporting structures are put in place and the Principal reports to the CEO directly.

(ii) Committee Recommendations for State Department for Transport

a) The National Treasury should up its efforts on making sure that all Monies collected by agencies/ State Corporations are fully reported and seek help from respective Departmental Committees of the National Assembly where amendments to the Legal Frame work may be required.

b) The Kenya Ports Authority with the help of the State Department for Transport should relook into their structure to make sure that the College principle for Bandari College reports to the CEO to achieve the intended centre of excellence status.

c) In future, consideration of construction of airstrips must be balanced across the country with a view of developing one airstrip per county to spur quick and balanced economic growth, promote the big four agenda and also open up areas. North Rift area and North Eastern in particular should be considered going forward as it was not fairly considered this year.
(Submissions; Annex 2)

(iii)State Department for Shipping and Maritime Affairs

a) The Committee observed that Shipping and Maritime is a highly specialized field and the State Department sends officers for on-job training outside the country for eight (8) years. While the trainings are offered through scholarships, the committee observed that it was irrational having officers outside the country for 8 years and remains on payroll.

b) The Committee observed that the State Department of Shipping and Maritime Affairs lacks legal and structural operational framework.

c) The Committee notes with concern that the tax payer risks losing Kshs. 400 million following the Ministry's communication to the State Department for Shipping and Maritime Affairs to downscale the construction of Headquarters for Maritime Authority in Mombasa from the initial plans of 18 floors to 8 floors due to contract variations.

d) The Committee noted that there was a funding deficit of Kshs. 237 million for revival of the Kenya National Shipping Line (KNSL). This is vital, not just to the existence of KNSL, but to the overall economy of the country. The Committee is convinced that the KNSL has a great potential, but the realization of this potential can only be achieved if the necessary funding is availed to them. The Kenya National Shipping Line has a great potential in terms of jobs-creation especially for the Kenyan youth. The KNSL will also help reduce foreign exchange payment in freight paid to foreign-owned shipping lines. Further, the Committee observed that the Integrated Maritime Policy will bring coherence in the maritime sector; *Vijana Baharia* targets capacity building for the youth so that they can get jobs in foreign-owned ships.

e) The Committee observed that the Maritime Spatial Plan had a budget requirement of Kshs. 50 million but reduced to Kshs. 44.6 million. The State Department requested that the amount be

enhanced to the initial Kshs 50 million because they had already mapped activities within that amount of Kshs 50 million.

f) The Committee observed that the office refurbishment was allocated only Kshs. 22 million against a requirement of Kshs. 44.2 million. With a provision in the next budget for Kshs. 10 million. There was a shortfall of Kshs. 12 million which the State Department was requesting.

(iv) Committee Recommendations on State Department for Shipping and Maritime Affairs

a) The Committee recommends that a training policy/ programme for shipping and Maritime fields be developed targeting High school graduates who will be bonded for a period commensurate to the number of years and amount of public funds spent on their training and studies as an exit strategy from current practice of sending officers for on-job training of 8 Years outside while still on payroll.

b) The Committee recommends that the State Department of Shipping and Maritime Affairs puts in place proper legal and structural operational framework.

c) The Committee recommends that the construction of the headquarters' building for the Kenya Maritime Authority which was argued to have been proposed for scaling down to 8 floors by the ministry is completed to the initially planned 18 floors with a view to renting any unoccupied spaces for income generation and even for prosperity given the strategic location of the building in Mombasa, and to avoid unnecessary loss of expected Kshs.400 million through contract variation.

The Committee finds that the 18 floors at a cost of Kshs. 1.8 billion in Mombasa was very reasonable and that the maritime department can use all floors meaningfully on other productive activities or share with other government agencies. The Committee recommends against the scaling down of the floors for whatever reason, unless such a proposal was due to safety concerns.

(Submissions; Annex 3)

(v) State Department for Infrastructure

a) The Committee observed that the projects that were to be funded through the Annuity Fund have not taken off effectively while the fund has accumulated Kshs. 29 billion and now the proposed allocation is Kshs. 11.18 billion bringing the total to Kshs. 40 billion. The PFM regulations for the Fund as currently enacted do not allow for a charge on this fund for other projects outside the Annuity Programme (Projects awarded under PPP arrangements).

b) The Committee observed that the State Department for Infrastructure has a pending bill totaling Kshs. **23.734 billion** broken down into Kshs. 13.756 billion under KeNHA, Kshs. 6.044 billion under KeRRA and Kshs. 3.934 billion under KURA. *(Annex 4)*

c) Following the ongoing devastating floods, the State Department plans to make emergency interventions in the 'Red Flag Areas' to at least restore normalcy in terms of movements. While the interventions per county are provided the Committee observed that some specific roads in various parts of the country were not included. The Committee therefore notes that the roads damaged by rains require urgent funding for repairs and rebuilding.

