COMPENDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023-2024

PARLIAMENT OF KENYA LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 04 JUN 2024
DAY: TUESDAY
TABLED BY: HON. MOHAMED NYAKO, CBS, MP (CHAIRPERSON)
CLERK AT THE TABLE: INZOFU MWAMLE

DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ON THE CONSIDERATION OF THE 2023/2024 SUPPLEMENTARY II WITH RESPECT TO: -

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

Published by: -
The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

May, 2024

TABLE OF CONTENTS

PART I 2

1.0 PREFACE 2

1.1 Introduction 2
1.2 Mandate of the Committee 2
1.3 Subjects of the Committee 3
1.4 Committee Membership 4
1.5 Committee Secretariat 5
1.6 Examination of the 2023/2024 Supplementary II 6
1.7 Acknowledgement 6

PART II 7

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES I FOR THE MDAS 7

2.1 Overview of Budget Implementation Status 7
2.2 Overview of Supplementary Estimates II 8

PART III 10

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES 10

3.1 Executive Office of the President 10
3.2 Office of the Deputy President 11
3.3 Office of the Prime Cabinet Secretary 11
3.4 State Department for Parliamentary Affairs 12
3.5 State Department for Performance and Delivery Management 12
3.6 State Department for Cabinet Affairs 12
3.7 State House 13
3.8 State Department for Immigration and Citizen Services 14
3.7 National Police Service 14
3.10 State Department for Internal Security and National Administration 15
3.11 National Police Service Commission 15
3.12 Independent Policing Oversight Authority 16

PART IV 17

4.0 COMMITTEE OBSERVATIONS 17

PART V 19

5.0 COMMITTEE RECOMMENDATIONS 19

PART I

1.0 PREFACE

1.1 Introduction

1. This is the report of the Departmental Committee on Administration and Internal Security on the scrutiny of the 2023/2024 Supplementary II with respect to Ministries, Departments and Agencies(MDAs) oversighted by the Committee The MDAs include the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority. The report is as a result of deliberations between the Committee and the aforementioned Offices.

2. The report contains the Observations, and the Recommendations of the Committee as regards the consideration of the 2023/2024 Supplementary II for the sub-sectors within the oversight of the Committee.

1.2 Mandate of the Committee

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

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

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

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

c. study and review all legislation referred to it;

d. study, assess and analyze the relative success of the Ministries and departments 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);

(fa) examine treaties, agreements and conventions;

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 Article 254 of the Constitution; and

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

1.3 Subjects of the Committee

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

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

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

1.4 Committee Membership

7. The Committee comprises of the following Members: -

Hon. Gabriel Tongoyo, MP
Chairperson
Narok West Constituency

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

Hon. Kaluma George Peter, MP
Homa Bay Constituency

Hon. Aduma Owuor, MP
Nyakach Constituency

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

Hon. Liza Chepkorir Chelule, MP
Nakuru County

Hon. Sarah Paulata Korere, MP
Laikipia North Constituency

Hon. Oku Kaunya, MP
Teso North Constituency

Hon. Mburu Kahangara, MP
Lari Constituency

Hon Protus Ewesit Akujah, MP
Loima Constituency

Hon. Rozaah Akinyi Buyu, MP
Kisumu West Constituency

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

Hon. Fatuma Jehow, MP
Wajir County

Hon. Francis Sigei, EBS, MP
Sotik Constituency

Hon. Hussein Weytan, MP
Mandera East Constituency,

1.5 Committee Secretariat

8. The Committee Secretariat consists of the following:

Mr. John Mugoma
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant III

Mr. Gideon Kipkogei
Clerk Assistant III

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Clarah Kimeli
Principal Legal Counsel II

Ms. Judy Kanyoko
Legal Counsel II

Ms. Delvin Onyancha
Research Officer III

Mr. Rodgers Kilungya
Audio Officer

Mr. Benson Kimanzi
Serjeant-At-Arms

Ms. Ivy Maritim
Media Relations Officer III

1.6 Examination of the 2023/2024 Supplementary II

9. The 2023/2024 Supplementary II was tabled in the National Assembly on Thursday, 2nd May, 2024 and subsequently committed to Departmental Committees for consideration in line with Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(3B) The Committees were required to consider the 2023/2024 Supplementary II with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.

10. Following the committal of the 2023/2024 Supplementary II, the Committee was briefed by the Parliamentary Budget Office on Tuesday, 14th May, 2024 on the contents of the Supplementary II and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate from 14th May to 17th May, 2024.

11. The Committee deliberated on the issues contained in the Supplementary II and subsequently adopted the report.

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

1.7 Acknowledgement

13. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2023/2024 Supplementary Budget II.

14. On behalf of the Departmental Committee on Administration and Internal Security, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2023/2024 Supplementary Budget II with respect to the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance &Delivery Management, State Department for Cabinet Affairs, State House, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority.

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

PART II

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES I FOR THE MDAs

15. The overall Ministerial cumulative expenditure in the FY 2023/24 has been proposed to decrease by 3.7 per cent from the approved Supplementary Estimates No. I as shown in Table 1. The overall Ministerial expenditure is therefore expected to have a net decrease of **Ksh 132,460.9 million** with Development expenditure outlay decreasing by **Ksh 84,838.5 million** as Recurrent expenditures increase by **Ksh 38,707.4 million.**

Table 1: Summary of Overall Expenditures (Ksh Millions)				
	Supplementary I	**Supplementary II**	**Gross Change**	**% Change**
Ministerial National Government	2,464,454.4	2,418,323.3	(46,131.1)	(1.9)
Recurrent	*1,681,234.7*	*1,719,942.1*	*38,707.4*	*2.3*
Development	*783,219.7*	*698,381.2*	*(84,838.5)*	*(10.8)*
CFS	1,131,650.1	1,045,320.2	(86,329.8)	(7.6)
Total	**3,596,104.4**	**3,463,643.6**	**(132,460.9)**	**(3.7)**

Source: The National Treasury

2.1 Overview of Budget Implementation Status

16. The pace of Exchequer Issues to MDAs varies across MDAs under the purview of the Committee is relatively high. State House and State Department for Internal Security have registered the highest exchequer issues while that of cabinet Affairs is the least.

Table 2: Analysis of Exchequer Issues as of 31st March 2024 - (Ksh Millions)							
S/No.	MDAs	Recurrent Expenditures			Development Expenditures		
		Sup I	Exchequer Issues	% of Exchequer issues	Sup I	Exchequer Issues	% of Exchequer issues
1011	Office of the President	3,329.3	2,050.4	61.6	697.0	273.2	39.2
1012	Office of the Deputy President	3,894.4	2,728.7	70.1	400.4	188.4	47.1
1013	Office of the Prime Cabinet Secretary	1,195.6	775.8	64.9	-		
1014	State Department for Parliamentary Affairs	393.1	243.9	62	-		
1015	State Department for Performance and Delivery Management	355.2	309.3	87.1	-		
1016	State Department for Cabinet Affairs	617.1	217	35.2	-		
1017	State House	8,526.7	8,144	95.5	1,309.7	899.9	68.7
1024	State Department for Immigration and Citizen Services	8,578.8	5,701.8	66.5	2,747.0	1,561.4	56.8

Table 2: Analysis of Exchequer Issues as of 31st March 2024 - (Ksh Millions)							
S/No.	MDAs	Recurrent Expenditures			Development Expenditures		
		Sup I	Exchequer Issues	% of Exchequer issues	Sup I	Exchequer Issues	% of Exchequer issues
1025	National Police Service	106,324.2	71,719.8	67	1,653.9	435	26.3
1026	State Department for Internal Security and National Administration	29,421.2	23,286.2	79.1	7,479.2	6,866	91.8
2101	National Police Service Commission	1,151.9	747.6	64.9	-	-	-
2151	Independent Policing Oversight Authority.	1,019.3	681.7	66.9	-	-	-
		164,806.8	**116,606.2**	**70.8**	**14,287.2**	**10,223.9**	**71.6**
Source: The National Treasury							

2.2 Overview of Supplementary Estimates II

17. In line with Section 43 of the PFM Act, 2012 which gives an Accounting Officer the authority to re-allocate funds between programmes and sub-votes, the proposed supplementary largely comprise of reallocations, absolute increases, and reduction of expenditures. For example, the Executive Office of the President, Office of the Prime Cabinet Secretary, State Department for Immigration & Citizen Services, State House, National Police Service and State Department for Internal Security have been proposed for additional resources while those of State Departments for Cabinet Affairs, Parliamentary Affairs and Performance & Delivery Management have seen their expenditures proposed for Reduction. (See Table 3).

18. The implication of such changes is threefold: either, that the estimates for the agencies were not correctly set during budget approval, or that the agencies facing budgetary cuts can accommodate the reduction by using the remaining funds efficiently, or by reducing the performance targets, and that agencies getting increases will deliver more services to Kenyans. It is however submitted by the National Treasury that a substantial of these increases relates to Article 223 expenditures.

19. Like the previous supplementary, part of the expenditure has been incurred in line with Article 223 of the Constitution. A notable example is the **Ksh 2,300 million** already spent by the State Department for Internal Security & National Administration on mitigation of Elnino disasters and security operations in North Rift.

Table 3: Summary of Supplementary II Estimates (Ksh Millions)					
Vote	MDA	Sup I	Proposed Sup II	Change	% Change
1011	Executive Office of the President	4,033.9	4,721.2	687.2	17

Table 3: Summary of Supplementary II Estimates (Ksh Millions)					
Vote	**MDA**	**Sup I**	**Proposed Sup II**	**Change**	**% Change**
1012	Office of the Deputy President	4,298.1	4,761.5	463.4	
1013	Office of the Prime Cabinet Secretary	1,195	1,366.8	171.3	-
1014	State Department for Parliamentary Affairs	393.1	388.1	(5)	(1.3)
1015	State Department for Performance & Delivery Management	355.2	338.2	(17)	(4.8)
1016	State Department for Cabinet Affairs	617.1	522.1	(95)	(15.4)
1017	State House	9,838.6	11,338.6	1,500	(15.2)
1024	State Department for Immigration and Citizen Services	12,633.3	14,205.6	1,572.4	12.4
1025	National Police Service	107,978.1	113,219.2	5,241.1	4.9
1026	State Department for Internal Security & National Administration	37,003.4	40,367.3	3,363.9	9.1

PART III

3.0 SUBMISSIONS BY MINISTRY, DEPARTMENTS AND AGENCIES

20. The Ministry, Departments and Agencies appeared before the Committee from 14th May, 2024 to 17th May, 2024 to deliberate the contents of the 2023/2024 Supplementary II. The detailed presentations made to the Committee are annexed to this report.

21. The section below outlines a summary of the presentations made by the Ministry, Departments and Agencies:

3.1 Executive Office of the President

22. The Approved Estimates for EOP in FY 2023/24 is **Ksh 4,033.99Million** of which **Ksh 3,336.99Million** is under the recurrent vote and **Ksh 697Million** under the development vote. The Actual expenditure as at 8th May 2024 **Ksh 3,501.03Million** is **Ksh 2,839.85Milllion** and **Ksh 661.18 Million** under the two votes respectively. This translates to an overall absorption rate of 86.80% for the vote, 85.07% and 94.86% for both recurrent and development vote respectively.

23. The total revised Estimates for the Executive Office of the President as submitted under Supplementary II is **Ksh 4,721.20 Million** up from **Ksh 4,033.99Million** for both Development and Recurrent (The increase of **Ksh687.21Million** is majorly under recurrent Estimates).

24. The National Treasury has considered and approved additional funding of **Ksh680Million** under Supplementary Estimates II and increased collection of A-I-A from GVCU of **Ksh7.21Million.** The additional funding was majorly under the General Administration, Planning and support services Programme.

25. The Office reallocated a total of **Ksh 31.73Million** within the Directorate of Remote Sensing and Resource Surveys. The changes have been necessitated by a large portfolio of pending bills brought forward from 2022/23 financial year of which could not be accommodated by the available vote book balances after budget rationalization under Supplementary Estimates I.

26. This office was granted an approval of **Ksh300Million** under Article 223 of the constitution which was to be used to operationalize the Office of the Government Spokesperson (OGS) and Multi-Agency Strategic Interventions. The first withdrawal was done on **22nd April, 2024** of **Ksh5.0Million** for the Office of the Government Spokesperson while withdrawal is yet to be done under the Multi-Agency Strategic Intervention. The purposes for which the funds were withdrawn specifically for confidential expenditures, while procurement of motor vehicle and refurbishment is ongoing.

3.2 Office of the Deputy President

The delegation from the Office of the Deputy President led by the Principal Administrative Secretary submitted that:

27. The budget allocation for Supplementary II has increased from **Ksh 3.8977 Billion** to **Ksh 4.3611 Billion** under recurrent budget while recurrent budget has remained at **Ksh 400.4 Million.**

28. The office has spent **Ksh 3.4637 Billion** under recurrent budget representing an absorption of **88.7% and Ksh395.304 Million** under development budget representing an absorption of **98.7%.** The office has absorbed Ksh 3.859 Billion representing 89.8% of the total allocation.

29. The projects that had no allocation but have received additional funding in the supplementary are gratuity, temporary Committee Expenses, and purchase of Motor Vehicles.

30. **Ksh 250 Million** was withdrawn as per Article 223 of the Constitution. Its purpose was implementation of the alcohol, drugs and substance abuse program.

31. Additional expenditure and re-allocations will
    i. fully facilitate the H.E Deputy President in coordination of Government activities. Implement the various upcoming and emerging programmes under strategic interventions that include coordination of alcohol, drugs, and substance abuse initiatives and agricultural reforms.
    ii. Execution of the role of the National and County Governments Advisory Committee which identifies and confers Medals and Awards and also operationalization of IBEC sub-committees as per the Act

3.3 Office of the Prime Cabinet Secretary

32. The OPCS has approved FY 2023/24 recurrent budget of **Ksh 1,195.57 million** comprising of **Ksh 388.18 million** for compensation of employees**, Ksh 702.68 million** for use of goods and Services and **Ksh 104.71 million** for other recurrent expenditure.

33. The approved budget includes budgetary resources for GDS, SCAC and ISC departments which have since been moved to The Ministry of Public Service, Performance and Delivery Management and the Executive Office of the President Vide Executive Order No 2 of 2023.

34. To ensure continued service delivery by the transferred departments, the OPCS has been facilitating the Executive Office of the President and the State Department for Performance and Delivery Management with Quarterly AIE since the month of November 2023.

35. The OPCS requested for additional **Ksh 1,113.72** to cater for shortfalls identified after an in-depth analysis of expenditure trends, official engagements of the Prime Cabinet Secretary and the emerging issues brought about by the Executive order No. 2/2023.

36. During finalization of FY 2023/24 Revised Estimates No. II, the National Treasury has regularized the approved reallocation and provided additional **Ksh 171.28 Million** to cater

for contractual obligations and facilitation of the PCS.

37. The proposed revised FY 2023/24 Estimates will not be adequate to meet the OPCS requirement to June 2024 and will therefore leave a budget shortfall of **Ksh 845.42 Million.**

38. The OPCS re-allocated **Ksh53.2 Million** to cater for contractual obligations and facilitate the NGCS operations.The OPCS will be responsible for ensuring effective and responsive service delivery across the MDAs and will continue to implement and strengthen the Country's Foreign Policy and Regional Integration in order to unlock the potential of Kenya's commercial and trade relations.

3.4 State Department for Parliamentary Affairs

39. The printed estimates for the State Department FY 2023/24 was **Ksh 669.5 Million** under the recurrent budget, revised to **Ksh 393.0 Million** in Supplementary I and **388.0 Million** in Supplementary II.

40. The State Department realized an expenditure of **Ksh 333,152, 996** translating to an absorption rate of 84% of the total budget.

41. The State Department reallocated its budget amounting to **Ksh 47 Million** to fund activities that had been affected by Supplementary I. They included, development of Legislative Agenda Tracking Information System, facilitating coordination of the Government Legislative Agenda and purchase of Computers and ICT equipment.

42. There were no withdrawals done under Article 223 of the Constitution. No programmes affected by Supplementary II in the State Department

3.5 State Department for Performance and Delivery Management

43. The State Department for Performance and Delivery Management was appropriated a gross approved budget of **Ksh 355.2 Million**. The State Department had spent **Ksh 286.3 Million**, which is equivalent to an absorption rate of 81%.

44. Further the State Department budget FY 2023/24 was reduced from **Ksh 355.2** million to **Ksh 338.2 Million**. This was a reduction by **Ksh 17 Million**. The deduction had an effect on Personal Emolument.

45. There are no development projects in the current financial year that will be affected by the Supplementary Budget Estimates II. There are also no finances expended under Article 223 of the Constitution in the YR 2023/2024.

46. The State Department requested for reinstatement of the **Ksh 17 Million** budget cuts in the proposed Supplementary II and the earlier **Kshs 123 Million** in supplementary I to cater for smooth operations.

3.6 State Department for Cabinet Affairs

47. The total expenditure for the FY 2023/24 as at 31st March 2024 was **Ksh 309.763 million**

against an approved budget of **Ksh 522.058 million** translating to an absorption of **59%**.

48. The State Department has no money that has been withdrawn under Article 223 of the Constitution.

49. The State Department sought for re-allocation and additional expenditures of **Ksh 30 million** for partitioning of offices at the 5th floor of Harambee Annex. The re-allocation was granted and effected in the budget.

50. The State Department requests for additional funding under Supplementary II as follows:-
    i. Purchase of furniture and office equipment – **Ksh 45 million**;
    ii. Purchase of motor vehicle – **Ksh 81 million**;
    iii. Automation of Government systems - **Ksh 45 million**; and
    iv. Secretariat to Cabinet Committees - **Ksh 25 million**.