Roads highlighted as the worst hit by the floods across the Country include:

A. Under KeRRA:

	ROAD NAME	COST ESTIMATES
1.	Biretwo-Arror	40M
2.	Nyaru-Kapkayo	20M
3.	D48 Murang'a-Kiriani	20M
4.	Dunto-Gunana	20M
5.	Buna-Ajawa-Kurer	10M
6.	Habasweni-Abakore	10M
7.	Tarbaj-Batalu	20M
8.	Danaba-Banissa	25M
9.	North Horr-Illevet	20M
10.	Kargi-Falamu	30M
11.	Kanyarkwat-Kongelai	20M
12.	Mau Mau-Ruambwa	15M
13.	Kinna-Kulanawe (E811)	20M
14.	Kipsing-Longopito (Box Culvert Needed) Span 20m	10M
15.	Lmd Mlango (Twin Box Culvert Needed) Span35	8M
16.	Sericho-Modogashe (E855) Drift Needed	20M
	Total	328M

B. Under KeNHA:

TABLE 1: FLOOD DAMAGE INTERVENTIONS WHICH ARE PART OF ONGOING CONTRACTS

Ref	LOCATION	COMMENT
1	Kainuk Bridge	Will be resolved after completion of new Kainuk Bridge
2	Kawalathe Bridge	New bridge will be completed as part of rehabilitation of the Lodwar – Lokitaung Junction Road
3	Stoney Athi-River Bridge	Second bridge will be completed as part of the dualling of the Athi River – Machakos Turnoff. River training and protection works on the existing road to be addressed as part of the ongoing contract.
4	Modogashe Bridge	New bridge to be constructed under ongoing Nuno –Modogashe road project

TABLE 2: FLOOD DAMAGED ROAD SECTIONS WITHOUT BUDGETARY PROVISION

Ref	ROAD NO.	NATURE OF EMERGENCY	SCOPE OF WORKS	ESTIMATED COST
1	B89 Madogo –Garsen - Malindi	Washouts on Madogo-Bura Section	Reconstruction of the carriageway, embankment, drainage structures and protection works.	200,000,000
2	A8 Mombasa - Nairobi	Flooding at Sultan Hamud Town	Gabion protection works at the bridge and river training	250,000,000
3	B7 –Maai Mahiu - Narok	Faultline filling, Washouts and siltation on the drainage structures and road carriageway	Desilting of catch water drains, Construction of Catch water embankments, Reinforced concrete protection works, desilting of soil deposits on the road carriageway, lining side ditches with mass concrete	183,000,000
4	A8 South – Maai Mahiu - Naivasha	Washouts and siltation on drainage structures	Reinforced Concrete Protection Works	24,000,000
5.	Buna- Dabel-Moyale Road	Flood Damage and wash out	Box Culvert and gravelling	60,220,000
6.	B19, Ol – Tepesi – Magadi Section of Magadi Road	Carriageway Washout	River Training Installation of 1200mm Culverts Base Repair Raising the Road Level Road Re-alignment	81,700,633.00
7.	A13 Modogashe – Wajir - Mandera	Flood damage and washout on Rhamu – Mandera section	Restoration of washout sections	30,000,000
			TOTAL	828,920,633

TABLE 3: ROAD SAFETY INTERVENTIONS

Ref	LOCATION	COMMENT
1	Improvement of Salgaa/Sachangwan section	• Awarded contract of Kshs 800 with a completion of 12 months, order to comme ce already issued • Scope is adding 14km to dual on critical stretch between Kibunja and Kabarak Turnoff • Funding is from RMLF road safety item • Current budget has Kshs 70m to start width. Next year budget is 536m.
2	A1 Kitale – Lodwar, Kamatira section (where accidents occur due to steep descent)	• Funding has been secured from the KfW and European Union for the Kitale – Morpus road, including reconstruction and reconfiguration of the Kamatira descent section.

d) The Committee further made observations that the Roads across the country were badly damaged and estimated to cost over Kshs. 18B for reconstruction. Details on the roads are attached under Annex 4 of the Committee report.

e) The Committee noted that the delivery of the Roads 10,000 kms LVS (Low Volume Seal Roads) depended on sufficient funding, however the Programme was under-funded thus occasioning slow delivery of the projects as envisaged.

f) The Committee observed that opening up of the North Eastern part of Kenya requires increased investments in order to achieve equitable development and to improve security.
(Submissions; Annex 4)