51. The State Department has requested for an additional **Ksh196 Million** to help in meeting its performance targets and operationalizing of the Department. The funds under the automation of the Government systems are critical in meeting the deadline of June 30th 2024 as per the presidential directive.

52. More officers have been deployed under the State Department hence the need for office space, furniture and equipment.

53. The mandate of the State Department is to offer secretariat to Cabinet Committees. The budgetary provision under this item has since been depleted, hence requesting for additional funding.

3.7 State House

54.The total expenditure for the FY 2023/24 as at 31st March,2024 was **Ksh8,469.48 million** against an approved budget of **Ksh9,838.56 million** translating to an absorption rate of **86%.**

54. The approved estimates for the FY 2023/24 have been revised from **Ksh9,838.6 million** to **Ksh11,338.6 million** under Supplementary Estimates No.2, reflecting an increase of **Ksh1,500 million** which comprises **Ksh300 million** for personnel emoluments and **Ksh1,200 million** for operations & maintenance expenditure.

55. State House was granted additional funding of **Ksh1,200 million** by the National Treasury **under Article 223** of the Constitution within the context of Supplementary Estimates No.2 FY 2023/24 to cater for critical operations and maintenance activities. Consequently, the first withdrawal of the money was made on 17th April 2024.

56. During Supplementary Estimates No.2 of FY 2023/24 State House was granted additional funding of **Ksh300 million** to cater for a shortfall in personnel emolument.

57. Additionally, State House was granted by National Treasury approval for reallocation of

Ksh50 million under recurrent vote to cater for fuel expenditure and **Ksh26 million** under development vote to cater for purchase of equipment.

58. The revised budgetary allocation under Supplementary Estimates No.2 FY 2023/24 will support the achievement of State House key mandate through facilitating expenditure relating to operations and maintenance. However, the revised allocation may not be sufficient to adequately facilitate the delivery of the wide mandate for State House.

3.8 State Department for Immigration and Citizen Services

59. The state Department had a revised budget after Supplementary Estimates No.1 of **Ksh 12,633.3 million**; **Ksh 3,497 million** for Development and **Ksh 9,136 million** for recurrent expenditure

60. During the first 9 months of the FY 2023/24, the state Department had absorbed **Ksh 10,534 million** out of which Recurrent expenditure was **Ksh 6,874 million** and **Ksh 3,660 million** was for development expenditure

61. The State Department received and utilized AIA of **Ksh 1,307.5 million** with **Ksh 750 million** under Development expenditure and **Ksh 557 million** under recurrent vote

62. Additionally, the State Department had received external funding amounting to **Ksh 7 million** from UNFPA

63. The State Department realized a growth of **Ksh 1,572 million** in the proposed Supplementary II thereby moving from **Ksh 12,633 million** to **Ksh 14,205.6 million**.

64. The state Department also had an increase in AIA from **Ksh 1,307.5 million** to **Ksh 2,307.5 million**; **Ksh 1,340 million** being for development expenditure and **Ksh 967 million** being for recurrent expenditure.

65. The State Department requested for additional funding amounting to **Ksh 747.6 million**. The major items towards the request included Ksh 150 million for maintenance of e-passport system, **Ksh 250 million** towards immigration attachees abroad and Ksh 70 million for e-citizen services among others.

3.9 National Police Service

The Accounting Officer informed the meeting that:-

66. The actual expenditure as of 30th April amounted to Ksh 89,536 million representing a budgetary absorption rate of 82.9 percent.

67. The Recurrent Supplementary Estimates No. II for the National Police Service is a net increase of Ksh 5,241 million with major increase under the General Administration going towards Medical & Group Life Insurance Cover at Ksh 4,056 million, security Operations at Ksh 799 million, Multi Agency Security Operations at Ksh 615 million and specialized

materials & Supplies at Ksh 1,000 million

68. The items affected by the supplementary included compensation to employees which will reduce by Ksh 1,866 million, Use of Goods and Services which is increasing by Ksh 7,102 million and other recurrent which is increasing by Ksh 5 million.

69. Ksh 2,000 million had already been withdrawn in line with Article 223 of the Constitution and a further Ksh 30 million had been withdrawn to cater for funding of security vehicles and travel expenses.

70. The critical but underfunded areas included Ksh 250 million for security operations as well as Ksh 1,899 million towards Medical and Group Life insurance covers for the Service.

3.10 State Department for Internal Security and National Administration

71. The revised budget allocation for the State Department amounted to Ksh 40,367.2 million which comprises of Ksh 32,888 million for Recurrent expenditure and Ksh 7,479 million for Development expenditure

72. The Recurrent supplementary expenditure for the State Department for Internal Security & National Administration is a net increase of Ksh 3,400 million which will mainly go towards security operations and El Nino disaster mitigation at Ksh 2,700 million, Ksh 200 million towards local Presidential Visits, Ksh 200 million towards Madaraka day celebrations. Other proposed expenditures include Ksh 300 million towards Multi-Agency security operations and Ksh 100 million to cater for the surveillance along the marine and inland water boundaries.

73. Under Recurrent transfers, the NGO coordination Board has been proposed to receive additional Ksh 25.1 million to cater for PE shortfall.

74. The State Department had accessed expenditures amounting to Ksh 3,000 million under Article 223 of the constitution. The details of the expenditure included Ksh 500 million withdrawn on 1st December to cater for Elnino floods mitigation, Ksh 1,500 million withdrawn on 27th February to cater for multi-agency security operation s in North Rift and a further Ksh 1,000 million withdrawn on 30th April to cater for ongoing security operations, local presidential visits and Madaraka Day celebrations.

75. Despite the allocations, the state Department still required Ksh 1,000 million for security operations in North Rift and rescue operations by the Kenya Coast Guard, Ksh 96 million to pay for electricity bills for NGAO offices across the country, Ksh 152 million to cater for allowances of the National Police Taskforce members and Ksh 31 million towards Government Chemist among others.

3.11 National Police Service Commission

76. The total expenditure for FY 2023/24 as at 31st was **Ksh 943.93 million** against approved budget of **Ksh 1.183 billion** translating to an absorption rate of **79.81%.**

77. In the supplementary II, the Commission has an additional budget of **Ksh 30.80 million** being an addition money to cater for Personnel Emolument at **Ksh 12 million,** insurance cost at **Ksh 15.40 million** and **Ksh 3.40 million** to cater for Social Security gratuity.

78. The Commission has not withdrawn any money under article 223 of the Constitution

3.12 Independent Policing Oversight Authority

The Board informed the meeting that:-

79. The Supplementary Has revised the Budget of the Authority upwards from Ksh 1,019.2 million to Ksh 1,054.5 million on account of the Authority's new remuneration structure;

80. As at 1st May 2024, the Authority had utilized Ksh 850.6 million of its budgetary allocation spread across personnel Emoluments (80%) and Operations & Maintenance (90%);

81. The Authority's Personnel emoluments requirements for FY 2023/24 was 674.2 million against the allocated ceiling of Ksh 639 million resulting in a shortfall of Ksh 35.2 million and may occasion pending bills at the end of the financial year and;

82. The Authority reviewed its FY 2023/24 allocation for gratuity and recorded a deficit of Ksh 1.7 million to cater for payment of gratuity for staff who exited the Authority in February 2024. This would also lead to accumulation of pending bills.

PART IV

4.0 COMMITTEE OBSERVATIONS

83. The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

1) The supplementary expenditure for the Executive Office of the President is net increase of **Ksh 687.2 million**. However, there are also re-allocations and decreases across various heads. The major increase will mainly go towards the ongoing task-force expenses and operation & maintenance under the Office of the Government Spokesperson which is domiciled under the Office of the Chief of Staff.

2) The Approved Estimates for the Office of the Deputy President have been revised from **Ksh4.3 billion** to **Ksh4.8 billion** under the FY 2023/24 Supplementary Estimates No. II, reflecting an increase of **Ksh 463.4 million** on account of operation and maintenance, capital expenditure and Appropriation In Aid. Other changes are on account of reallocation of funds amounting to Ksh 31 million.

3) The Office of the Prime Cabinet Secretary has been proposed to receive additional **Ksh171.3 million** on account of Personnel Emoluments, Gratuity and Confidential Expenditures. In addition, funds amounting to **Ksh 53.2 million** have been reallocated within the expenditure to cater for operations and maintenance.

4) The Approved Estimates for the State Department for Parliamentary Affairs have been revised to **Ksh 388.1 million** under the FY 2023/24 Supplementary Estimates No.II. This reflects a decrease of **Ksh 5 million** on account of reduction of Personnel Emoluments. In addition, funds amounting to **Ksh 31.4 million** have been reallocated within the expenditures.

5) The increase of **Ksh1.5 billion** under State House will mainly go towards personnel emoluments and operations & maintenance. Other changes are on account of re-allocation of funds.

6) The development of Government Delivery Monitoring Information System (GDMIS) was critical for the delivery of the mandate of the State Department for Cabinet Affairs though there was no provision for the same.

7) The National Police Service was still underfunded in critical areas included **Ksh 250 million** for security operations as well as **Ksh 1,899 million** towards Medical and Group Life insurance covers for the Service. The underfunding in Medical Cover would lead to accumulation of pending Bills besides police officers not accessing medical care in several hospitals across the country due to non-payment of premiums as per the contract of the cover.

8) The proposed re-allocation of **Ksh 1,000 million** towards special supplies by the National Police Service may not be absorbed due to short time period for procurement for such supplies.

9) Despite the increases towards the State Department for Internal security, the state Department still required **Ksh 1,000 million** for security operations in North Rift and rescue operations by the Kenya Coast Guard, **Ksh 96 million** to pay for electricity bills for NGAO offices across the country, **Ksh 152 million** to cater for allowances of the National Police Taskforce members and **Ksh 31 million** towards Government Chemist among others.

PART V

5.0 COMMITTEE RECOMMENDATIONS

84. The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations:-

a) The expenditures made pursuant to Article 223 of the Constitution as shown in Schedule I (A) be approved.

SCHEDULE I(A): WITHDRAWALS MADE UNDER ARTICLE 223 OF THE CONSTITUTION

Vote	Programme	Recurrent	Capital	Total	Remarks
1017	State House Affairs	1,200	-	1,200	Being Expenditure towards Other Operating Expenses
1025	Policing Services	2,030	-	2,030	Being Expenditure towards Insurance costs
1026	General Administration and Support Services	2,300	-	2,300	Being Expenditure towards Multi agency security operations in the North Rift & mitigation of effects of Elnino floods

b) Special approval request be granted on adjustments made by the National Treasury on programmes that have exceeded 10 percent pursuant to regulation 40(9) of the Public Finance Management Regulations, 2015 as shown in Schedule 1(B).

SCHEDULE I(B): PROGRAMMES WITH MORE THAN 10% ADJUSTMENTS PURSUANT TO REGULATION 40(9)

Vote	Programme	Gross Total Estimates	Gross Total Supplementary II	Change In Estimates	% Change	Remarks
1011	General Administration, Planning & Support Services	2,424.4	3,078.1	653.7	27	Enhanced Operations & Maintenance
1012	Deputy President Services	4,298.1	4,761.5	463.4	10.8	Enhanced O&.
1013	Government Coordination and Supervision	1,195.6	1,366.9	171.3	14.3	Enhanced Operations & Maintenance
1017	State House Affairs	9,838.6	11,338.6	1,500	15.2	Adjustments on Personnel Emoluments

c) The reduction amounting to **Ksh 1,098.3 million** be effected across Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(A)

SCHEDULE 2(A): PROPOSED REDUCTIONS (KSH MILLIONS)					
Vote	**Programme**	**Head/Project**	**Details**		**Justification**
			Draft Net Estimates	**Proposed Reduction**	
1012	Deputy President Services	3111119 – Purchase of lifts **(Development)**		(5.1)	Being request for re-allocation by the Office of the Deputy President.
		2210400 - Foreign Travel and subsistence, and other transportation cost		(93.2)	
1025	Policing Services	1025004401 – Headquarters (2211000 - Specialized Materials and Supplies)	1,000	(1,000)	The Expenditure is not likely to be utilized
	Total			**(1,098.3)**	

d) The increases be effected on Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(B)

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)					
Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
1012	Deputy President Service	3110302 - Refurbishment of Non-Residential Buildings**(Development)**	-	5.1	Towards Refurbishment of Harambee House Annex.
		Hospitality, local travel, Routine maintenance, fuel, Uniforms)	-	93.2	Towards enhancing local operations of the Office of the Deputy President.
1025	Policing Services	National Police Hospital-Mbagathi **(Development)**	-	638	Towards Pending Bills for the National Police Hospital
		General Administration -	12,199.3	70	Towards enhancing O&M of the Office of the Secretary,

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)					
Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
		1025000101 Headquarters			Administration/Accounting Officer
		Office of the IG - (1025004401 Headquarters – Other Operating Expenses)	1,615	40	Towards Security Operations
		Office of the DIG - KPS (1025001801 Headquarters – 2211300 Other Operating Expenses)	1,412.2	40	Towards Security Operations
		Office of the DIG-AP (1025000501-Headquarters)		40	Towards Security Operations
		1025001401 Headquarters-DCI (2211300 - Other Operating Expenses)	1,439.7	50	Towards Security Operations
		1025004001 Headquarters-GSU (2211300 Other Operating Expenses)	724.8	30	
1026	General Administration and Support services	1026000101 Headquarters-(2211300 - Other Operating Expenses)	6,538	92	Towards Security Operations
	Total			**1,098.3**	

SIGNED _____ **DATE** 21st-05-2024

HON. GABRIEL TONGOYO, MP

CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

ANNEXTURE

Annex 1: List of Underfunded Areas

Annex 2: Minutes of the Committee sittings

Annex 3: Adoption List

Annex 4: PBO brief on the Supplementary Estimates

Annex 5: MDA's submissions

Supplementary II: Proposed Increases – KSh. Millions(UNFUNDED AREAS)						
Vote	**Programme**	**Head/Project**	**Details**			**Justification**
			Recurrent	**Development**	Total	
1026	General Administration and Support Services	OOP Headquarters-Security Operations	1,000	-	1,000	Towards Security Operations
		OOP Headquarters-Allowances	152	-	152	Towards Maraga Taskforce members allowances
		County Administration-utilities	96	-	96	Towards payments of outstanding utilities
		Government Chemist	31	-	31	To meet shortfalls in Contractual obligations
1025	Policing Services	Office of the Inspector General	200	-	200	Towards Security Operations
		Office of the DIG-KPS	300	-	300	
		Office of the DIG-AP	100	-	100	
		DCI Headquarters	200	-	200	
		GSU Headquarters	50		50	
	Total		**2,129**	**-**	**2,129**	

MINUTES OF THE 56TH SITTING OF THE DEPARTMENTAL, COMMITEEE ON ADMINISTRATION AND INTERNAL SECURITY HELD ON TUESDAY, 21ST MAY, 2024 IN THE MINI-CHAMBER, COUNTY HALL, PARLIAMENT BUILDINGS AT 10.00 A.M.

PRESENT

1. **Hon. Gabriel Koshal Tongoyo, MP** - **Chairperson**
2. **Hon. Col (Rtd) Dido Rasso, MBS, MP** - **Vice Chairperson**
3. Hon. Kaluma George Peter, MP
4. Hon. Fred C. Kapondi, MP
5. Hon. Liza Chepkorir Chelule, MP
6. Hon. Mburu Kahangara, MP
7. Hon. Protus Ewesit Akujah, MP
8. Hon. Oku Kaunya, MP
9. Hon. Rozah Akinyi Buyu, MP
10. Hon. Amb. Francis Kipyegon Sigei, EBS, MP
11. Hon. Fatuma Abdi Jehow, MP
12. Hon. Caroline Jeptoo Ng'elechei, MP
13. Hon. Hussein Weytan Mohammed, MP

ABSENT WITH APOLOGY

1. Hon. Aduma Owuor, MP
2. Hon. Sarah Paulata Korere, MP

IN ATTENDANCE

COMMITTEE SECRETARIAT

1. Mr. John Mugoma - Clerk Assistant I
2. Mr. Gideon Kipkoech - Clerk Assistant III
3. Mr. Edison Odhiambo - Fiscal Analyst
4. Ms. Ivy Maritim - Media Relations Officer
5. Mr. Rodgers Kilungya - Audio Officer

MIN./NO./DC-AIS/2024/279: PRELIMINARIES & ADOPTION OF AGENDA

The Chairperson, Hon. Gabriel Koshal Tongoyo, MP called the meeting to order at 10.30 a.m. and said a prayer. The agenda of the meeting was adopted having been proposed by Hon. Fred C. Kapondi, MP and seconded by Hon. Oku Kaunya, MP.

MIN./NO./DC-AIS/2024/280: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTINGS

The confirmation of Minutes was deferred to a later date.

MIN./NO./DC-AIS/2024/281: CONSIDERATION AND ADOPTION OF THE REPORT ON BUDGET ESTIMATES FOR FY 2024/25 AND SUPPLIMENTARY ESTIMATES II FOR FY 2023/24

A. BUDGET ESTIMATES FOR FY 2024/25

COMMITTEE OBSERVATIONS

The Committee having reviewed the 2024/2025 Budget Estimates as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

A. Executive Office of the President, Vote 1011

1. The proposed budgetary allocation for the Office amounts to Ksh. 5,373.4 million. The proposed allocation was marginally reduced by KSh. 57.5 million from the approved BPS of KSh. 5,430.9 million;

2. The Office was underfunded to the tune of KSh.2, 385 million. Key areas to be affected by the underfunding included KSh. Government press that required additional KSh. 200 million for purchase of materials that are required to print confidential documents, Power of Mercy Advisory Committee which required additional KSh. 100 million, Commission of Inquiry and Tribunal which required KSh. 490 million towards the taskforce for review of Legal and Regulatory Framework Governing Religious Organizations, Taskforce on modernization of Government printer and the Tribunal on removal of Hon Justice Kullow;

3. Government Printer: -It was observed that the Government printer was not operating at its optimal capacity on account of obsolete equipment. There was need to upgrade the printing equipment to increase its efficiency and generate more revenue to the Exchequer; and

4. The Betting Control and Licensing Board was not adequately funded to carry out its mandate in line with the Betting Lotteries and Gaming Act Cap 131. It was observed that the Betting industry was generating billions of shillings to the Exchequer, yet the Board which is supposed to regulate and control the industry was severely underfunded to carry out this mandate to the tune of KSh. 144 million.