(vi) Committee Recommendations for State Department for Infrastructure

a) The Committee recommends that the Annuity Fund regulations should be amended to allow the State Department fund other projects outside the annuity programme. Further the state Department should come up with alternative ways of financing infrastructure projects including securitizing the funds like the fuel levy and annuity by investing them in Financial Assets like bonds.

b) Following the huge pending bills reported by the State Department of Infrastructure, the Committee recommends that priority be given to settling these bills and ongoing projects so as to not delay the intended benefits from these projects.

c) An Emergency Fund of Kshs. 18 billion is required to repair total damaged roads and bridges across the country destroyed by ongoing rains, to bring them back to normalcy.

(vii) State Department for Housing, Urban Development and Public Works

The committee raised concern on the Kshs. 11.464 billion for the Kenya Urban Programme from World Bank which is a transfer to counties as conditional grants for waste management, storm water drainage, connectivity (urban roads infrastructure, lighting etc.), urban social and Economic Infrastructure and Fire and Disaster Management. A total of 59 cities were selected on the basis of either being a county headquarter excluding Nairobi and Mombasa or having a population of 70,000 people based on 2009 census. The committee raised the following;

a. That the distribution within the counties were not fairly done since a town like Kitengela with a huge population was not considered in Kajiado.
   i. That the money might be misused at the county level since some Counties already have targeted infrastructures e.g. firefighting equipment. The Committee was therefore concerned that this might therefore be an avenue for misuse of public resources.
   ii. The Committee further observed that there are sub-counties without district headquarters and are not among the planned ones for construction in 2018/19 budget while at the same time ongoing Economic Stimulus Program (ESP) markets were left out in the 2018/19 budget estimates. However, the State Department assured the committee that it will reorganize its budget to cater for all the projects equitably.
b. The Committee noted that the National Housing Corporation (NHC) doesn't feature anywhere in the implementation of the affordable housing programme. This is despite the corporation having the necessary infrastructure including a factory producing affordable building materials.

c. The Committee noted that the State Department for Housing required Kshs. 5 billion in this financial year in order to roll out the construction of the affordable housing but they were instead allocated only Kshs. 1 billion which was too low for the vision under Big Four Agenda to be actualized.

d. The Committee further noted that on social housing, the State Department of Housing had requested Kshs. 16.4 billion but only allocated Kshs. 2 billion. On Rural Housing, which entails provision of appropriate Building Technology (ABT), centres in every Constituency and Training of Youth and Women on how to improve their rural homes; the State Department was allocated Kshs. 100 million against a requirement of Kshs. 300 million.

(viii) Committee Recommendations on State Department for Housing, Urban Development and Public Works

The Committee makes the following recommendations on the Kenya Urban Programme;

a. The proposed Kshs. 11.6 billion transfers to Counties was opposed by Members. It was resolved that the money be spent at the Ministry level to avoid possible pilferage and for ease of

accountability. This was also meant to avoid possible double allocation as Counties might have budgeted for same projects or same programmes targeted. Members found this was a very potential area of misuse of public funds.

b. Members noted that Kitengela town was left out while covering other smaller towns in Kajiado yet it has higher population than those considered under this programme. It was recommended that Kajiado county programmes be reviewed to include Kitengela.
c. The State Department for Housing, Urban Development and Public Works should come out clearly on the role it wants the NHC to play in the provision of a half a million affordable housing.

(Submissions, Annex 5)

4. Acknowledgments

May I take this opportunity to thank all Members of the Committee for their input and valuable contributions during the deliberations of the submissions by different stakeholders on the Budget Estimates for the financial year 2018/2019. The Committee also takes this opportunity to thank the Offices of the Speaker and of the Clerk of the National Assembly for the logistical support accorded to it in executing the exercise within the limited time allocated accorded.

SIGNED .....

HON. DAVID PKOSING, CBS, M.P

CHAIRPERSON,

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS & HOUSING

Part II: Details of the Report

1. Broad overview of the estimates

The Budget Estimates for the FY 2018/19 were tabled in the House on Thursday 3rd April, 2018 and subsequently referred to the relevant Departmental Committees for consideration pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.

The Departmental Committee for Transport, Public Works and Housing scrutinized the budget for State Departments and SAGAs under the Ministry of Transport, Infrastructure, and Housing and Urban Development. The committee was guided by the Medium term Plan 3 and the Budget Policy Statement in scrutinizing the Budget Estimates. The committee observed that the programmes and projects earmarked for Funding in 2018/19 were in line with the policy documents.