B. Office of the Deputy President, Vote 1012

1. The Office was allocated KSh. 4,469 million at the BPS level, however the estimates has revised the allocation upwards to KSh. 4,872 million. The increase was on account of KSh. 250 million towards procurement of insignia and medals, KSh. 57 million towards Personnel Emoluments and KSh. 50 million towards Alcohol and Drug Abuse initiatives; and

2. The allocation towards Development expenditure has also increased from the approved KSh. 250.4 million in the BPS to KSh. 300.4 million. The increase of KSh. 50 million would be towards the refurbishments.

C. Office of the Prime Cabinet Secretary, Vote 1013

1. The proposed estimates for the Office of the Prime Cabinet Secretary amounted to KSh. 1,140.8 million from the approved BPS ceiling of KSh. 1,502.1 million; and

2. The reduction will impact negatively on the service delivery by not facilitating the PCS on official duties, stalling of the ongoing refurbishment at Railways Headquarters and deferred development of the National Government Coordination dash board to support coordination services.

D. State Department for Parliamentary Affairs, Vote 1014

The proposed budgetary allocation for the State Department amounted to KSh. 458.2 million, downwards from KSh. 846.1 million approved at the BPS level on account of revised fiscal framework.

E. State Department for Performance and Delivery Management, Vote 1015

1. The State Department had been allocated KSh. 1,064 million at the BPS level but due to revised fiscal framework has now been allocated KSh. 607.1 million. The allocation however is an increase from the current budgetary allocation of KSh. 355.2 million; and

2. There was duplication of functions between the State Department and the Office of the Prime Cabinet Secretary on monitoring the performance of National Programmes and projects. The duplication was leading to inefficiency in resource allocation.

F. State Department for Cabinet Affairs, Vote 1016

1. The State Department has one of the lowest budgetary absorption at 59%. This has led the budgetary allocation of the State Department to be reviewed downwards in the course of budget implementation. The printed estimates in FY 2023/24 was KSh. 903 million but now the proposed budgetary allocation is KSh. 275 million; and

2. The State Department was tasked to develop the Government Delivery Monitoring Information System (GDMIS) and the Electronic Document (ERDMS) but had not been considered for any allocation for the same.

G. State House, Vote 1017

1. The total budgetary allocation for the State House amounted to KSh. 9,496 million against the approved Budget Police State (BPS) allocation of KSh. 9,233.8 million. The increase of KSh. 262.2 million on account of increased Personnel Emoluments; and

2. The allocation to State House has been on the rise mainly on account of hospitality services, pensions and benefits accruing to the Retired Presidents and other designated state officers as well renovations to various state houses and lodges that have not had a facelift for a long period of time.

H. State Department for Internal Security and National Administration, Vote 1026

1. The proposed allocation of **KSh. 34,986.9 million** for the State Department was slightly below the House Resolutions on the BPS 2024 and the medium term by **KSh. 249.5 million** on account of governments policy to contain borrowing and re-aligning expenditures to sustainable levels;

2. The decline in budgetary provision to **Private Security Regulatory Authority** from **Kshs186.32 million** to **Kshs100.92million** would adversely affect the operations of the entity given that the Regulations to permit collection of revenue were still pending. In such circumstances, the institution would be unable to meet its salary obligations to the tune of **KSh32.5Million**, Rent for Regional offices **KSh40million** and Annual staff medical insurance of **KSh12.8million;**

3. The reduction in the Budget for NGO Coordination Board from KSh. 257.6 million to KSh. 192.9 million would affect the Operationalization of the PBO Act which recently came to force. Full operationalization of the PBO Act is critical to facilitate revenue generation to supplement Exchequer;

4. The funding gap under development which amounted to **KSh.5, 076 million** was related to construction of new administrative units which was critical in service delivery at the grassroots;

5. The draft estimate ceiling for development budget had reduced by **KSh324million** from the BPS allocation of **KSh7, 479million** to **KSh7, 155 million**. The reduction would affect delivery of Projects within the planned timelines ultimately affecting effective service delivery to the Public;

6. The State Department had a number of newly gazetted administrative units which had not been operationalized since August 2017 on account of resource constraints. It was therefore observed that there was a need to stop further gazettement of these units before operationalizing the already existing one;

7. There was a need to cater for the scaled-up surveillance and security operations along the Kenyan borders and regions with inter-ethnic conflicts mainly cattle rustling and implementation of a directive to crackdown on illegal firearms, drugs, and narcotics to the tune of **KSh. 5, 500 million**;

8. The Kenya Coast Guard services had spread its operations to inland waters and opened stations in Mbita and Baringo but had no resources to maintain their operations. They had a shortfall of **KSh. 1,256.3 million**;

9. To ease access to high-risk areas and facilitate security operations, there was need to enhance funding for security Roads and Airstrips. The Resource requirement in the FY 2024/25 amounted to **KSh. 500 million** but was only proposed to receive **KSh. 55 million**, which was below the baseline allocation of **KSh. 160 million**; and

10. The State Department has five (5) stalled projects whose cumulative cost was **KSh921, 626,030**. Cumulative Expenditure to date amounted to **KSh702, 151,377** resulting to a funding gap of **KSh219, 474,653.**Of critical intervention was The Migori District Headquarters project which required special allocation to complete the first phase and the remaining phases. The estimated cost to complete the project was **KSh600 million.** The State Department was liasing with Public works for a formal handover.

I. State Department for Immigration and Citizen Affairs, Vote 1024

1. The proposed budget estimates for the State Department had been reduced by KSh. 722 million from KSh. 15,873 million at the BPS level to KSh. 15,151 million;

2. The proposed budget would be financed partly by AIA amounting to KSh. 3,900 million as had been resolved by the House to allow the State Department solve problems related to issuance of critical documents such as passports, Birth and Death certificates among others without delay;

3. Critical flagship projects of Vision 2030 projects under the Fourth Medium Term plan were grossly underfunded. They included Roll out of 3rd Generation ID (Maisha card) that had a resource requirement but only received KSh. 1,375 million, Unique Personal Identifier (Maisha Namba) that had a resource requirement of KSh. 1,440 million but had only KSh. 330 million among others;

4. The Service delivery by the National Registration Bureau Filed services was hampered by

inadequate funding to enable Citizens across the country apply and receive their identification documents in time. The Field Services operations were underfunded to the tune of KSh. 1 billion; and

5. The e-citizen services which is a core pillar of the Kenya Kwanza Administration could not meet its target of having more services brought on board on account of underfunding to the tune of KSh. 745 million.

J. National Police Service, Vote 1025

1. There was an increase of **KSh. 119 million** over and above the BPS ceiling for recurrent expenditures. The increase was attributed to the National Police Service Airwing which had been transferred back to the NPS from the Ministry of Defence in line with the House Resolution on the same;

2. The Insurance Costs had been reduced from **KSh. 7,081 million** as had been projected in the BPS 2024 to **KSh3, 540.7 million**. The cut would severely affect the ability of the service to provide medical care to its 120,000 workforces;

3. The Service was grossly underfunded. The Personnel Emoluments constituted 81.2 per cent of its total budget leaving only 19 per cent for Operations & Maintenance (O&M). The bulk of O&M expenditures were towards mandatory & contractual obligations. Consequently, out of the 1500 police stations, only 600 were received AIEs for operations at the Ward level;

4. The Automated Palm Fingerprint Identification System (APFIS) for finger print analysis had become obsolete. There was need to upgrade to the latest version Multi Biometric Identification System (MBIS) that would enhance efficient and timely processing of Police Clearance Certificates (PCCs) and criminal records from 14 days to 1 day. To this end, the draft estimates provided for **KSh. 518.4 million** against a requirement of **KSh. 1,000 million** for the upgrade;

5. There was a need to enable the Directorate of Criminal Investigations Department retain part of the revenue they collect through issuance of certificate of Good Conduct to support the operations of the National Forensic Laboratory, which often experience exchequer delays;

6. The National Police Service had not recruited police officers over the last 3 years and there was a growing need to recruit over 10,000 officers to replace those who had left the Service through natural attrition but also to boost the police to human population ration. To this end, the total requirement for this activity was **KSh. 5,030 million** but the draft estimates had only provided **KSh. 3,200** million towards trainee allowance, Purchase of Police equipment, food & rations and purchase of uniform;

7. Development Projects: - the National Police Service will be implementing a total of 69 projects in the FY 2024/25 and the Medium Term. All the projects were ongoing and there was no new project. There were however 16 stalled projects which included staff houses for officers, expansion of training colleges as well as administrative blocks;

8. There were increased security operations in many parts of the country including North Rift without corresponding additional resources for such activities, and the underfunding was a risk to obtaining the objectives of such operations;

9. Generally, inadequate funding of the Service would lead to delay in implementation of the Maraga

Taskforce report on police reforms; and

10. The Service had pending bills amounting to KSh. 5,479.3 million at the beginning of the FY 2023/24 and manage to clear pending bills amounting to KSh. 4,217.6 million leaving a balance of KSh. 1,261.7 million

K. National Police Service Commission, Vote 2101

1. The proposed budget for the Commission had a reduction of KSh. 138.2 million from the approved BPS ceiling of KSh. 1,269.5 million on account of austerity measures;

2. There was a growth in Personnel Emoluments for the Commission from KSh. 593.9 million in Supplementary I of FY 2023/2024 to KSh. 711.5 million. The growth was attributed to KSh. review of the Commission's staff salaries leading to a total monthly increment of KSh. 3.3 million for basic salaries and Pension adjustment and annual growth in leave travel allowance by KSh. 2.7 million;

3. The Commission had employed and deployed 25 counsellors and 13 Social workers to different regions but were overwhelmed with the enormous request for counselling services. There was need to upscale such services; and

4. The Commission plans to recruit 10,000 police officers but there was no budgetary allocation towards the Exercise which was costed at KSh. 150 million.

L. Independent Policing Oversight Authority, Vote 2151

1. The Authority was allocated a budget ceiling of KSh. 1,090.9 million at the BPS but the proposed estimates revised the allocation upwards to KSh. 1,212.7 million on account of implementation of the new remuneration structure from Salaries and Remuneration Commission. The Personnel Emoluments for the Authority was therefore rising from KSh. 639 million in FY 2023/24 to KSh. 832 million in 2024/25; and

2. The total operation & Maintenance expenditure was reducing from KSh. 380.3 million in FY 2023/24 to KSh. 275.3 million in 2024/25. The reduction would affect the Authorities core mandate of conducting investigations, attending court cases, monitoring police operations, among others. The failure by IPOA to attend to cases in court would lead to cases which are of public interest and human rights issues not to be fast-tracked hence justice may be denied.

COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2024/2025 Annual estimates of expenditure as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following financial recommendations as contained in Schedules I & II : -

Schedule I: Proposed Reductions -(KSh. Millions)					
Vote	**Programme**	**Head/Project**	**Details**	**Justification**	
			Draft Net Estimates	**Proposed Reduction**	
011	General Administration, Planning and Support Services	1011000118- Commission of Inquiry/Tribunals(**Recurrent**)	210	(60)	Rationalization of Expenditures
		1011000114- Office of Government Spokesperson (**Recurrent**)	114.2	(30)	Rationalization of Expenditures
1015	Public Service Performance Management	1015000101 Headquarters(**Recurrent**)	200	(10)	Rationalization of Expenditures
1024	General Administration and Planning	1024000101- Headquarters(**Recurrent**)	916.8	(70)	Rationalization of Expenditures
	Migration and Citizen Services	1024000101-Immigration Department Headquarters(**Recurrent**)	1,481	(70)	Rationalization of Expenditures
	Population Management Services	1024103100- National Integrated Identity Management System(**Development**)	80	(60)	Rationalization of Expenditures
1026	General Administration & Support Services	1026006602 -National Cohesion and Integration Commission	627.9	(60)	Rationalization of Expenditures
	Total			**(360)**	

Schedule II: Proposed Increases – KSh. Millions					
Vote	**Programme**	**Head/Project**	**Details**		**Justification**
			Draft Net Estimates	**Proposed Increase**	
1011	Government Printing Services	3111000 -Purchase of Office Furniture and General Equipment **(Development)**	400	100	To equip the Government Printer
1025	Policing Services	1025000101 – Headquarters **(Recurrent)**	5,015.4	70	To support Operations & Maintenance of the Office of the Secretary, Administration
1026	General Administration Services	1026000100 -OOP Headquarters**(Recurrent)**	7,251	80	Towards Security Operations
		1026000125 Private Security Regulatory Service Board**(Recurrent)**	100.9	60	To meet shortfall in PE and other contractual obligations
		1026101020- Security Roads and Airstrips **(Development)**	55	50	To enhance the allocations towards security roads
	Total			**360**	

B. SUPPLIMENTARY ESTIMATES II FOR FY 2023/24

COMMITTEE OBSERVATIONS

The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations:-

1) The supplementary expenditure for the Executive Office of the President is net increase of **Ksh 687.2 million**. However, there are also re-allocations and decreases across various heads. The major increase will mainly go towards the ongoing task-force expenses and operation & maintenance under the Office of the Government Spokesperson which is domiciled under the Office of the Chief of Staff.

2) The Approved Estimates for the Office of the Deputy President have been revised from **Ksh4.3 billion** to **Ksh4.8 billion** under the FY 2023/24 Supplementary Estimates No. II, reflecting an increase of **Ksh 463.4 million** on account of operation and maintenance, capital expenditure and Appropriation In Aid. Other changes are on account of reallocation of funds amounting to Ksh 31 million.

3) The Office of the Prime Cabinet Secretary has been proposed to receive additional **Ksh171.3 million** on account of Personnel Emoluments, Gratuity and Confidential Expenditures. In addition, funds amounting to **Ksh 53.2 million** have been reallocated within the expenditure to cater for operations and maintenance.

4) The Approved Estimates for the State Department for Parliamentary Affairs have been revised to **Ksh 388.1 million** under the FY 2023/24 Supplementary Estimates No.II. This reflects a decrease of **Ksh 5 million** on account of reduction of Personnel Emoluments. In addition, funds amounting to **Ksh 31.4 million** have been reallocated within the expenditures.

5) The increase of **Ksh1.5 billion** under State House will mainly go towards personnel emoluments and operations & maintenance. Other changes are on account of re-allocation of funds.

6) The development of Government Delivery Monitoring Information System (GDMIS) was critical for the delivery of the mandate of the State Department for Cabinet Affairs though there was no provision for the same.

7) The National Police Service was still underfunded in critical areas included **Ksh 250 million** for security operations as well as **Ksh 1,899 million** towards Medical and Group Life insurance covers for the Service. The underfunding in Medical Cover would lead to accumulation of pending Bills besides police officers not accessing medical care in several hospitals across the country due to non-payment of premiums as per the contract of the cover.

8) The proposed re-allocation of **Ksh 1,000 million** towards special supplies by the National Police Service may not be absorbed due to short time period for procurement for such supplies.

9) Despite the increases towards the State Department for Internal security, the state Department still required **Ksh 1,000 million** for security operations in North Rift and rescue operations by the Kenya Coast Guard, **Ksh 96 million** to pay for electricity bills for NGAO offices across the country, **Ksh 152 million** to cater for allowances of the National Police Taskforce members and **Ksh 31 million** towards Government Chemist among others.

COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2023/2024 Supplementary Budget II as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following recommendations:-

a) The expenditures made pursuant to Article 223 of the Constitution as shown in Schedule I (A) be approved.

SCHEDULE I(A): WITHDRAWALS MADE UNDER ARTICLE 223 OF THE CONSTITUTION

Vote	Programme	Recurrent	Capital	Total	Remarks
1017	State House Affairs	1,200	-	1,200	Being Expenditure towards Other Operating Expenses
1025	Policing Services	2,030	-	2,030	Being Expenditure towards Insurance costs
1026	General Administration and Support Services	2,300	-	2,300	Being Expenditure towards Multi agency security operations in the North

					Rift & mitigation of effects of Elnino floods

b) Special approval request be granted on adjustments made by the National Treasury on programmes that have exceeded 10 percent pursuant to regulation 40(9) of the Public Finance Management Regulations, 2015 as shown in Schedule 1(B).

SCHEDULE I(B): PROGRAMMES WITH MORE THAN 10% ADJUSTMENTS PURSUANT TO REGULATION 40(9)

Vote	Programme	Gross Total Estimates	Gross Total Supplementary II	Change In Estimates	% Change	Remarks
1011	General Administration, Planning & Support Services	2,424.4	3,078.1	653.7	27	Enhanced Operations & Maintenance
1012	Deputy President Services	4,298.1	4,761.5	463.4	10.8	Enhanced O&.
1013	Government Coordination and Supervision	1,195.6	1,366.9	171.3	14.3	Enhanced Operations & Maintenance
1017	State House Affairs	9,838.6	11,338.6	1,500	15.2	Adjustments on Personnel Emoluments

c) The reduction amounting to **Ksh 1,098.3 million** be effected across Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(A).

SCHEDULE 2(A): PROPOSED REDUCTIONS (KSH MILLIONS)

Vote	Programme	Head/Project	Details		Justification
			Draft Net Estimates	Proposed Reduction	
1012	Deputy President Services	3111119 – Purchase of lifts **(Development)**		(5.1)	Being request for re-allocation by the Office of the Deputy President.
		2210400 - Foreign Travel and subsistence, and other transportation cost		(93.2)	

1025	Policing Services	1025004401 – Headquarters (2211000 - Specialized Materials and Supplies)	1,000	(1,000)	The Expenditure is not likely to be utilized
	Total			**(1,098.3)**	

d) The increases be effected on Vote 1012, Office of the Deputy President and Vote 1025, National Police Service as shown in Schedule 2(B)

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)

Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
1012	Deputy President Service	3110302 - Refurbishment of Non-Residential Buildings(**Development**)	-	5.1	Towards Refurbishment of Harambee House Annex.
		Hospitality, local travel, Routine maintenance, fuel, Uniforms)	-	93.2	Towards enhancing local operations of the Office of the Deputy President.
1025	Policing Services	National Police Hospital-Mbagathi (**Development**)	-	638	Towards Pending Bills for the National Police Hospital
		General Administration - 1025000101 Headquarters	12,199.3	70	Towards enhancing O&M of the Office of the Secretary, Administration/Accounting Officer
		Office of the IG - (1025004401 Headquarters – Other Operating Expenses)	1,615	40	Towards Security Operations
		Office of the DIG -KPS (1025001801 Headquarters – 2211300 Other Operating Expenses)	1,412.2	40	Towards Security Operations

SCHEDULE 2(B): PROPOSED INCREASES (KSH MILLIONS)					
Vote	**Programme**	**Head/Sub-Head/Item(s)**	**Details**		**Justification**
			Draft Revised Estimates	**Proposed Increase**	
		Office of the DIG-AP (1025000501-Headquarters)		40	Towards Security Operations
		1025001401 Headquarters-DCI (2211300 - Other Operating Expenses)	1,439.7	50	Towards Security Operations
		1025004001 Headquarters-GSU (2211300 Other Operating Expenses)	724.8	30	
1026	General Administration and Support services	1026000101 Headquarters-(2211300 - Other Operating Expenses)	6,538	92	Towards Security Operations
	Total			**1,098.3**	

MIN./NO./DC-AIS/2024/282: ANY OTHER BUSINESS

Underfunded Budget Areas (Wishlist)

The Committee further deliberated on the key underfunded budget areas across the sector in both the Annual Estimates for FY 2024/25 and the Supplementary Estimates for FY 2023/24 and proposed additional budget funding as shown in the Committee reports.

MIN./NO./DC-AIS/2024/283: ADJOURNMENT

There being no other business, the meeting was adjourned at 1.10 p.m. The next meeting will be held Notice.

SIGNED _____ **DATE** 21st-05-2024

HON. GABRIEL TONGOYO, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & INTERNAL SECURITY

THE NATIONAL ASSEMBLY
13TH PARLIAMENT – THIRD SESSION (2024)
COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ADOPTION LIST OF THE

DEPARTMENTAL COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY ON SUPPLIMENTARY II BUDGET ESTIMATES FOR FY 2023/2024.

We, the undersigned Members of the Departmental Committee on Administration and Internal Security do hereby append our signatures to adopt this Report

Date: 21ST MAY 2024.

No.	MEMBER	SIGNATURE
1.	**Hon. Gabriel Koshal Tongoyo, MP - Chairperson**	
2.	**Hon. Col (Rtd) Dido Rasso, MBS, MP - Vice Chairperson**	
3.	Hon. Kaluma George Peter, MP	
4.	Hon. Fred C. Kapondi , MP	
5.	Hon. Aduma Owuor, MP	
6.	Hon. Sarah Paulata Korere, MP	
7.	Hon. Liza Chepkorir Chelule, MP	
8.	Hon. Mburu Kahangara, MP	
9.	Hon. Protus Ewesit Akujah, MP	
10.	Hon. Oku Kaunya, MP	
11.	Hon. Rozaah Akinyi Buyu, MP	
12.	Hon. Francis Kipyegon Sigei, **EBS**, MP	
13.	Hon. Fatuma Abdi Jehow, MP	
14.	Hon. Caroline Jeptoo Ng'elechei, MP	
15.	Hon. Hussein Weytan Mohammed, MP	

DEPARTMENTAL COMMITTEE ON AGRICULTURE &LIVESTOCK



THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24 FOR:

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT

VOTE 1169: THE STATE DEPARTMENT FOR CROP DEVELOPMENT

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

MAY 2024

TABLE OF CONTENTS

PART I 2

1 PREFACE 2
1.1 INTRODUCTION 2
1.2 MANDATE OF THE COMMITTEE 3
1.3 COMMITTEE MEMBERSHIP 4
1.4 COMMITTEE SECRETARIAT 5
1.5 OVERVIEW ON THE EXAMINATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24 6
1.6 ACKNOWLEDGEMENT 6

PART II 7

2 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24 7
2.1 KEY PROGRAMMES BEING IMPLEMENTED BY SPECIFIC MDAS OVER-SIGHTED BY THE COMMITTEE 8

PART III 11

3 SUBMISSIONS BY THE STATE DEPARTMENTS 11
3.1 STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT 11
3.2 THE STATE DEPARTMENT FOR CROP DEVELOPMENT 12

PART IV 14

4 COMMITTEE OBSERVATIONS 14
4.1 GENERAL OBSERVATION 14
4.2 THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT 14
4.3 THE STATE DEPARTMENT FOR CROP DEVELOPMENT 15

PART V 17

5 COMMITTEE RECOMMENDATIONS 17
5.1 POLICY RECOMMENDATIONS 17
5.2 FINANCIAL RECOMMENDATIONS/PROPOSED REALLOCATIONS 18

ANNEXURES 25

PART I

1 PREFACE

1.1 Introduction

1. The supplementary budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval, and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose are insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at a programmes level.

2. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Agriculture and Livestock the mandate to consider matters concerning *agriculture, livestock, food production, and marketing.*

3. In that regard, the Committee is mandated to analyze, scrutinize, and approve the supplementary estimates for the following government agencies under its purview:

    i. Vote 1162: The State Department for Livestock Development
    ii. Vote 1169: The State Department for Crop Development

1.2 Mandate of the Committee

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

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

5. Under the Second Schedule to the Standing Orders, the Committee is mandated to consider agriculture, livestock, food production, and marketing.

6. In executing its mandate, the Committee oversights the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

7. The Departmental Committee on Agriculture and Livestock was constituted by the House on 27th October 2022 and comprises the following members:

Chairperson
Hon. (Dr.) John Kanyuithia Mutunga, PhD, MP
Tigania West Constituency
UDA Party

Vice-Chairperson
Hon. Brighton Leonard Yegon, MP
Konoin Constituency
UDA Party

Members

Hon. Sabina Wanjiru Chege, CBS, MP
Nominated Member
Jubilee Party

Hon. Ferdinand Kevin Wanyonyi
Kwanza Constituency
Ford Kenya Party

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

Hon. Justice Kipsang Kemei, MP
Sigowet/Soin Constituency
UDA Party

Hon. Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

Hon. Lawrence Mpuru Aburi, MP
Tigania East Constituency
NOPEU Party

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

Hon. Gabriel Gathuka Kagombe, MP
Gatundu South Constituency
UDA Party

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Pamela Njoki Njeru, MP
Embu County
UDA Party

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

Hon. Peter Kalerwa Salasya, MP
Mumias East Constituency
DAP-K Party

Hon. Yussuf Mohamed Farah, MP
Wajir West Constituency
ODM Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Ms. Laureen Omusa Wesonga
Clerk Assistant I/Head of Secretariat

Mr. Victor Kilimo
Clerk Assistant III

Mr. David Ng'eno
Principal Research Officer II

Ms. Brigitta Mati
Legal Counsel I

CPA. Robert Ng'etich
Fiscal Analyst II

Mr. Gerald Kadede
Legal Counsel II

Ms. Zainabu Sora
Serjeant-at-Arms II

Mr. Muhumed Shillow
Research Officer III

Mr. Erastus Lotuk
Public Relations Officer III

Ms. Edith Chepngeno
Media Relations Officer III

Ms. Diana Chepkemoi
Audio Assistant

1.5 Overview on the Examination of the Supplementary Estimates No. II for FY 2023/24

9. The FY 2023/24 Supplementary Estimates No. II was submitted to the National Assembly on 2nd May 2024 and thereby committed to departmental committees for consideration.

10. The Departmental Committee on Agriculture and Livestock is required to scrutinize the Supplementary Estimates and the programmes that the State Department for Crop Development and the State Department for Livestock Development are undertaking with a view of establishing whether the reallocations are necessary and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the State Departments and their agencies to consider Supplementary Estimates No. II for FY 2023/24. The Committee held a total of five sittings to consider the Supplementary Estimates.

1.6 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. II for FY 2023/24.

13. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Livestock Development, and the State Department for Crop Development for the useful contributions they made towards the preparation and production of this report.

14. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. (Dr.) John Kanyuithia Mutunga, PhD, MP
Chairperson, Departmental Committee on Agriculture and Livestock Development

PART II

2 BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24

15. The Financial Year 2023/24 Supplementary Estimates No. II focus on the following: Additional funding for emerging priorities; Review of compensation to employees (personal emoluments) and gratuity; Review of Appropriation in Aid (A-i-A); and Realignment of budgetary allocation to projected absorption levels.

16. Included in this revision are interventions addressing El Niño, droughts, and floods, as well as security operations, salary adjustments, and modifications to development-funded projects, among other considerations.

Overall Expenditures

17. The FY 2023/24 Supplementary Estimates No. II propose to reduce the approved budget by KSh. 132.46 billion which is a 3.3% reduction. The gross ministerial expenditure (excluding Consolidated Fund Services and county allocation) is proposed to reduce by KSh. 46.13 billion (1.9 percent).

18. Recurrent expenditure has a proposed increase of KSh. 38.7 billion (2.3%) while development expenditure has a proposed decrease of KSh. 84.8 billion (10.8%). The table below shows overall changes in the Supplementary Budget.

Table 1: Overall Changes in the Supplementary Estimates (in KSh. Millions)

ITEM	APPROVED BUDGET FOR FY 2023/24	SUPPLEMENTARY NO. I FOR FY 2023/24	SUPPLEMENTARY NO. II FOR FY 2023/24	GROSS CHANGE	% CHANGE
Gross Recurrent Estimates	1,564,887	1,681,234	1,719,942	38,708	2.3%
Gross Development Estimates	807,643	783,220	698,382	(84,838)	(10.8%)
Ministerial National Government Estimates	**2,372,531**	**2,464,454**	**2,418,323**	**(46,130)**	**(1.9%)**
o/w Parliament	*41,002*	*40,742*	*40,992*	***250***	***0.6%***
o/w Judiciary	*23,184*	*22,784*	*23,324*	***540***	***2.4%***
Pensions & Other CFS	165,368	165,423	158,596	(6,827)	(4.1%)
Interest	775,139	918,838	853,669	(65,169)	(7.1%)
Contribution to Civil Service Pension Fund	28,465	28,465	33,055	4,590	16.1%
Net Lending	17,187	18,924	-	(18,924)	(100.0%)
Consolidated Fund Services	986,158	1,131,650	1,045,320	(86,330)	(7.6%)
County Equitable	385,425	385,425	385,425	-	0%

Share					
TOTAL	**3,744,113**	**3,981,528**	**3,849,068**	**(132,460)**	**(3.3%)**

Source: FY 2023/24 Supplementary II

2.1 Key programmes being implemented by specific MDAs over-sighted by the Committee

State Department for Livestock Development

19. The approved budget for the State Department for FY 2023/24 is KSh. 14.98 billion which consist of a recurrent expenditure of KSh. 5.68 million and development expenditure of KSh. 9.31 billion. The FY 2023/24 Supplementary Estimates II propose an allocation of KSh. 11.54 billion comprising KSh. 5.59 billion for recurrent expenditure and KSh. 5.95 billion for development expenditure. The proposed changes reduce the allocation by KSh. 3.45 billion representing a 23% reduction.

Table 2: Changes in the FY 2023/24 Supplementary Estimates II (in KSh.)

ITEM	APPROVED ESTIMATES FOR FY 2023/24	SUPPLEMENTARY ESTIMATES II FOR FY 2023/24	CHANGES	% CHANGE
Current	5,678,182,065	5,587,565,348	(90,616,717)	-2
Capital	9,306,000,000	5,951,000,000	(3,355,000,000)	-36
Total	**14,984,182,065**	**11,538,565,348**	**(3,445,616,717)**	**-23**

Source: FY 2023/24 Supplementary Estimates II

FY 2023/24 Supplementary Estimates II Recurrent Allocation

20. The State Department's recurrent expenditure of KSh. 5.68 billion is proposed to reduce by a net of KSh. 90 million representing a 2% reduction. The table below shows a breakdown of the recurrent allocation. The key changes are on account of: Reduction on Compensation to Employees by KSh. 125 million; and Increase in provision for Use of Goods and Service by KSh. 45 million.

Table 3: Breakdown of the FY 2023/24 Supplementary II Changes in Recurrent Budget

ITEM	APPROVED ESTIMATES FOR FY 2023/24	SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24	CHANGE IN ESTIMATES
Current Expenditure	**5,678,182,065**	**5,587,565,348**	**-90,616,717**
Compensation to Employees	1,569,000,000	1,443,383,283	-125,616,717
Use of Goods and Services	656,320,737	701,772,244	45,451,507
Current Transfer to SAGAs	3,207,525,000	3,207,525,000	0

Other Recurrent	245,336,328	234,884,821	-10,451,507

Source: FY 2023/24 Supplementary Estimates II

21. The State Department's development budget is proposed to reduce by KSh. 3.56 billion from KSh. 9.31 billion to KSh. 5.95 billion. The changes include: A reduction of KSh. 2 billion on the Livestock Value Chain Support Project; A reduction of KSh. 1.36 billion on the De-Risking, Inclusion & Value Enhancement of Pastoral Economies; A reduction of KSh. 7 million from Farm Development – Veterinary Diagnostic and Efficacy Trial Centres; and An increment of KSh. 7 million to Bee Health Project – Vector Regulatory and Zoological Services.

22. KSh. 35 million was spent under Article 223 of the Constitution for emergency response intervention on account of El-Nino.

State Department for Crop Development

23. The approved budgetary allocation for the State Department for FY 2023/24 is KSh. 60.41 billion which consists of a recurrent expenditure of KSh. 18.63 billion and development expenditure of KSh. 41.78 billion. The FY 2023/24 Supplementary Estimates II propose to enhance the resources by KSh. 1.50 billion which represents an increase of 2%. The table below shows the proposed allocation verses the approved budget for the State Department.

Table 4: Changes Proposed in FY 2023/24 Supplementary estimates II (KSh.)

ITEM	APPROVED ESTIMATES FOR FY 2023/24	FY 2023/24 SUPPLEMENTARY ESTIMATES II	CHANGES	% CHANGE
Current	18,627,500,431	18,671,219,891	43,719,460	0
Capital	41,784,691,275	43,243,849,674	1,459,158,399	3
Total	**60,412,191,706**	**61,915,069,565**	**1,502,877,859**	**2**

Source: FY 2023/24 Supplementary Estimates II

FY 2023/24 Supplementary Estimates II Recurrent Allocation

24. The Supplementary Estimates No. II for FY 2023/24 propose a recurrent expenditure of KSh. 18.67 billion which is an increase of KSh. 43 million from the approved allocation of KSh. 18.63 billion. The changes are on account of: Reduction of KSh. 21 million on Compensation to Employees; Reduction of KSh. 370 million for Sugar Reforms; Addition of KSh. 370 million to AFA; and Increment of KSh. 63 million to the Use of Goods and Services. The table below shows a breakdown of the recurrent budget.

Table 5: Breakdown of Recurrent Budget

ITEM	APPROVED ESTIMATES FOR FY 2023/24	SUPPLEMENTARY ESTIMATES II FOR FY 2023/24	CHANGE IN ESTIMATES
Current Expenditure	**18,627,500,431**	**18,671,219,891**	**43,719,460**
Compensation to Employees	847,000,000	825,719,460	-21,280,540
Use of Goods and Services	194,697,931	258,407,931	63,710,000

Current Transfers to SAGAs	17,569,000,000	17,569,000,000	0
Other Recurrent	16,802,500	18,092,500	1,290,000

Source: FY 2023/24 Supplementary Estimates II

25. The State Department has an approved development allocation of KSh. 41.78 billion for FY 2023/24 which is being revised to KSh. 43.24 billion in the Supplementary estimates, an addition of KSh. 1.46 billion. The following projects have been affected by the Supplementary Estimates: Addition of KSh. 200 million for Sugar Reforms Project; Addition of KSh. 4 billion for the Fertilizer Subsidy Programme; KSh. 500 million to MSMEs Agricultural Credit, AFC; Addition of KSh. 600 million to Food Systems Resilience Project; Addition of KSh. 534 million for Emergency Locust Response Project; and A reduction of KSh. 200 million for Establishment of NCPB Warehouse, Siaya.

26. The following funds were spent under Article 223 of the Constitution: KSh. 3 billion for the Fertilizer Subsidy Programme; and KSh. 65 million for emergency response intervention on account of El-Nino rains.