A review of the of historical budgetary trends and the absorption capacities reveal that the state departments of Housing, Infrastructure and Transport have been recording lower than expected absorption levels which is mainly attributed to low uptake by donor funded projects.

The proposed 2018/19 budget stands at Ksh. 3.074 Trillion which is an increase of Kshs 302 Billion from the current financial year. This comprises of Kshs. 1.676 trillion for the National Government, Kshs. 17.768 billion of judiciary, Kshs.42.548 billion for Parliament, Kshs. 962.562 billion for Consolidated Fund Services and Kshs. 374.627 billion for Counties.

In the 2018/19 proposed Budget estimates of Kshs.3.074 trillion, The ministry of Transport, infrastructure, housing and urban development is allocated Kshs. 305.991 billion representing 18% of the overall Ministerial Budget and 3% of the National GDP.

The Committee was concerned with the non-adherence to the BPS Ceilings, scanty information on projects and project timelines not informing the budgeting where projects expected to end 2018 or 2019 are budgeted for over the medium term.

2. Committee Review of Vote by Vote (State Departments)

A. State Department for Infrastructure

The State Department for infrastructure submitted it budget of **Kshs. 171,349,38000** comprising of **Kshs. 58,364,000,000** and **Kshs.112,985,380,000** for recurrent and development Expenditure respectively.

The State Department provided a breakdown of its recurrent Budget as per the table below:

No.	**RECURRENT** --Allocation Centre	**Amount**
1.	Fuel Levy (A.I.A.)	55,716,000,000
2.	Salaries for HQs	1,386,000,000
3.	Mechanical Fund (A.I.A	750,000,000
4.	Transfers to KeRRA (Operations Support)	148,000,000
5.	Transfers to EBK (Operations Support)	36,000,000
6.	Operations & Maintenance of Headquarters	328,000,000
Total		**58,364,000,000**

The Roads Maintenance Levy Fund (RMLF)

The total RMLF will be distributed to Implementing Agencies in line with the Roads Act 2007 and CARA as follows:-

Road Maintenance Levy Fund (RMLF)				
No.	Agency	Percentage of allocation (Fuel Levy)	Estimates FY 2017/18	Estimates 2018/19
1.	KRB operations	2%	1,269,472,000	1,380,000,000
2.	KeNHA	40%	21,464,128,000	23,638,916,667
3.	KRB Board/CS Allocation	10%	5,250,000,000	5,704,166,667
4.	National Park Roads *(KWS)*	1%	525,000,000	570,416,667
5.	Rural Roads (KeRRA)	22%	11,438,297,872	12,427,801,418
6.	Urban Roads (KURA)	10%	5,361,702,128	5,825,531,915
7.	CARA Act *(County Governments)*	15%	7,875,000,000	8,269,000,000
8.	Road Annuity Fund	3 /= per litre	10,290,000,000	11,180,166,667
Total		100%	63,473,600,000	68,996,000,000

The Development budget for State Department for Infrastructure was broken down and summarized as shown in the Table below.

No.	Description	Amount
1.	Net GoK exchequer	65,516,000,000
2.	Development Partner Support	34,189,380,000
3.	Fuel Levy Support (AIA)	2,100,000,000
4.	Road Annuity Fund (Fuel Levy AIA)	11,180,000,000
Total Development Budget		**112,985,380,000**

Committee Observations

i. The committee observed that the road annuity fund had challenges in implementation and with this additional of Kshs. 11.18 billion the amount accrued will be Kshs. 40 billion by the end of 2018/19 FY.

ii. Emergency interventions were needed for some roads across the country that were cut off by the devastating Floods

B. State Department for Shipping and Maritime Affairs

The State Department for Shipping and Maritime Affairs submitted its budget of Kshs. 1.669 billion increasing from Kshs.260 million allocation for the current financial Year mainly on account of AIA collection by Kenya Maritime Authority. Kshs. 1.4 billion is through AIA collection by Maritime Authority while the remaining Kshs.269 million is from Net Expenditure. The state Department has no Development allocation for 2018/19 financial Year.

The principal Secretary was not well informed on the collection of AIA by the Maritime Authority revealing inadequate synergy between the state department and the parastatal. The committee was further informed that the ongoing construction of headquarters by the maritime authority in Mombasa will be scaled down following a communication from the Ministry to reduce number of floors from 18 to 8 floors.

The state Department also informed the Committee that it sends officers for specialized training in foreign state for a period due to highly specialized nature of the Field.

C. State Department for Transport

The State Department for Transport submitted its budget of Kshs. 100.749 billion for the Financial Year 2018/19. The allocation comprises of Kshs.10.324 billion for recurrent expenditure and Kshs.90.425 billion for development.