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Department for Livestock Development appeared before the Committee on 16th May 2024 while the Principal Secretary for Crop Development appeared before the Committee on 20th May 2024 and submitted as follows:

3.1 State Department for Livestock Development

27. The Supplementary Estimates No. II for FY 2023/24 propose to reduce the recurrent expenditure of the State Department for Livestock Development by 1.6% from KSh. 5.68 million to KSh. 5.59 million. Increase on Other Recurrent is as a result of additional funding of KSh. 35 million from the Contingency Fund for emergency response as a result of El-Nino. The allocation for Personnel Emoluments has been reduced by KSh. 125.6 million due to non-completion of the recruitment process for 311 positions. The table below shows changes in the recurrent budget in Supplementary Estimates

Table 6: Schedule of Recurrent Estimates in Supplementary Estimates II (in KSh. Millions)

CLASSIFICATION	APPROVED ESTIMATES FOR FY 2023/24	SUPPLEMENTARY ESTIMATES II FOR FY 2023/24	INCREASE/ REDUCTION	% INCREASE/ REDUCTION
Gross	**5,678.2**	**5,587.6**	**(90.6)**	**(1.6%)**
A-i-A	2,599.5	2,599.5	-	-
Net	3,078.7	2,988.1	(90.7)	(3%)
Compensation to Employees	1,569	1,443.4	(125.6)	(8%)
Transfers	3,307.5	3,207.5	-	-
Other Recurrent	901.7	936.7	35	3.9%

Source: State Department for Livestock Development

28. The development budget for the State Department is proposed to reduce by 36% in the Supplementary Estimates II from KSh. 9.31 billion to KSh. 5.95 billion as a result of budget cuts of KSh. 1.36 billion on account of De-Risking Inclusion and Value Enhancement among Pastoral Economies Project and KSh. 2 billion for the Livestock Value Chain Support Project. The table below shows a breakdown of the proposed changes in Supplementary Estimates II for FY 2023/24.

Table 7: Schedule of Development Expenditure Proposed in the Supplementary Estimates II (in KSh. Millions)

CLASSIFICATION	APPROVED ESTIMATES FOR FY 2023/24	SUPPLEMENTARY ESTIMATES II FOR FY 2023/24	INCREASE/ REDUCTION	% INCREASE/ REDUCTION
Gross	9,306.00	5,951.00	(3,355)	(36%)
GoK	1,906.00	1,906.00	-	-
Loan Revenue	7,160.00	3,805.00	(3,355)	(46.9%)

Loan Grants	240.00	240.00	-	-

Source: State Department for Livestock Development

Expenditure under Article 223 of the Constitution

29. The State Department received an allocation of KSh. 35 million from the Contingency Fund to support El-Nino emergency interventions on livestock. The approval was received on 30th November 2023 and was used on supply and delivery of vaccines for control of Rift Valley Fever (1.4 million doses) and Bluetongue disease (450,000 doses); and supply and delivery of PPEs.

Justification for Additional Expenditure Requests and Reallocations

30. The state Department received additional allocation of KSh. 500 million for payment of 5% counter-part funding for the Livestock Value Chain Support Project that is jointly funded by the Government of Kenya and the Government of Poland; and reallocations to cater for rent arrears of KSh. 15 million and court award of KSh. 25 million.

Impact of the Supplementary Estimates on MDAs Performance Targets

31. Budget cuts will have the following impact on the State Department: A reduction of KSh. 2 billion on the Livestock Value Chain Support Project will affect delivery and installation of 220 milk coolers; and reduction of KSh. 1.36 million under De-Risking Inclusion and Value Enhancement among Pastoral Economies Project will lead to over-expenditure and non-delivery of livestock insurance and investments.

3.2 The State Department for Crop Development

32. The Supplementary Estimates No. II for FY 2023/24 proposes to reduce the budget for the State Department by KSh. 1.50 billion from KSh. 60.41 billion to KSh. 62.92 billion. The table below illustrates the above information.

Table 8: Changes in the Supplementary Estimates II for FY 2023/24

VOTE	APPROVED ESTIMATES FOR FY 2023/24 (KSH. MILLIONS)	SUPPLEMENTARY ESTIMATES II FOR FY 2023/24 (KSH. MILLIONS)	CHANGE (KSH. MILLIONS)
Recurrent Vote	18,627.50	18,671.20	43.70
Development Vote	41,784.70	43,243.80	1,459.10
Total Budget	**60,412.20**	**62,915.00**	**1,502.80**

Source: State Department for Crop Development

Resource Gaps

33. The State Department highlighted that they had the following resource gaps:
    i. Resilience Food and Nutrition Security Programme in the Horn of Africa A-i-A, KSh. 585 million;

ii. Enable Youth Kenya Programme, KSh. 303 million;
iii. Enable Youth Kenya Programme (A-i-A), KSh. 43;
iv. Small Scale Irrigation and Value Addition Project (A-i-A), KSh. 374;
v. National Agricultural & Rural Inclusivity Project, KSh. 2,234; and
vi. Kenya Climate Smart Agriculture Project.

Expenditure under Article 223 of the Constitution

34. KSh. 3 billion was approved for expenditure under Article 223 of the Constitution for the Fertilizer Subsidy Programme.

Request for Additional Funding

35. The National Security Council recommended that the Pest Control Products Board (PCPB) enhances their capacity to effectively undertake their mandate due to the increase in illegal agrochemicals in the country. The State Department requested for additional funding of KSh. 56 million to cater for this.

Underfunded Projects/Programmes

36. The State Department indicated that they had the following underfunded projects/programmes.

Table 9: Underfunded Projects/Programmes

S/NO.	DESCRIPTION	AMOUNT
1.	Sugarcane Farmers arears	353,397,053.69
2.	Sugarcane Workers' Pensions	5,234,465,033.00
3.	Sugar Research Institute	600,000,000.00
4.	Other Debts	26,717,029,621.12

Source: State Department for Crop Development

PART IV

4 COMMITTEE OBSERVATIONS

After considering the Supplementary Estimates No. II for FY 2023/24, the Committee observed that:

4.1 General Observation

1. There were budget cuts for both State Departments on their recurrent and capital budgets with a reduction of 2% on the recurrent budget and a reduction of 36% on the development expenditure.

4.2 The State Department for Livestock Development

2. The State Department was allocated KSh. 35 million from the Contingency Fund to support El-Nino emergency interventions on Livestock. The funds were used on Supply and Delivery of Vaccines for control of Rift Valley Fever (RVF) (1.4 million doses) and Bluetongue (450,000 doses). These diseases are highly common during high rainfall because they are transmitted by biting insects (mosquitoes and Culicoides).

3. The Livestock Value Chain Support Project which had an allocation of KSh. 2.63 billion will not be implemented in the year 2023/24 owing to unrealized donor funding. The project has KSh. 530 million GoK funds.

4. The Livestock Master Plan Project (a BETA Project) requires KSh. 150 million comprising a pending bill of KSh. 50 million relating to a carryover from FY 2022/23 and KSh. 100 million expenditure for the FY 2023/24. The development of a Livestock Master Plan (LMP) is critical in enabling planned, effective and efficient investment in the Livestock Sector leading to increased contribution of the sector to the national economy, food and nutrition security and improved livelihoods.

5. The State Department requires KSh. 150 million for Supplies for Production and agricultural material supplies. This is meant to settle a pending bill of KSh. 28 million and support provision of critical supplies to the livestock breeding farms. The State Department is constrained on resources for operations (food rations, fuel, and specialized supplies) meant to support livestock breeding farms.

6. Establishment of Feedlots, Fodder and Pasture Project has an allocation of KSh. 140 million but requires an additional budget of KSh. 80 million for completion and operationalization.

7. Sustainable Tsetse and Trypanosomiasis free areas in Kenya project requires KSh. 33 million to enhance the suppression and eradication of Tsetse and Trypanosomiasis in seven tsetse belts across the country to make it possible for communities to engage in profitable agriculture. There is reported infestation in the affected areas following the heavy rains which makes the multiplication of tsetse flies more favorable.

8. The allocation to De-Risking Inclusion and Value Enhancement among Pastoral Economies (DRIVE) was reduced by KSh. 1,355 million (donor fund) from an allocation of KSh. 3,669 million to KSh. 2,324 million. The department has already committed the entire allocation and therefore the reduction will lead to over-expenditure and interference on delivery of livestock insurance and investments.

4.3 The State Department for Crop Development

9. The Commodities Fund A-i-A amount was under budgeted by KSh. 47 million which was meant to finance loan loss provision (an expenditure that does not represent outflow of cash from the Fund). The deficit will result in an audit query. In addition, the entity requires KSh. 16.4 million to support its operations and that of the board. The Fund does not have sufficient resources to support the efficient operations of the Fund as well as Board expenses.

10. The Crop Post-Harvest Management Project has an allocation of KSh. 2.34 billion meant for the purchase of dryers and Aflasafe to manage post-harvest losses. The State Department had utilized and committed KSh. 1.56 billion as at 14th May 2024 leaving an unspent balance of Ksh. 786 million.

11. The establishment of NCPB Warehouse - Siaya Project has an allocation of KSh. 470 million and utilized KSh. 270 million as at 14th May 2024.

12. There is no provision for the settlement of KSh. 480 million owed to millers under the Grain Mill Owners Association for the supply of maize flour under the Maize Subsidy Programme. The Departmental Committee on Agriculture and Livestock recommended payment of the balance through a report on the Inquiry into the Maize Flour Subsidy Programme that was adopted by the National Assembly. The millers are in dire need of the money with most of them undergoing liquidity challenges, some having received demand letters from creditors and others on the verge of being auctioned.

13. In the Report of the Joint Committee of the Departmental Committee on Finance and National Planning; and the Departmental Committee on Agriculture and Livestock on the Consideration of the Treasury Memorandum on Action Plans to Revive and Commercialise the State-Owned Sugar Companies, the Committee made several recommendations including:

    i. That, within ninety (90) days of the House's resolution to adopt the report, the National Treasury to cause payment of KSh. 5,234,465,033 as salary arrears and other emoluments in the five (5) state-owned sugar companies.

    ii. That, within ninety (90) days of the adoption of the report, the National Treasury causes the allocation of KSh. 600 million to the Sugar Research Institute for multiplication and popularisation of the twenty-seven (27) sugarcane varieties already generated through research.

    iii. That, within sixty (60) days of the adoption of the report, the Auditor-General conducts a forensic audit of other debts amounting to KSh. 26,717,029,621.12 to ascertain its authenticity and table a report to the National Assembly to facilitate the budgeting for the settlement of the authenticated debts.

The above recommendations are yet to be actioned by the National Treasury and Office of the Auditor-General several months after adoption of the Report

14. The FY 2023/24 Supplementary Estimates No. II has not provided funds for the settlement of sugarcane farmers arrears of KSh. 354 million.

15. Mechanization of Agricultural Development Project requires an additional allocation of KSh. 96 million to enhance the provision of agricultural machinery to be utilized by the Agricultural Development Corporation (ADC) which is very critical in seed provision in the country. Agricultural Development Corporation (ADC) has increased acreage under seed maize this season from 6,000 acres to 12,000 acres, acreage under seed potatoes from 500 acres to 1,000 acres, and acreage under seed wheat this from 600 acres to 1,000 acres.

16. The Development of Mau Buffer Tea Zone is in the process of planting 12 million tea seedlings and requires KSh. 50 million. The project had prepared 12 million seedlings based on the KSh. 100 million allocated during the annual estimates but reductions were effected in FY 2023/24 Supplementary Estimates No. I.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Policy Recommendations

After review of the FY 2023/24 Supplementary Estimates No. II, the Departmental Committee on Agriculture and Livestock recommends approval of the Supplementary Estimates for the State Department for Livestock and the State Department for Crop Development in line with the following recommendations.

General Recommendation

1. The Committee regularises the expenditures made under Article 223 of the Constitution as follows:
    i. KSh. 35 million recurrent budget for emergency response intervention on account of El-Nino under the State Department for Livestock Development;
    ii. KSh. 3 billion for the Fertilizer Subsidy Programme under the State Department for Crop Development; and
    iii. KSh. 65 million for emergency response intervention on account of El-Nino under the State Department for Crop Development.

State Department for Crop Development

2. That within thirty (30) days of adoption of the Supplementary Estimates, the Auditor-General tables a report in the National Assembly on the forensic audit of other debts owed by state-owned sugar companies amounting to KSh. 26,717,029,621.12. The National Treasury to factor payment of workers' salary arrears, allocation to the Sugar Research Institute for multiplication and popularization of twenty-seven (27) sugarcane varieties and payment of debts approved by the Auditor-General from the forensic audit of other debts in the next supplementary budget.

5.2 Financial recommendations/Proposed reallocations

i. Proposed Reductions

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (KSh. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Kenya Dairy Board	**10**	The reduction is on account of budget rationalization and prioritization.
SUB-TOTAL			**10**	
DEVELOPMENT EXPENDITURE				
2.	Livestock Resources Management and Production	Livestock Value Chain Support Project	**500**	The funds have become available following unrealized counterpart donor funding for the project.
3.		Construction and Refurbishment of Facilities, Livestock Institute Wajir	**30**	The reduction is on account of low budget absorption.
4.		Construction and refurbishment at Dairy Training Institute - Naivasha	**10**	The reduction is on account of low budget absorption.
SUB-TOTAL			**540**	
1169: STATE DEPARTMENT FOR CROP DEVELOPMENT				
RECURRENT EXPENDITURE				

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (KSh. Millions)	Justification
5.	General Administration Planning and Support Services	Agriculture and Food Authority	**100**	The reduction is on account of budget rationalization and prioritization.
SUB-TOTAL			**100**	
DEVELOPMENT EXPENDITURE				
6.	General Administration Planning and Support Services	Establishment of NCPB Warehouse, Siaya	**200**	The reduction is on account of budget rationalization and prioritization. The money was supposed to rehabilitate several NCPB stores. KSh. 270 million has already been used on the project. The Department had sought reallocation of the money.
7.		Crop Post-Harvest Management	**300**	The reduction is on account of low budget absorption, budget rationalization and prioritization.
8.		Sugar Reforms	**100**	The reduction is to provide for other more pressing priorities including provision for sugar cane farmers and small-scale maize millers which is overdue.
9.		Horticultural Produce Compliance Enhancement Project	**10**	The reduction is on account of budget rationalization and prioritization to other more pressing needs.
10.	Crop Development and Management	Development of Agriculture Technology Innovation Centre	**5**	The reduction is on the budget for Bakule Aggregation Centre because they will not be able to absorb the budget before the end of the Financial Year.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (KSh. Millions)	Justification
11.		National Value Chain Support Programme	**45**	There is a proposed increase of KSh. 45 million to the project but no justification was provided for the increases, in addition, the targets have remained unchanged.
12.		Fertilizer Subsidy Programme	**570**	The provision of fertilizers is fairly good, the reduction is to provide resources to fund other very critical areas including Sugarcane farmers' arrears and Maize Flour Subsidy pending bill to rescue small-scale millers from liquidity challenges.
SUB-TOTAL			**1,230**	
GRAND TOTAL			**1,880**	

ii. **Proposed Increments**

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Livestock Masterplan Development	**150**	The budgetary allocation will be used to settle pending bill and to support the implementation of the Livestock Masterplan.
2.		Livestock Resources and Market Development services	**170**	This is meant to settle a pending bill and to support the provision of critical supplies to the farms.
3.		Kenya Genetic Resource Centre (KAGRC)	**37**	To meet the shortfall on provision for operations.
SUB-TOTAL			**357**	
DEVELOPMENT EXPENDITURE				
4.	Livestock Resources Management and Production	Establishment of Feedlots, Fodder and Pasture	**80**	This is to complete the construction of beef feedlots in Hadado- Wajir and equip and operationalize Kibiru-Meru.
5.		Sustainable Tsetse and Trypanosomiasis free areas in Kenya (KENTTEC).	**33**	To enhance suppression and eradication of insurgence of tsetse fly infestation
6.		Establishment of Liquid Nitrogen Plant, KAGRC	**170**	The existing liquid nitrogen plants keep on breaking down forcing KAGRC to outsource liquid nitrogen for the preservation of semen from BOC. The additional funding

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
				will enable the Centre to put up a new nitrogen plant at the headquarters.
	SUB-TOTAL		**283**	
	1169: STATE DEPARTMENT FOR CROP DEVELOPMENT			
	RECURRENT EXPENDITURE			
7.	General Administration Planning and Support Services	Tea Board of Kenya	**50**	To support tea reform programmes including finalization of tea regulations, public participation on tea regulations, and overseeing elections of smallholder tea Factory Companies.
8.		Pest Control Products Board	**20**	PCPB has been implementing Rapid Response Initiative to clean the market from illegal pesticides. This was a directive from the National Security Council Committee following the influx of illegal pesticide product which is a security risk. The Board exhausted the little resources it had and is not able to continue with the response and thus the need to provide 20 million.
9.		Commodities Fund	**16**	To meet the shortfall on provision for operations of the Fund and Board of Trustees operations.
10.		Maize Subsidy Programme for FY 2022/23	**480**	Payment of the balance owed to Grain Mill Owners' Association (GMOA) as recommended by the Departmental Committee on Agriculture and Livestock in the Report on the Inquiry

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
				into the Maize Flour Subsidy Programme for FY 2022/23. The Report was adopted by the House but the millers are yet to be paid almost a year later.
11.		Sugar Reforms	**354**	Payment of arrears to sugarcane farmers who supplied sugarcane to public sugar companies. The House approved payment of KSh. 1.7 billion to the farmers out of which KSh. 1.346 billion was paid leaving a balance of KSh. 354 million. This allocation will therefore clear the arrears.
12.		National Biosafety Authority	**25**	To meet the shortfall on provision for operations of the Authority.
TOTAL			**945**	
DEVELOPMENT EXPENDITURE				
13.	Crop Development and Management	Mechanization of Agricultural Development Project	**60**	To support procurement of agricultural equipment to support increased acreage on seed production.
14.		Food Security and Crop Diversification	**155**	To enhance the provision for seedlings on the prioritized value chains.
15.		Development of Mau Buffer Tea Zone	**60**	To provide resources to support the planting of 12 million tea seedlings.
16.	General Administration Planning and Support Services	Equipping of the Pest Control Products Board (PCPB) Laboratory.	**20**	To provide resources for the equipping of the lab which is key in the fight against illegal pest products.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (KSh. Millions)	Justification
	SUB-TOTAL		295	
	GRAND TOTAL		1,880	

SIGNED: ..... DATE 24/05/2024

HON. (DR.) JOHN KANYUTHIA MUTUNGA, PhD, MP

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK)

ANNEXURES

Annex 1: Adoption Schedule

Annex 2: PBO Brief on Supplementary Estimates No. II for FY 2023/24

Annex 3: MDA's submissions
Annex 3A: State Department for Livestock Development
Annex 3B: State Department for Crop Development

DEPARTMENTAL COMMITTEE ON BLUE ECONOMY & IRRIGATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON BLUE ECONOM, WATER AND IRRIGATION

.....

REPORT ON THE SUPPLEMENTARY BUDGET ESTIMATES II FOR THE FY 2023/24

VOTE 1109: STATE DEPARTMENT FOR WATER & SANITATION

VOTE 1104: STATE DEPARTMENT FOR IRRIGATION

VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

Table of Contents

PART 1 3

1.0 PREFACE 3

1.1 ESTABLISHMENT OF THE COMMITTEE 3
1.2 SUBJECT OF THE COMMITTEE 3
1.3 COMMITTEE MEMBERSHIP 4
1.4 COMMITTEE SECRETARIAT 5
1.5 OVERVIEW ON THE EXAMINATION OF THE SUPPLEMENTARY BUDGET 1 FOR FY 2022/2023 5
1.6 ACKNOWLEDGEMENT 5

PART II 6

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET 1 FOR THE FY 2022/2023 6

PART III 8

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES 8

3.1 STATE DEPARTMENT FOR WATER AND SANITATION 9

3.2 STATE DEPARTMENT FOR IRRIGATION 10

3.3 STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES 8

PART IV 11

4.0 COMMITTEE OBSERVATIONS 11

PART V ..... ERROR! BOOKMARK NOT DEFINED.

5.0 COMMITTEE RECOMMENDATIONS ..... ERROR! BOOKMARK NOT DEFINED.

5.1 Financial Recommendations ..... ***Error! Bookmark not defined.***
A. Vote 1109 Ministry of Water & Sanitation and Irrigation ..... ***Error! Bookmark not defined.***
B. Vote 1104 State Department for Irrigation ..... ***Error! Bookmark not defined.***
C. Vote 1166 State Department for Blue Economy and Fisheries ..... ***Error! Bookmark not defined.***

6.0 PROPOSED ANNEXURES ..... ERROR! BOOKMARK NOT DEFINED.

PART 1

1.0 PREFACE

1.1 Establishment of the Committee

1. The Departmental Committee on Blue Economy, Water and Irrigation is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
   - *i.* ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   - *ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
   - *iii. On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   - *iv. To study and review all legislation referred to it;*
   - *v. To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
   - *vi. To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   - *vii. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
   - *viii. To examine treaties, agreements and conventions;*
   - *ix. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   - *x. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   - *xi. To examine any questions raised by Members on a matter within its mandate.*

1.2 Subject of the Committee

2. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.

3. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:
   - i. The State Department for Water and Sanitation
   - ii. The State Department for Irrigation
   - iii. The State Department for Blue Economy and Fisheries

1.3 Committee Membership

4. The Departmental Committee on Blue Economy, Water and Irrigation was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson
Hon. Bowen David Kangogo, MP - **Chairperson**
Marakwet East Constituency
United Democratic Alliance Party

Vice- Chairperson
Hon. Kemero Maisori Marwa, MP - **Vice- Chairperson**
Kuria East Constituency
United Democratic Alliance Party

Hon. Stanley Muiruri Muthama, MP
Lamu West Constituency
Jubilee Party

Hon. Tandaza Kassim Sawa, MP
Matuga Constituency
Amani National Congress

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency
United Democratic Alliance Party

Hon. William Kamket, MP
Tiaty Constituency
KANU

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency
Orange Democratic Party

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency
Wiper Democratic Party

Hon. Were Charles Ong'ondo, MP
Kasipul Constituency
Orange Democratic Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated
United Democratic Alliance Party

Hon. Nebart Bernard Muriuki,MP
Mbeere South Constituency
Independent Member

Hon. Mnyazi Amina Laura, MP
Malindi Constituency
Orange Democratic Movement

Hon. Adow Mohamed Aden, MP
Wajir South Constituency
Orange Democratic Party

Hon. Eric Mwangi Kahugu, MP
Mathira Constituency
United Democratic Alliance Party

Hon.George Gachagua, MP
Ndaragwa Constituency
United Democratic Alliance Party

1.4 Committee Secretariat

5. The Committee is facilitated by the following staff:

Mr. Nicodemus K. Maluki
Clerk Assistant II/Head of Secretariat

Ms. Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Senior Fiscal Analyst

Ms. Lynette Otieno
Senior Legal Counsel

Ms. Veron D. Aluoch
Research Officer III

Ms. Joyce Wachera
Hansard Officer

Mr. Allan Gituku
Senior Sergeant-At-Arms

Ms. Fridah Ngari
Media Relations Officer

Mr. Eugene Luteshi
Audio Officer

1.5 Overview on the Examination of the Supplementary Budget II for FY 2023/2024

6. The Supplementary Estimates No. 1 for the Fiscal Year 2022/23 were submitted to the National Assembly and subsequently committed to the Departmental Committees for consideration on 2nd May, 2024 Pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(B). The Committees were required to consider the Supplementary Estimates II for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Budget and Appropriations Committee within fourteen 14 days.

7. The Departmental Committee on Blue Economy and Irrigation held a sitting on 20th, 21st and 22nd May, 2024 for a briefing on Supplementary Estimates II by the Parliamentary Budget Office and thereafter held its Sittings to scrutinize and deliberate on the Estimates with the Ministries, Departments and Agencies under its purview.

1.6 Acknowledgement

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

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

Hon. Bowen Kangogo, M.P.
Chairperson, Departmental Committee on Blue Economy, Water and Irrigation

PART II

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET 1 FOR THE FY 2022/2023

10. The Supplementary Estimates No. II for the Fiscal Year 2023/24 were submitted to the National Assembly and subsequently committed to the Departmental Committees for consideration on 2nd May, 2024 Pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(B). The Committees were required to consider the Supplementary Estimates II for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Budget and Appropriations Committee within fourteen 14 days.

11. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has a risen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Orders No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programmes or projects that is affected by the proposed supplementary budget.

12. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

13. This report focuses on the Ministries, Departments and Agencies (MDAs) under the purview of the Committee namely: Ministry of Water, Sanitation and Irrigation and the State Department for Blue Economy and Irrigation in the Ministry of Mining, Blue Economy and Maritime Affairs.

14. The Supplementary Estimates No. 2 for FY 2023/24 has the following impacts on the 3 MDAs under the Committees purview:

    i. Proposes to decrease the allocation for the State Department for Water and Sanitation by Kshs. 13.77 billion. This comprises of an increment in recurrent expenditure by Kshs. 221.4 million and a reduction in development by Kshs. 13.99 billion.

ii. It proposes to decrease the allocation for the State Department for Irrigation by Kshs. 2.23 billion. This comprises of an increment in recurrent expenditure by Kshs. 12 million and an increment in development by Kshs. 2.24 billion.

iii. It proposes to decrease the allocation for the State Department for Blue Economy and Fisheries by Kshs. 1.45 billion which is wholly on development expenditure.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

15. The Departmental Committee on Blue Economy, Water and Irrigation held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Supplementary Budget II for the FY 2023/24 on 20th, 21st and 22nd May, 2024 in Parliament. The MDAs included State Departments for Water and Sanitation, Irrigation and that for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 State Department for Blue Economy and Fisheries

16. The Cabinet Secretary, Ministry of Mining, Blue Economy and Marine Affairs, Hon. Salim Mvurya, EGH appeared before the Committee on Monday 20th May, 2024 and presented on the Departments Supplementary Estimates II as follows:

i. The proposed Supplementary Estimates II has reduced Development Budget by Kshs. 1,450 Billion that includes Kshs. 378 Million (GoK) and Kshs. 1.072Million (Donor).

ii. There are 2 projects with a reduction due to Donor funding. These are -
   - "Aquaculture Business Development Project (ABDP)" under Headquarters which has a reduction of Kshs. 500 million (19%).
   - "Kenya Marine Fisheries & Socio-Economic Development Project (KEMSFED)" under Headquarters which has a reduction of Kshs. 653 million (18%).

iii. There are 7 projects with a reduction due to GoK Exchequer funding. The projects with the major changes include -
   - "Liwatoni Ultra-Modern Fish Hub" under Headquarters which has a reduction of Kshs. 129 million (39%).
   - "Capacity Building - Deep Sea Fishing" under Headquarters which has a reduction of Kshs. 157 million (27%).

iv. There are 6 projects with an increment due to GoK Exchequer funding. The projects with the major changes include -
   - "Fish Landing Site in Ngomeni" under Headquarters which has an increment of Kshs. 15 million (300%).
   - "Fish Landing Sites in Sori" under Headquarters which has an allocation of Kshs. 15.5 million. This is a completed project and the funding is being used to pay a pending bill.

v. The reduction will negatively impact the State Department in delivering its mandate in the current remaining part of the Financial Year. The proposed supplementary Estimates II is affecting the following programmes:

17. The proposed supplementary Estimates II is affecting eight projects under the State Department:

a) Aquaculture Technology Development and innovation Transfer
b) Aquiculture Business development project (ABDP) – BETA
c) Kenya Marine Fisheries and Socio-Economic Development project – BETA

d) Coastal Fisheries Infrastructure Development
e) Rehabilitation of Fish Landing Sites – BETA
f) Development of Blue Economy Initiatives – BETA
g) Exploitation of Living Resources under the Blue Economy
h) Liwatoni Ultra – Modern Fish Hub

3.2 State Department for Water and Sanitation

18. The Principal Secretary, State Department for Irrigation, Mr. Ephantus Kimotho, EBS, on behalf of the Cabinet Secretary and the Principal Secretary for Water and Sanitation appeared before the Committee on Tuesday 21st May, 2024 and briefed as follows:

19. The Budget for the State Department is reduced by Kshs. 13.766 billion in supplementary Budget Estimates II. The Recurrent Budget is increasing by Kshs 221million and Development Budget reducing by Kshs. 13.987 Billion:

i. Under the recurrent expenditure Grants and Transfers increased by Kshs. 214 million. Water Resources Authority's recurrent grant was increased by 200 million while the allocation for Regional Centre was increased by Kshs. 14 Million. The allocation for Personnel Emoluments at the Headquarter went up by 7 Million

ii. The Capital Expenditure reduced by Kshs. 13.987 billion from 58.3 Billion to Kshs. 44.33 Billion. GoK Allocation dropped by Kshs. 2.1 Billion while loans and grants were decreased by Kshs. 11.86 Billion and Kshs. 61 million respectively.

iii. In the 2023/24 Supplementary Estimates II, the Gross Development allocation for the State Department has been reduced by 13.9Billion from Kshs. 58.3 Billion to Kshs 44.3 Billion. The GoK allocation has been reduced by **Kshs. 2.1 Billion** from **Kshs 15.8 Billion** to Kshs. **13.4 Billion** while the net allocation has reduced by **Kshs. 2.9 Billion** from Kshs. **32.8 Billion** to Kshs. **29.9 Billion.**

iv. On 29th April, 2024 approval was granted to spend Kshs. 604Million Loan AIA (KFW) for Nairobi Satellite Water and Sanitation Project but funds have not been utilized.

v. During the FY 2023/24, the State Department total allocation is Kshs. 64.9 Billion which has been reduced to Kshs. 51,149 Billion. Under recurrent expenditure, the State Department under supplementary Estimate II is allocated 6.816 Billion. The Ministry sought additional funds amounting to 279 Million under recurrent expenditure to cater for critical areas.

vi. Under development expenditure, the State Department's Development allocation has been reduced from Kshs. 58.32 Billion to Kshs44.33 Billion, out of which Kshs. 31 Billion is funding by Foreign/ Development partners and Kshs13.5 Billion GoK. To ensure full implementation of the State Department's key priority projects, the State Department sought an additional Kshs. 4.0 Billion.

vii. During the FY/2023/24 Supplementary II, the Development Budgetary allocations for the State Department decreased from Kshs. 58,320Million to Kshs 44,332 Million translating to a decrease of 24%. The decrease in resource allocation will adversely affect the timely implementation and completion of the ongoing projects programs thus hinder the sector from achieving its overall performance target and delivery of services.

3.3 State Department for Irrigation

20. The Principal Secretary, State Department for Irrigation, Mr. Ephantus Kimotho, EBS appeared before the Committee on Wednesday 22nd May, 2024 and briefed as follows:

i. The Supplementary Estimates II for FY 2023/24 under the recurrent expenditure proposes to increase the recurrent expenditure for the State Department by Kshs. 12 million. The increase is due to an increment in GoK Exchequer funding. The change will impact on the recurrent estimates of the State Department Headquarters.

ii. The Supplementary Estimates II for FY 2023/24 proposes to decrease the development expenditure for the State Department by Kshs. 2.24 billion. This comprises of a reduction in Donor Funding of Kshs. 2.08 billion and a reduction in GoK Exchequer funding by Kshs. 160 million.

iii. The projects affected by the supplementary Estimates II under GoK funds includes; Irrigation Sector Reform Programme, Balich Abdisamet Irrigation Project, Coastal Region Water Security and Climate Resilience Programme, Community based Irrigation Projects and National Expanded Irrigation Programme.

iv. The projects affected by Supplementary Estimates II under donor funds includes; small holder irrigation programme Mt. Kenya Region Phase IV, Bura Irrigation Scheme, Kenya Water Security and Climate Change Resilience (project advanced (KWSCP-1), Water Security and Resilience project (KWSCRP-II) Mwache Dam Phase 1 and drought Resilience program in Northern Kenya.

v. The Department received Kshs 70million for purposes of undertaking El nino interventions under Article 223 on 1st December, 2023. Kshs 10million was used for mapping of 19 counties while Kshs 60 million was used for identification and rehabilitation of selected water pans in North Eastern Counties.

vi. The budget cuts on the recurrent vote will affect many projects across the country in monitoring hence impacting negatively on project implementation and reporting

vii. As of 31st March 2024, the State Department had a cumulative development expenditure of Kshs. 13.67 billion against an approved gross expenditure of Kshs. 20.4 billion indicating an absorption rate of 67%.

PART IV

4.0 COMMITTEE OBSERVATIONS

22. The Committee, having scrutinized the Supplementary Estimates No. 2 for 2023/24 for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations:

a) State Department for Blue Economy and Fisheries

23. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 1.45 billion. It comprises of a reduction of Kshs. 1.45 billion for development expenditure but no change in the recurrent expenditure.

24. The Committee noted that the two donor funded projects under the State Department, namely, the "Aquaculture Business Development Project (ABDP)" and the "Kenya Marine Fisheries & Socio-Economic Development Project (KEMSFED)" had recurring shortfalls in GoK Exchequer funding. Since both projects were coming to an end in the FY 2024/25, it was important for the government to increase its counterpart funding as stipulated in the agreements signed with the donors.

25. The Committee noted that several projects under the State Department had challenges causing huge delays in the progress of their implementation. One of the challenges is abscondment by contractors like in the case of Liwatoni Ultra-Modern Fish Hub, Mombasa Fish Market and Malindi Fish Market. This led to the State Department terminating the original contractors of these project and re-advertising them. As of May 2024, the Mombasa and Malindi fish markets have new contractors while the Liwatoni Ultra-Modern Fish Hub is in the process of being procured.

b) State Department for Irrigation

26. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 2.228 billion. It comprises of an increment of Kshs. 12 million for recurrent expenditure and a reduction of Kshs. Kshs. 2.24 billion for development expenditure.

27. The Committee noted that most of the flood control infrastructures and water harvesting projects have been damaged by the recent rains. This has made the impact of the rains worse than expected. The National Water Harvesting and Storage Authority (NWHSA) has embarked on rehabilitation of these infrastructures but the has been limited budgetary allocation thereby leading to huge pending bills.

28. The Committee noted that the NWHSA has been undertaking rehabilitation of its regional offices which have been in a deplorable state. However, due to limited budgetary allocation in the recent financial years, there has been a huge pending bill for unpaid works leading to the stalling of ongoing works.

c) State Department for Water and Sanitation

29. The Committee noted that the State Department has a reduction in its Gross Estimates of Kshs. 13.766 billion. It comprises of an increment of Kshs. 221.4 million for recurrent expenditure and a reduction of Kshs. Kshs. 13.987 billion for development expenditure.

30. The Committee noted that the reduction in allocations for development expenditure adversely affected the implementation of projects under the State Department and are likely to cause pending bills.

PART V

5.0 COMMITTEE RECOMMENDATIONS

Financial Recommendations

31. The Committee recommends that for the **State Department for Blue Economy and Fisheries**, the proposed reduction of Kshs. 1.45 billion for the FY 2023/24 comprising of a reduction of Kshs. 1.45 billion for development expenditure and no change for recurrent expenditure be approved with the following amendments as shown in Table 1.