60% of the development budget is foreign financed while 40% is financed through the exchequer. The 60% foreign financing is mainly on account of the SGR- Nairobi – Naivasha line.

After deliberations the Committee made the Following Observations

That the distribution of Airstrips planned for construction and upgrading were not well distributed especially those submitted as new projects where the radius of Kabunde, Migori and the one Suneka is too small. These Airstrips include Kabunde, Migori, Kakamega and Kitale. Further, the committee observed that the Migori Airstrip was exceptionally costed higher than the other airstrips which the ministry explained that the amount Kshs. 1.5 billion reflects the class of the Airstrip (class B).

The Kenya Ports Authority informed the committee that the Bandari College will be equipped with a state of the art tools including simulators to make it a regional centre of excellence. However, the committee observed that the college principal report to a manager in the Human Resource Department instead of the CEO and therefore recommended that they should relook into the structure for the college to be a centre of excellence.

That the budgets submitted by the parastatal were requirements/ wish list that they submitted to the Ministry instead of allocations in the 2018/19 budget books. The committee observed that there was no synergy between the state Departments and parastatals under them in terms of budgeting raising the danger of under reporting of AIA collections.

D. State Department for Housing, Urban Development and Public Works

The state Department submitted its Budget of Kshs. 32.223 billion comprising of Kshs.3.122 billion for recurrent expenditure and Kshs.29.101 billion for development expenditure.

The committee was further apprised on the concept of affordable housing where the state Department divided into 3 categories as follows;

i. Social housing – targeting those salaried employees earning between Kshs. 0- 15000 by providing subsidies to make them affordable and decent.
ii. Low cost housing – targeting those earning between Kshs. 15,000 and 50,000
iii. Mortgage Gap Housing – targeting those earning Kshs. 50,000 and Kshs. 100,000

Provision of the 500,000 affordable housing units requires Kshs. 1.4 trillion and therefore the model of engagement is to bring in the private sector. The government will address the reasons for unaffordability which include;

i. Land- the strategic decision is to control and package what the government owns like that those lands the government owns through pension / schemes eg the Kenya Railway land is going to be released to the private sector with a view of wiping out 40% of the construction cost
ii. Cost of construction- the government is going to standardize the units such that the design for one bedroom will be same across all sites (the design will be done once so that contractors do not factor in the cost of design) and government will guarantee off-take.
iii. Documentation and process- the documentation process will also be standardized by bringing all institutions involved in documentation in the Construction industry under one stop shop and so far it is only NEMA who is not under the one stop shop.
iv. Financing—the Kenya Mortgage Refinance Company will raise cheap capital from the World Bank and African Development bank which will be made available to the lending institutions to lend to target Kenyans.
v. For those Kenyans who are not bankable they will be covered through the Kenya National Housing Development Fund which will be an aggregated Sacco for Kenyans to save to own houses. Kenyans in this category and who are willing will be registered by verifying the information with their KRA Pins and allocations will be done through lottery.

In 2018/19 the target is to construct 83,000 units targeting urban centres as follows;

i. Lot 1 A- this is presidential Flagship targeting 31000 in Nairobi and Naivasha
ii. Lot 1B- Social Housing which is slum upgrading targeting 12000

iii. Lot 1 C- Counties to come in and do 40,000 units but start with providing land. So far 8 counties have signed, 4 counties subsequently returned the memorandum for Consideration and 8 counties are still under discussion.

The committee raised concern on the Kshs. 11.464 billion for the Kenya Urban Programme from World Bank which is a transfer to counties as conditional grants for waste management, storm water drainage, connectivity (urban roads infrastructure, lighting etc), urban social and Economic Infrastructure and Fire and Disaster Management. A total of 59 cities were selected on the basis of either being a county headquarter excluding Nairobi and Mombasa or having a population of 70,000 people based on 2009 census. The committee raised the following on the Kenya Urban Programme;

i. The distribution within the counties were not fairly done since a town like Kitengela with huge population was not considered in Kajiado
ii. And the fear that this money might be abused at county level since some governors already have some of the target infrastructures e.g. Firefighting equipment and may just generate an invoice for equipment already bought with County Funds and embezzle the money

The Committee further observed that there are sub-counties without district headquarters and are not among the planned ones for construction in 2018/19 budget.
Completion of ESP markets and footbridges should be prioritized and be driven by need and their completion fast-tracked.