Table 1: Proposed Committee Reallocations for the State Department of Blue Economy and Fisheries (Kshs)

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
0118000 Development and Coordination of the Blue Economy	1166101702 Fish Landing Site in Kibuyuni	28,500,000	(14,500,000)	Reduction due to slow absorption of funds. The monies are reallocated to fund the shortfalls in GoK counterpart funding for ABDP and KEMSFED.
	1166101703 Fish Landing Site in Gazi	63,000,000	(50,000,000)	
	1166102500 Liwatoni Ultra-Modern Fish Hub	201,900,000	(200,000,000)	Reduction due to delays in works since the original contractor abandoned site in December 2023 and the State Department has advertised for a new contractor. The monies are reallocated to fund the shortfalls in GoK counterpart funding for ABDP and KEMSFED.
0111000 Fisheries Development and Management	1166100401 Aquaculture Technology development and innovation transfers	79,100,000	(13,000,000)	Reduction due to slow absorption of funds for construction of access roads. The monies are reallocated to fund the shortfalls in GoK counterpart funding for ABDP and KEMSFED.

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
	1166101504 Construction of Fish Market in Malindi	28,000,000	(28,000,000)	Reduction due to delays of newly engaged contractor to start works on the site. The funds will be provided in FY 2024/25. The monies are reallocated to fund the shortfalls in GoK counterpart funding for ABDP and KEMSFED.
	1166101503 Construction of Fish Market in Mombasa	43,000,000	(43,000,000)	Reduction due to delays in works after termination of current contract. A new contractor has been identified and thus the funding will be provided in FY 2024/25. The monies are reallocated to fund the shortfalls in GoK counterpart funding for ABDP and KEMSFED.
	1166101300 Aquaculture Business Development Project (ABDP) - BETA	2,145,100,000	175,000,000	Reinstatement of GoK counterpart funding that was reduced in Supplementary II.
	1166101400 Kenya Marine Fisheries & Socio-Economic Development Project – BETA	2,962,578,335	173,500,000	Reinstatement of GoK counterpart funding that was reduced in Supplementary II.
Total			-	

32. The Committee recommends that for the **State Department for Irrigation**:

a) The expenditure made pursuant to Article 223 of the Constitution amounting to Kshs. 70 million spent on emergency response to El Nino be approved.

b) The proposed reduction Kshs. 2.228 billion for the FY 2023/24 comprising of an increment of Kshs. 12 million for recurrent expenditure and a reduction Kshs. 2.24 billion for development expenditure be approved with the following amendments as shown in Table 2.

Table 2: Proposed Committee Reallocations for the State Department of Irrigation (Kshs.)

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
1015000 Water Storage and Flood Control	1104102200 Siyoi Muruny Dam	900,000,000	(370,000,000)	Reduction due to slow absorption of funds. The funds are reallocated to flood control works and rehabilitation of NWHSA regional offices.
	1104102101 Flood Control Works - Headquarters	150,000,000	250,000,000	For payment of pending bills for rehabilitation of flood control works and water storage facilities damaged by recent floods.
	Rehabilitation of Regional Offices	-	120,000,000	Payment of pending bills for ongoing works.
Total			-	

33. The Committee recommends that for the **State Department for Water and Sanitation**, the proposed reduction Kshs. 13.766 billion for the FY 2023/24 comprising of an increment of Kshs. 221.4 million for recurrent expenditure and a reduction Kshs. 13.987 billion for development expenditure be approved with the following amendments as shown in Table 3.

Table 3: Proposed Committee Reallocations for the State Department of Water and Sanitation (Kshs. millions)

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
1017000 Water and Sewerage Infrastructure Development	1109113300 Nairobi City Regeneration Programme	150,000,000	(50,000,000)	The project is still at design stage so part of its funding may not be utilized by the end of the financial year. The monies are reallocated to pay verified pending bills for Dandora Sewerage Project.
	1109117600 Relocation of Water Pipeline and Sewer lines - Nairobi Express Way - BETA	200,000,000	(100,000,000)	Some of its pending bills are in the process of being verified so part of the money may not be utilized by the end of the financial year. The monies are reallocated to pay verified pending bills for Dandora Sewerage Project.
	1109121300 Expansion of works for Dandora Estate Sewerage Treatment	116,000,000	150,000,000	To pay verified pending bills.
	1109127601 Lake Victoria North WWDA Projects - Headquarters	20,000,000	(20,000,000)	Correction for an erroneous allocation for funding for Mosongo Water

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
				Project
	1109126902 Mosongo Water Project - LVNWWDA	60,000,000	20,000,000	Correction for an erroneous allocation for funding for Mosongo Water Project
	1109128022 Dantallai - Eldas - Tito - Jukala - Waradey - Jigjica	200,000,000	(160,000,000)	The project is still at design stage so the additional funding is unlikely to be utilized by the end of the financial year. The funds will be provided in FY 2024/25. The funds are reallocated to other projects in NWWDA that are close to completion but affected by Supplementary II reductions.
	1109128017 Banjaba - Ogorwein Water Pan	40,000,000	10,000,000	Reinstatement of allocation reduced in Supplementary II so as to ensure the project is completed
	1109128021 Dadmarithi Water Pan	30,000,000	20,000,000	
	1109128030 Jarirot Water Pan	20,000,000	10,000,000	
	1109128033 Ndonyo Elenkala Water pan	30,000,000	20,000,000	
	1109128035 Parkishon Water Pan	30,000,000	20,000,000	
	1109128040 Wayama Jibril	30,000,000	10,000,000	

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
	Water Pan			
	1109128042 Weledo Water Pan	20,000,000	10,000,000	
	1109128044 Liban North Water Services	20,000,000	20,000,000	
	1109128048 Rubaale Water Pan	40,000,000	10,000,000	
	1109128049 Lodungokwe II Waterpan	30,000,000	20,000,000	
	1109128050 Bojigaras Waterpan	30,000,000	10,000,000	
	1109128101 North Rift Valley WWDA Project - Headquarters	200,000,000	(200,000,000)	This is a new project proposed in Supplementary II. Its implementation is unfeasibly considering the time remaining in the financial year. The funds will be provided for the project in FY 2024/25. The funds are reallocated to other projects that are close to completion but affected by Supplementary II reductions.
	1109125500 Liter Community Water Project NRVWWDA	100,000,000	30,000,000	Reinstatement of allocation reduced in Supplementary II so as to ensure the project is completed
	1109128109 Kapyego community water	50,000,000	20,000,000	

Programme	Head/ Project	Original Estimate (Development)	Proposed Change (Development)	Details
	supply			
	1109128117 Kamoret water Supply Project	30,000,000	20,000,000	
	1109128119 Water Supply Projects in Uasin Gishu and Elgeyo Marakwet Counties	40,000,000	10,000,000	
1001000 General Administration Planning and Support Services	1109121700 Modernization of KEWI infrastructure Phase I	650,000,000	120,000,000	The project has been delayed due to lack of funding and pilling up of pending bills
Total			-	

SIGNED
HON. BOWEN KANGOGO, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON BLUE ECONOMY AND IRRIGATION)

DATE 24/05/2024.

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION



REPUBLIC OF KENYA

MINISTRY OF INFORMATION, COMMUNICATIONS AND THE DIGITAL ECONOMY

STATE DEPARMENT FOR BROADCASTING AND TELECOMMUNICATIONS

A PRESENTATION TO THE DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION ON THE

CONSIDERATION OF THE 2024/25 FINANCIAL YEAR ESTIMATES OF REVENUE AND EXPENDITURE AND THE 2023/24 FINANCIAL YEAR SUPPLEMENTARY ESTIMATES II

BY

EDWARD W. KISIANGÁNI, (Ph.D), CBS

PRINCIPAL SECRETARY

INTRODUCTION

Honorable Chair and Members of this Committee.

The following is the presentation from the State Department for Broadcasting and Telecommunication(SDBT) on the consideration of the 2024/25 financial year estimates of revenue and expenditure and the 2023/24 financial year supplementary estimates ii in response to your invitation vide letter Ref. NA/DDC/CII/2024/022 dated 6th May 2024.

Honorable Chair, the following is our response in regard to the information requested for by the Committee.

MANDATE

The State Department's core mandate is to ensure the citizenry are informed on Government Projects, Programmes and Initiatives.

Our functions as stipulated in the Executive Order No. 2 0f 2023 are;

i. Telecommunications Policy;
ii. Broadcasting Policy;
iii. Coordination of National Government Advertising Services;
iv. Public Communications;
v. Postal and Courier Services;
vi. Development of Local Content Policy;
vii. Telecommunications, Postal Services and Electronic Commerce;
viii. Government Telecommunications Services;

INSTITUTIONS UNDER THE STATE DEPARTMENTS

The State Department is supported by five (5) Semi-Autonomous Government Agencies (SAGAs), one (1) Autonomous Government Agencies , one (1) Advisory Council, one (1)Secretariat, one (1) Commision and one (1) Tribunal to deliver on its mandate. These are;

Semi-Autonomous Government Agencies

- Communication Authority of Kenya
- Kenya Broadcasting Corporation
- Media Council of Kenya
- Kenya Institute of Mass Communication
- Kenya Year Book and Editorial Board

Autonomous Government Agencies

- Postal Corporation of Kenya

Advisory Council, Secretariat, Commission and Tribunal

- Universal Service Advisory council
- National Communication Secretariat
- Media Complaint Commission
- Communications & Multimedia Appeals Tribunal

STRATEGIC OBJECTIVES

The strategic objectives of the State department are;

- To formulate, review and implement appropriate Broadcasting and Telecommunications policies, and legal and regulatory frameworks that improve the efficiency of service delivery
- To collect, collate and disseminate credible information to promote a competitive knowledge base economy through and informed citizenry
- To train, build and strengthen mass media skills development and develop Digital Broadcasting Infrastructure
- Provision of Government Advertising and Telecommunication services for MDAs.
- Develop, regulate and enforce standards governing journalists, media practitioners and media enterprises.

PROGRAMMES AND THEIR OBJECTIVES

1. **General Administration planning and support services-**To formulate, review and implement appropriate Broadcasting and Telecommunication policies, legal and Institutional frameworks that improve efficiency of Public Service delivery.

2. **Information and Communication Services-**To collect, collate and disseminate credible information and promote a competitive knowledge-based economy.

3. **Mass Media Skills Development-** To train, build and strengthen the ICT and Mass Media Skills.

SECTORAL POLICIES

The key policy imperatives for the Government under the State Department as outlined in the National ICT Policy Guidelines 2020 include:

i. Development and review of policy, legal and institutional frameworks in the Broadcasting and Telecommunications subsector.
ii. Provision of Strategic Government Communication Services
iii. Bridging the digital divide in public broadcasting Services through Kenya Broadcasting Corporation and Kenya News Agency.
iv. Development of E-commerce in the country through Postal Corporation of Kenya and Communication Authority of Kenya
v. Regulation of information and communications sector through Communications Authority
vi. ICT and Mass Media Skills development through Kenya Institute of Mass Communications
vii. Media regulatory services through Media Council of Kenya
viii. Mass Media Skills development Job creation through Studio Mashinani Initiative by KBC

FY 2024/25 Budget Estimates

1.0 Significant deviation between the budget estimates and the approved 2024 Budget Policy Statement ceilings

The resource requirement for the State department for FY 2024/25 was Kshs. **15,307.70.** However the National Treasury has allocated **Ksh. 5,831 Million**, which constitute **Kshs. 5,179Million** under the Recurrent vote and **Ksh. 652Million** under the development vote. This is against the Ceiling provided under the 2024 Budget policy Statement of **Ksh.7,091million** which constituted **Kshs. 6,296Million** under the Recurrent vote and **Ksh. 795Million** under the development vote. The proposed ceiling for the Financial Year, 2024/25 against the 2024 BPS has a total negative variance of Kshs. **1260Million** as tabulated below;

	APPROVED FY 2023/24 (a)	BPS (KSH. MILLIONS) (b)	BUDGET ESTIMATES FY 24/25 (KSH. MILLIONS) (c)	VARIANCE (KSH. MILLIONS) (c-b)
Recurrent	6,628	6,296	5,179	(1,117)
Development	526	795	652	(143)
Total	**7,154**	**7,091**	**5,831**	**(1,260)**

The reduced budget will result in non implementation/ delayed implementation of the planned key activities in the FY 2024/25 and medium-term period. The details of the implications are provided herein.

The allocation of Ksh. 5,179.4 Million under recurrent vote to various expenditure heads is as shown below;

HEADS	APPROVED (KSH MILLION) (a)	BPS (KSH MILLION) (b)	BUDGET ESTIMATES (KSH MILLION) (c)	REDUCTION (KSH MILLION) (d=c-b)
	2023/24	2024/25	2024/25	2024/25
H/Q & Departments	2002.32	2056	1886.25	169.75
Media Council of Kenya	1540.5	1203	521.9	681.1
Kenya Year Book Editorial Board	176	191	132.75	58.25
Kenya Broadcasting Corporation	2430	2366	2190.5	175.5
Kenya Institute of Mass Communication	248	248	216	32
Media Complain Commission	10	10	10	0
National Communication Secretariat	222	222	222	0
Total	**6628.82**	**6296**	**5179.4**	**1,116.6**

The allocation for FY 2024/25 has been reduced by Ksh. 1449.40 Million as shown below.

HEADS	APPROVED (KSH MILLION) (a)	BUDGET ESTIMATES (KSH MILLION) (b)	VARIANCE (KSH MILLION) (c=c-b)
	2023/24	2024/25	2024/25
H/Q & Departments	2002.32	1886.25	(116.07)
Media Council of Kenya	1540.5	521.9	(1,018.6)
Kenya Year Book Editorial Board	176	132.75	(43.25)
Kenya Broadcasting Corporation	2430	2190.5	(239.5)
Kenya Institute of Mass Communication	248	216	(32)
Media Complain Commission	10	10	0
National Communication Secretariat	222	222	0
Total	**6628.82**	**5179.4**	**(1,449.42)**

Development Vote variance between BPS and Budget Estimates

The following is the variance under the development vote between FY 2024/25 BPS and Budget estimates:

Project	Project cost (Ksh.M)	Commulative expenditure (Ksh.M)	% completion	2023/24 F/Y Budget (Ksh.M)	Budget Estimates FY 2024/25 (Ksh.M)	BPS	VARIANCE BPS & BUDGET ESTIMATES
KBC Analogue to Digital TV Migration	6,000	5.816	98	115.5	55.76	68	(12.24)
KBC Studio Mashinani	619	209	40	-	41	50	(9)
Modern Outside Broadcasting Van (OB)	120	0	-	120.0	0	0	0
Medium Wave to FM Broadcast Migration	2,720	12.5	1	45.0	82	100	(18)
Solar Power	220	0	-	-	82	100	(18)
KIMC Eldoret Campus	1,690	102.5	10	100.0	123	150	(27)
Modernization of KIMC Film -	276.5	67.25	25	40.5	82	100	(18)
KYEB Office & Service Automation	146	43.5	40	10	38.54	47	(8.46)
Modernization of KNA National Desk	791	216.8	25	95	147.6	180	(32.4)
	12,362.5	**6,467.55**		**526**	**651.9**	**795**	**(143.1)**

FY 2024/25 & Medium Term Period Priority areas

The following are key priority projects and programmes that will be be implemented in the 2024/25, Financial Year and Medium Term period;

- Policy, Legal and Institutional reforms
- Implementation of the new structure already approved by PSC
- Revamping of Kenya News Agency (KNA)
- Revitalization of Postal Corporation of Kenya (PCK) and Kenya Broadcasting Corporation (KBC) to ensure the two entities operate at optimal levels given current trends in the market and technology.
- Rollout of broadcasting and telecommunications infrastructure in un-served and underserved areas.
- Mass media skills development through Kenya Institute of Mass Communication (KIMC)
- Establishment of KIMC Eldoret Campus
- Strengthen Government Communication through surveys, media monitoring and evaluation to ensure quality of Information

- Establishment of Studio Mashinani in the remaining 41 Counties
- Establishment of digital content production centers by MCK
- Training and accreditation of media practitioners.
- Operationalization of National Addressing System countrywide to ease access to information and promote e-commerce.
- Digitization of Government Advertising services.
- Enhance Government Communication
- Upgrade of Cyber Security Management Tools by CA
- Upgrade of Broadcaster loggers by CA
- Voice Infrastructure Project Phase II by CA

MCK - Impact of Budget rationalization for FY 2024/25

i. The budget cuts will lead to job losses for the media monitors, discontinuation of media monitoring and exposure of harmful content to minors and consumption of nonprofessional media content which is a recipe for tensions and conflicts in the country due to closue of four branches

ii. Training of jounalists on proffessional ethics will be scalled down.

iii. The opertionalization of the established hubs will be discontinued.

Indicative impact on rationalization of budget KIMC performance targets.

The shortfall of Ksh 139 Million in Recurrent budget will affect the following Core mandate Vote Heads.

SN	Affected Recurrent Vote Head	Amount in KShs Millions
1	*Personnel Emoluments*Two phased SRC salary review recommendation for KIMC Staff. –*Phase 1* whose cost is KShs 11 millioncommencement date is July 2023–*Phase 2*whose cost is KShs 11 million commencement date is July 2024).	22
2	Occupational standardsand Curriculum Review and Development	8
3	Research and Authorship	5
4	Automation (ERP system) and Integrated data repository	10
5	Institutional policies and regulations	4
6	Modernization of KIMC Fleet (*Phase 1*) Phase 1 will cover One 62 seater Bus, One 33 seater Mini Bus and One 11 seater Van. Safe for the Institute VAN KCH 947Q, all Institute Motor vehicles are very old with advanced mileage and expensive to maintain.	55
7	*Phase 1* Refurbishment of facilities and Buildings at South B Nairobi Campus The provision is to cover repair of leaking roofs, Exterior and interior fresh coat of paint for buildings and partitioning of Untra modern Catering Complex.	30
	TOTAL	*139*

Impact on rationalization of budget KYEB performance targets.