The committee therefor made the following recommendations;

i. That either the money be spent at the Ministry Headquarters and procurement of goods and services done at the Headquarters
ii. That the Money be reallocated to another department like Infrastructure to do roads
iii. That the towns targeted in Kajiado be reviewed and include Kajiado Town

A. After Further deliberations the committee also observed that the National Housing (NHC) doesn't feature anywhere in the implementation of the affordable housing programme. This is

despite the corporation having the necessary infrastructure including a factory producing affordable building materials.

3. Committee Observations

The Committee observed that;

c) There was inadequate synergy between the State Department for Transport and the State Corporations under it since the corporations submitted their budget requirements to the Ministry at initial stages of budget-making instead of actual proposed estimates for financial year 2018/19.

d) The Bandari College principal reports to a manager in the Human Resource Department instead of the CEO, hindering the planned upgrading of the college to state of the art centre of excellence in the region. It was the view of the Committee that the Kenya Ports Authority with the help of the State Department for Transport to relook in to the management structure of the Bandari College so as to ensure that proper reporting structures are put in place and the Principal reports to the CEO directly.

g) The Shipping and Maritime is a highly specialized field and the State Department sends officers for on-job training outside the country for eight (8) years. While the trainings are offered through scholarships, the committee observed that it was irrational having officers outside the country for 8 years and remains on payroll.

h) The State Department of Shipping and Maritime Affairs lacks legal and structural operational framework.

i) The tax payer risks losing Kshs. 400 million following the Ministry's communication to the State Department for Shipping and Maritime Affairs to downscale the construction of Headquarters for Maritime Authority in Mombasa from the initial plans of 18 floors to 8 floors due to contract variations.

j) There was a funding deficit of Kshs. 237 million for revival of the Kenya National Shipping Line (KNSL). This is vital, not just to the existence of KNSL, but to the overall economy of the country. The Committee is convinced that the KNSL has a great potential, but the realization of this potential can only be achieved if the necessary funding is availed to them. The Kenya National Shipping Line has a great potential in terms of jobs-creation especially for the Kenyan

youth. The KNSL will also help reduce foreign exchange payment in freight paid to foreign-owned shipping lines. Further, the Committee observed that the Integrated Maritime Policy will bring coherence in the maritime sector; *Vijana Baharia* targets capacity building for the youth so that they can get jobs in foreign-owned ships.

k) The Maritime Spatial Plan had a budget requirement of Kshs. 50 million but reduced to Kshs. 44.6 million. The State Department requested that the amount be enhanced to the initial Kshs 50 million because they had already mapped activities within that amount of Kshs 50 million.

l) The office refurbishment for State Department of Maritime was allocated only Kshs. 22 million against a requirement of Kshs. 44.2 million. With a provision in the next budget for Kshs. 10 million. There was a shortfall of Kshs. 12 million which the State Department was requesting.

g) The projects that were to be funded through the Annuity Fund have not taken off effectively while the fund has accumulated Kshs. 29 billion and now the proposed allocation is Kshs. 11.18 billion bringing the total to Kshs. 40 billion. The PFM regulations for the Fund as currently enacted do not allow for a charge on this fund for other projects outside the Annuity Programme (Projects awarded under PPP arrangements).

h) The Committee observed that the State Department for Infrastructure has a pending bill totaling Kshs. **23.734 billion** broken down into Kshs. 13.756 billion under KeNHA, Kshs. 6.044 billion under KeRRA and Kshs. 3.934 billion under KURA. *(Annex 4)*

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j) The Roads across the country were badly damaged and estimated to cost over Kshs. 18B for reconstruction. Details on the roads are attached under Annex 4 of the Committee report.

k) The delivery of the Roads 10,000 kms LVS (Low Volume Seal Roads) depended on sufficient funding, however the Programme was under-funded thus occasioning slow delivery of the projects as envisaged.

l) Opening up of the North Eastern part of Kenya requires increased investments in order to achieve equitable development and to improve security.

m) There was a concern on the Kshs. 11.464 billion for the Kenya Urban Programme from World Bank which is a transfer to counties as conditional grants for waste management, storm water drainage, connectivity (urban roads infrastructure, lighting etc.), urban social and Economic Infrastructure and Fire and Disaster Management. A total of 59 cities were selected on the basis of either being a county headquarter excluding Nairobi and Mombasa or having a population of 70,000 people based on 2009 census. The committee noted that:

   a. The distribution within the counties were not fairly done since a town like Kitengela with a huge population was not considered in Kajiado.
   b. The money might be misused at the county level since some Counties already have targeted infrastructures e.g. firefighting equipment. The Committee was therefore concerned that this might therefore be an avenue for misuse of public resources.
   c. The Committee further observed that there are sub-counties without district headquarters and are not among the planned ones for construction in 2018/19 budget while at the same time ongoing Economic Stimulus Program (ESP) markets were left out in the 2018/19 budget estimates. However, the State Department assured the committee that it will reorganize its budget to cater for all the projects equitably.

n) The Committee noted that the National Housing Corporation (NHC) doesn't feature anywhere in the implementation of the affordable housing programme. This is despite the corporation having the necessary infrastructure including a factory producing affordable building materials.

o) The Committee noted that the State Department for Housing required Kshs. 5 billion in this financial year in order to roll out the construction of the affordable housing but they were instead

allocated only Kshs. 1 billion which was too low for the vision under Big Four Agenda to be actualized.

p) The Committee further noted that on social housing, the State Department of Housing had requested Kshs. 16.4 billion but only allocated Kshs. 2 billion. On Rural Housing, which entails provision of appropriate Building Technology (ABT), centres in every Constituency and Training of Youth and Women on how to improve their rural homes; the State Department was allocated Kshs. 100 million against a requirement of Kshs. 300 million.

4. General Recommendations

(i) The National Treasury should up its efforts on making sure that all Monies collected by agencies/ State Corporations are fully reported and seek help from respective Departmental Committees of the National Assembly where amendments to the Legal Frame work may be required.

(ii) The Kenya Ports Authority with the help of the State Department for Transport should relook into their structure to make sure that the College principle for Bandari College reports to the CEO to achieve the intended centre of excellence status.

(iii) In future, consideration of construction of airstrips must be balanced across the country with a view of developing one airstrip per county to spur quick and balanced economic growth, promote the big four agenda and also open up areas. North Rift area and North Eastern in particular should be considered going forward as it was not fairly considered this year.

d) The Committee recommends that a training policy/ programme for shipping and Maritime fields be developed targeting High school graduates who will be bonded for a period commensurate to the number of years and amount of public funds spent on their training and studies as an exit strategy from current practice of sending officers for on-job training of 8 Years outside while still on payroll.

e) The Committee recommends that the State Department of Shipping and Maritime Affairs puts in place proper legal and structural operational framework.

f) The Committee recommends that the construction of the headquarters' building for the Kenya Maritime Authority which was argued to have been proposed for scaling down to 8 floors by the ministry is completed to the initially planned 18 floors with a view to renting any unoccupied spaces for income generation and even for prosperity given the strategic location of the building in Mombasa, and to avoid unnecessary loss of expected Kshs.400 million through contract variation.

The Committee finds that the 18 floors at a cost of Kshs. 1.8 billion in Mombasa was very reasonable and that the maritime department can use all floors meaningfully on other productive activities or share with other government agencies. The Committee recommends against the scaling down of the floors for whatever reason, unless such a proposal was due to safety concerns.

d) The Committee recommends that the Annuity Fund regulations should be amended to allow the State Department fund other projects outside the annuity programme. Further the state Department should come up with alternative ways of financing infrastructure projects including securitizing the funds like the fuel levy and annuity by investing them in Financial Assets like bonds.

e) Following the huge pending bills reported by the State Department of Infrastructure, the Committee recommends that priority be given to settling these bills and ongoing projects so as to not delay the intended benefits from these projects.

f) An Emergency Fund of Kshs. 18 billion is required to repair total damaged roads and bridges across the country destroyed by ongoing rains, to bring them back to normalcy.

g) On the Kenya Urban Programme, the Committee recommends the following:

   a. The proposed Kshs. 11.6 billion transfers to Counties was opposed by Members. It was resolved that the money be spent at the Ministry level to avoid possible pilferage and for ease of accountability. This was also meant to avoid possible double allocation as Counties might have budgeted for same projects or same programmes targeted. Members found this was a very potential area of misuse of public funds.

b. Members noted that Kitengela town was left out while covering other smaller towns in Kajiado yet it has higher population than those considered under this programme. It was recommended that Kajiado county programmes be reviewed to include Kitengela.

c. The State Department for Housing, Urban Development and Public Works should come out clearly on the role it wants the NHC to play in the provision of a half a million affordable housing.

END

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT- SECOND SESSION

A FOLLOW UP SUBMISSION BY THE CHAIRPERSON

OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING

ON THE DEVELOMENT BUDGET FOR INFRASTRUCTURE FOR THE FINANCIAL YEAR

2018/2019

MAY, 2018

1. Brief over view of the Development budget for the State Department of Infrastructure

1) The development budget for the state Department of Infrastructure for the financial year 2018/19 is **Kshs. 112.985** billion. The bulk of this budget amounting to Kshs. 89.521 billion (79%) will be implemented through KeNHA and KeRRA.

2) 30% of the development budget for the State Department is financed by development partners while the 70% is financed from locally generated resources.

3) The table below shows how the agencies shared the development budget for Financial Year 2018/19.

Table 1: Proposed Allocation for 2018/19

	Source of Financing			
Agency	**Foreign**	**GoK**	**Total**	**% share**
KENHA	29,479,380,000	20,461,913,917	49,941,293,917	44%
KERRA	2,650,000,000	36,929,774,503	39,579,774,503	35%
KURA	1,260,000,000	9,395,861,579	10,655,861,579	9%
KRB- Annuity	-	11,180,000,000	11,180,000,000	10%
EBK	-	62,000,000	62,000,000	0.1%
HQs	800,000,000	766,450,001	1,566,450,001	1%
Total	**34,189,380,000**	**78,796,000,000**	**112,985,380,000**	**100%**
	30%	70%	100%	

2. Projects And Programmes Budgeted For 2018/19 - See Annex 1

Observations

A quick summation of the projects submitted by the state department tallied with development budget as submitted in the printed estimate for FY 2018/19.

According to the state department the allocations for the 2018/19 development budget will only service one milestone under the low volume seal roads programme. However the state department target is two milestones per year per project for the milestone based projects (Low Volume Seal Roads) so that they can complete the projects in good time for the people of Kenya to enjoy the service. The total awarded milestone projects amounts to 6100 Kms .The Total expected milestones to be delivered in 2018/19 is 1200 Kms which will require Kshs. 48 billion

against an allocation of Kshs.25 billion for LVSR therefore translating to a shortfall of Kshs.23 billion.

3. Roads advertised but not awarded due to lack of budget – Total of 3000 Km .....Annex 3

The LVSR roads advertised and not awarded due to lack of budget has an estimated cost of Kshs.120 billion. These projects will require a 10% advance payment amounting to Kshs.12 billion in the 2018/19 Financial Year.

The roads were advertised without a budget for quick take off of roads 10,000 programme which was a government policy to increase network by an additional 10,000 Kms within 5 years from 2014/15.

4. Pending Bills – annex 2

The total pending Bills as at 30th April 2018 amounts to Kshs. 23.741 billion which is broken down into

KeNHA.....Kshs.13.762 Billion
KeRRA..... Kshs.6.044 Billion
KURRA.....Kshs. 3.935 billion
Total .....Kshs.23.741 billion

Pending bills occur as a result of inadequate budgetary provision against a portfolio of projects under implementation. The pending bills account for certified works done.

5. Flood Damaged Roads – Annex 4

It was noted that ongoing floods damaged critical roads and bridges connecting towns, social amenities, and health facilities and trading centres across the country. Floods were reported in the entire country, thus affecting all constituencies.

The State department made an assessment and costed emergency repairs at **Kshs.18.779** billion broken down as follows;

- KeRRA .....Kshs. 11.040 billion
- KeNHA..... Kshs. 3.111 billion

- KURA.....Kshs. 4.628 billion

However this was not factored in the budget but require emergency intervention to bring the country back to infrastructural normalcy

6. Total Budget Deficit

The Total Budget Deficit is Kshs. 115 billon broken down as follows

	Table 2: Break down of the Total Deficits	
NO	**Component**	**Deficit (Kshs. Billions)**
1	Awarded Low Volume Seal Roads	23
2	Advertised but not awarded	12
3	Conventional projects (KeNHA, KURA)	39
4	Flood Damaged	18
5	Pending Bills	23
	Total	**115**

7. Recommendations

4) It's on this background that the Committee is recommending the following;

i. The National Treasury to Float an infrastructure bond of Kshs.200 billion secured against the Fuel Levy funds

ii. Borrow Kshs. 18 billion from the annuity fund to finance the flood damaged roads and the same be refunded back to the fund after floatation of Kshs. 200 billion bond. The balance of the bond to be used to finance the deficit of the Kshs. 115 billion and completion of the remaining 1,000 KM new roads to achieve the 10,000 KMs target.

iii. Out of the Kshs. 18 billion for flood damaged roads Kshs. 8.7 billion will be distributed equally to the 290 constituencies, with each constituency receiving Kshs. 30 million to repair flood damaged roads.

iv. Or any other source that the National Treasury and Budget and Appropriations Committee may deem fit to fund the deficits if it's not proposed infrastructure bonds.

v. The committee strongly recommends that all State corporations, State Authorities and State regulatory bodies that generate revenue should declare that revenue as AIA. That way, that revenue is captured in the budget and approved by national assembly.

SIGNED .....

Date.....

HON. DAVID PKOSING, CBS, M.P.....CHAIRPERSON,

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS & HOUSING