Following the proposed budget revision KYEB will only pay employee salaries leading to inability to pay critical expenses like Rent, Board of director's expenses, insurances, contracted services, utilities and the core mandate. KYEB core mandate apart from being a mandatory it is the key revenue source where if not funded it will affect adversely the ability to generate the projected AIA.KYEB therefore seek exemption from the rationalization.

For sustainability of KYEB and to ensure that it delivers its mandate, the institution request for improvement of its recurrent budgetary allocation for the Financial Year 2024/25 to **Kshs 399 million**. This will enable the institution implement its operations that have been limited to the extent in which its mandate is not known across government and the country.

Impact on rationalization of budget on KBC performance targets

The annual recurrent revenue stands at KShs 2,189 composed of AIA of KSh.1140 Million and a grant of ksh.1049 million against a projected expenditure of KShs. 2771 million. The amount is used to pay salaries of KShs 1441 annually while the remaining is used to pay mandatory expenses:-satellite costs, electricity costs, medical, pension arrears, content production and maintenance of networks leaving a deficit of ksh.681 million. Major impacts are as follows:

- Delayed up-grading of broadcastinfrastructure and technology projects such as; Analogue to digital migration, Medium wave to FM migration, Modern Outside Broadcasting Van, Procurement of Solar system and Studio Mashinani Programme
- Reduced national coverage due to old infrastructure resulting to low audince
- Inability to revamp broadcast content across TV, Radio and online platforms.
- Reduced staff morale due to delayed salary payments
- Interuptions of service delivery due to power and sattelite switch off by suppliers
- Increased pending bills

Impact on rationalization of budget on Postal Corporation of Kenya (PCK) performance targets

The budget cuts will affect marketing of new PCK products & Services i.e. E-payment solution (Posta Pay), clearing and warehousing services as proposed in the PCK & KNSL merger.

The budget cuts will freeze all manner of recruitment given the proposed merger with KNSL

The budget cuts will also affect operations, given the fact that PCK is not yet fully automated.

The budget cuts will also curtail some crucial training programs. i.e. Mandatory Postal officers training for Postal officers.

2.0 *Status of the budget implementation for FY 2023/24*

Financial Performance FY 2023/24

The utilisation level for the 3rd quarter of the financial year is as shown below:

VOTE	Total budget FY 2023/24	Expenditure & Commitments FY 2023/24(Ksh) as at 30th Mar. 2024	Absorption Rate (%) based on commitment and expenditure
Recurrent	6,628,828,269	5,717,771,615	86
Development	526,000,000	471,716,361.00	89.68
Total	7,154,828,269	6,189,487,976	86.5

However we have received amounting to **Ksh. 3,101,692,373.8** for recurrent and **Ksh. 160 Million** for development as indicated in the table under exchequer herein.

RECURRENT VOTE: KEY EXPENDITURE ITEMS

The expenditure under economic classification items is as tabulated below

EXPENDITURE ITEM	GROSS APPROVED FOR FY 2023/24 (KSHS)	EXPENDITURE (KSHS)	ABSORPTION RATE (%)
Compensation to Employees	451,093,980	349,230,260	77.4
Use of Goods and Services	1,551,234,289	863,916,355	56
Grants/Transfer	4,626,500,000	4,504,625,000	97.3
TOTALS	**6,628,828,269**	**5,717,771,615**	**86**

The budget absorption under Recurrent Vote for use of goods was below target due to non-payment/delayed payments by MDAs for advertising services provided by GAA.

DEVELOPMENT VOTE EXPENDITURE ANALYSIS

NO	Project Name (a)	Gross Approved Dev. Budget FY 2023/24 (Ksh)	Q3 Development Budget FY 2023/24(Ksh)	Cumulative Development Budget Expenditure(Ksh)	Absorption Rate (%)
1	KBC Analogue to Digital TV Migration	115,500,000	115,500,000	115,500,000	100
2	KBC Medium Wave to FM Broadcast Migration	45,000,000	45,000,000	42,872,800	95.27
3	KBC Rollout of Studio Mashinani	-	-	-	-
4	Modernization of KNA National Desk and Press Centre	95,000,000	95,000,000	42,843,561	45.10
5	Modernization of KIMC Film	40,500,000	40,500,000	40,500,000	100
6	Construction of Class Rooms	100,000,000	100,000,000	100,000,000	100
7	KYB Services Automation	10,000,000	10,000,000	10,000,000	100
8	Modern Outside Broadcasting	120,000,000	120,000,000	120,000,000	100
	TOTAL	**526,000,000**	**526,000,000**	**471,716,361**	**89.68**

Detailed Exchequer Issues as at 13th May,2024

The State Department as at 13th May, 2024 had received exchequer from the National Treasury amounting to **Ksh. 3,261,692,373** against a net budget of **Ksh. 4,489,828,269.**

The delayed release of exchequer will adversely affect the implementation of the planned activities and increase of pending bills. The breakdown of the exchequer is 78% and 30% for recurrent and development respectively as tabulated below.

VOTE	Total budget FY 2023/24	net budget	EXCHEQUER RECEIVED (Kshs.)	BALANCE (Kshs.)	PERCENTAGE
RECURRENT	6,628,828,269	3,963,828,269	3,101,692,373.8	862,135,895.2	78
DEVELOPMENT	526,000,000	526,000,000	160,000,000	366,000,000	30
TOTAL	**7,154,828,269**	4,489,828,269	3,261,692,373	1,228,135,895.2	72

FY 2023/24 NON-FINANCIAL KEY ACHIEVEMENTS

FY 2023/24 NON-FINANCIAL KEY ACHIEVEMENTS

KEY ACHIEVEMENTS AS AT Q3

General Administration planning and support services

- Development of the Communications Policy has commenced.
- National Addressing System Policy and Bill- We have conducted Stakeholders engagement and currently awaiting validation before submission for Cabinet approval.
- Finalizing the review of 16 regulations under KICA Bill in line with the sector working group report.

KEY ACHIEVEMENTS AS AT Q3

Information and Communication Services

- 4,809 TV news items produced against a target of 3,000 as at quarter 3. Over achievement is attributed to acquisition of additional equipment.
- 32 Regional and online publications editions produced against a target of 42 as at quarter 3. Target affected by underfunding and shortage of graphic designers.
- 164 IEC materials produced and disseminated against a target of 150 as at quarter 3.
- Operationalization of National Government Contact Centre is pending due to lack of budgetary provision to procure the Customer relation management software.
- Produced and disseminated 37 weekly MyGov Pull outs against a target of 36 as at quarter 3.
- Produced and disseminated 750 copies of BETA Sector-Based Publications and 30,000 copies of Agenda Kenya newspapers.

KEY ACHIEVEMENTS AS AT Q3

Mass Media Skills Development

- 3634 on-job Journalists trained against the cumulative Q3 target of 2250.
- 8100 journalists accredited against the cumulative Q3 target of 6675
- 689 media practitioners trained against the annual target of 752. KUCCPS student admissions calendar for long-term courses changed to September 2023 from May 2024.

The detailed analysis of the achievements are as given below.

1st,2nd & 3rd Quarter KEY ACHIEVEMENTS

Programme	SUB-PROGRAMME	Key Output	Key Performance Indicator	Annual Target	1st Quarter Achievement	2nd Quarter Achievement	3rd quarter achievements	Actual Cumulative Achievement	Remarks
Information and Communication Services	News & Information Services	Public News and information services	Daily and Weekly News and information Briefs	302	65	78	77	220	Target achieved
			No. of TV news items produced	4,000	1,800	1,800	1209	4809	Surpassed the target. Acquisition of additional equipment (laptops, computers and cameras) has improved performance
			No of Regional & online publications editions produced	56	13	11	8	32	Target affected by underfunding and shortage of graphic designers.
			No. of print News items Produced and disseminated	20,000	9,554	7,311	6,823	23,688	Surpassed the target. Acquisition of additional equipment (laptops, computers and cameras) has improved performance

1st, 2nd & 3rd Quarter KEY ACHIEVEMENTS

Programme	Sub-programme	Key Output	Key Performance Indicator	Annual Target	1st quarter Achievement	2nd quarter Achievement	3rd Quarter Achievement	Actual Cumulative Achievement	Remarks
Information and Communication Services	News & Information Services	Government media coverage	No. of Information, education and communicaton (IEC) material on Government Policies, Strategies and Programmes disseminated	200	50	64	50	164	Target surpassed. IEC material produced and disseminated
		Senior Government Officers trained on Public Communications skills	No. of officers trained	1,000	210	210	0	420	Target not achieved due to budget cuts
		Standardized Government Advertisements	No. of Weekly MyGov Pull Out	50	13	13	11	37	On-target. In addition, reduction of Government advertising cost by 47% from 17Million to 9 Million
		Public Broadcasting Services	Number of public broadcasting services hours	2190	548	548	1,684.86	2,480.86	Target surpassed for Public broadcast services provided.
		Studio Mashinani Youth recordings	No. of recordings	500	50	74	89/84	213	Inadequate funds

1st, 2nd & 3rd Quarter KEY ACHIEVEMENTS

Programme	SUB-PROGRAMME	Key Output	Key Performance Indicator	Annual Target	1st Quarter Achievement	2nd Quarter Achievement	3rd quarter achievement	Actual Cumulative Achievement	Remarks
Information and Communication Services	Kenya Yearbook Initiative	Publication	Kenya Yearbook 2023 Edition	100%	20%	30%	30%	80%	target achieved. Publication completed and launched
			Kenya Yearbook 2024 Edition	80%	20%	20%	20%	60%	On target
			Bottom-Up Economic Transformation Agenda (BETA) publication on Agri-Innovation	100%	25%	25%	25%	75%	On target
			No. of AgendaKenya Newspaper disseminated	40,000	10,000	10,000	10,000	30,000	Target achieved. Copies of Agenda Kenya Newspaper disseminated produced and disseminated

1st, 2nd, & 3rd Quarter KEY ACHIEVEMENTS

Programme	SUB-PROGRAMME	Key Output	Key Performance Indicator	Annual Target	1st Quarter Achievement	2nd Quarter Achievement	3rd Quarter Achievement	Actual Cumulative Achievement	Remarks
Information and Communication Services	Media Regulatory Services	Media Regulation Services	% of the media complaints resolved	100	100	100	100	100	The Council has resolved all cases received. There is no pending case requiring determination.
			No. of Media Standards Developed	4	1	2	5	8	Target surpassed. In Q3 two standards were developed on House settlement reporting curriculum and digital superhighway and creative economy.
			No. of on-job Journalists trained	3,000	1,000	1,118	1,516	3634	Target surpassed due to one-off partnership with Katiba institute and Open Society Initiative for East Africa (OSIEA).
			No. of Journalist Accredited	8,900	812	988	6,300	8,100	Target archeved
Mass Media Skills Development	Media Skills Development	Mass Media skills	No. of Trained media practitioners	752	619	619	70	689	Short courses scheduled for Quarter 4 to close out Quarter 3 and annual shortfall

3.0 PROJECT STATUS

The following are the projects status and FY2024/25 allocation:

Implenting Agency	Project	Start Date	Project cost (Ksh, M)	Commulative expenditure (Ksh.M)	% completion	2023/24 F/Y Budget (Ksh,M)	Budget Estimates FY 2024/25 (Ksh,M)	location	Status
KBC	KBC Analogue to Digital TV Migration	7/jan/2014	6,000	5.816	98	115.5	55.76	nationwide	The amount received has been used to establish 39 transmitting sites and Head-end facility at Broadcasting House.
	KBC Studio Mashinani	1/jul/2016	619	209	15	-	41	All counties	Seven (7) Studios in Mombasa,Kisumu,Kitui,Muranga, Machakos, Komarock and Langata has been established. The project was not allocated funds in the financial year 2023/24. K.B.C plans to establish an additional forty one (41) audio visual recording studios in all the Counties

CONT'

Implementing Agency	Project	Start Date	Project cost (Ksh, M)	Commulative expenditure (Ksh.M)	% completion	2023/24 Financial Year Budget	Budget Estimates FY 2024/25 (Ksh,M)	Location	Status/Remarks
KBC	Procurement of Modern Outside Broadcasting Van (OB)	1/jul/2023	120	0	-	120.0	0	N/A	The OB Van can produce both TV and Radio signals simultaneously unlike the old one. The National Treasury is yet to release one off Exchequer. The project is at the tendering stage
	Medium Wave to FM Broadcast Migration	1/jul/2014	2,720	12.5	1	45.0	82	Nationwide	Second phase of the Analogue to Digital TV roll out involving acquisition, installation and commissioning of FM radio
	Solar Power		220	0	-	-	82	42 transmission sites	The funds will cater for the installation of solar power systems

CONT'

Implementing Agency	Project	Start Date	Project cost (Ksh,M)	Commulative expenditure (Ksh.M)	% completion	2023/24F/Y Budget (Ksh,M)	Budget Estimates FY 2024/25 (Ksh,M)	Location	Status
KIMC	KIMC Eldoret Campus(construction of class rooms)	1/jul2020	1,690	102.5	10	100.0	123	eldoret	Perimeter wall and gate house of the campus is complete. Structural designs, BQs and approvals for vertical infrastructure are ready. Currently the students are hosted by the County Government facility.
	Modernization of KIMC Film -	1/jul2020	276.5	67.25	25	40.5	82	Nairobi	Partial modernization of studio equipment has been done. Current equipment can not support revised curriculum.

CONT'

Implementing Agency	Project	Start Date	Project cost (Ksh,M)	Commulative expenditure (Ksh.M)	% comp	2023/24 Financial Year Budget (Ksh,M)	Budget Estimates FY 2024/25 (Ksh,M)	Location	Status/Remarks
Kenya Yearbook Editorial Board	KYEB Office & Service Automation	1/jul2021	146	43.5	40	10	38.54	Nairobi	The 40% completion entails office renovations and installation of ERP system is done. Phase 2 entails putting in place automated publishing equipment to enhance publishing capacity, increased production and efficiency
DI(HQS)	Modernization of KNA National Desk and Press Centre	1/jul2017	791	216.8	25	95	147.6		The project is at 25% having refurbishment thirty five (35) existing offices and acquiring part of the modern equipment for contents development, management and transmission of news and information.
TOTAL			12,362.5	6,467.55		526	651.9		

Projects under implementation by CA-K

i. Voice Infrastructure Project Phase II: The project is currently at 50.5%. 51/101 sub-locations completed and on air.

ii. Upgrade of Cyber Security Management Tools- The project is at 30%. The deployment of the root certification authority of NPKI completed. Contracts for the supply of Upgrade of ICT regulatory software including National Intrusion Detection System, ICT security stack, and cyber threat honeynet automation system done.

iii. Upgrade of Broadcaster loggers- The project is at 31.2%. Phase 1 comprising of 24 broadcaster loggers is complete. Phase 2 comprise 54 loggers out of which 5 are complete and the remaining will be done by the end of year

4.0 New projects

The state department has one new project (solar power) to be implemented by KBC

Implementing Agency	Project	Project cost (Ksh,M)	Budget Estimates FY 2024/25 (Ksh,M)	Justification
KBC	Solar Power	220	82	The funds will cater for the installation of solar power systems. The project is estimated to reduce monthly power bills by Ksh. 14 Million per month.

5.0 Pending Bills

The State Department total pending bills amount to Ksh. 102.3 Billion .as analysed below;

i. Government Advertising Agency - 1.1 Billion
ii. Kenya broadcasting corporation – 96.6 Billion
iii. Postal corporation of Kenya – 6.4 Billion

Government Advertising Agency -

The outstanding amount is **Ksh 1,114,721,243.70**

Strategies to reduce the pending bills;

- The Government Advertising Agency (GAA) has worked on a new contract for the distribution of MyGov, which has seen a reduction in expenditure by about 65 per cent. The earlier rates charged by different service providers offering circulation services for MyGov publication were too high and therefore not sustainable.
- GAA also seeks the intervention of the National Treasury in collection of the outstanding debt owed to the Agency by MDAs and SAGAs. Some of these debts date back to FY 2018/2019.
- Digitization

K.B.C – Pending Bills

The outstanding amount is Ksh. 96,672,889,419.75

	AMOUNT (ksh.)
Japanese Loan	**90,704,727,060.00**
Creditors	**1,172,339,413.75**
VAT	945,624,121.00
PAYE	754,204,461.00
Pension	3,850,198,825.00

Strategies to reduce the pending bills

- KBC has entered into payment plans with different suppliers to settle the bills in instalments to improve and widen the revenue streams.
- Implementation of the solar power project to supplement the existing KPLC power connections across the country. An initial Ksh.100m has been allocated for the financial year 2024/25. This will greatly reduce our power bills by up to 50%. The savings from the reduced power bills will be channeled towards reduction of the pending bills.
- Modernize equipment and infrastructure to reduce maintenance costs.
- Maximize on affirmative action on public advertizing
- Maximize on co-location and cositing with other media houses
- Commercialization and compensation of land assets

Postal Corporation of Kenya

The current status of Pending Bills Kshs.6.4Billon;

staff salary arrears	–	621,235,512
unremitted taxes	-	1,305,549,621
pension contributions	-	1,252,303,170
MDA's and various other suppliers.	-	3,844,095,340

Strategies in place to reduce pending bills.

- Collection of Kshs. 550M on service rendered to IEBC is underway with assistance from the MoIC & DE.
- A consultative meeting between PCK and Huduma Kenya resulted in reconciliation of Kshs. I. 7 Billion that will be settled. This will help defray pending bills owed to MDAs.
- The Corporation has identified 2 pieces of land valued at approximately KShs.2.028 Billion (2 plots in Yaya Nairobi) for transfer to PCK Staff Pension Scheme towards settling the pension liability of Kshs. 1,665,157,858.
- Implementation of a new corporate structure will allow exit of 504 personnel on receipt of funding. This will result in an annual saving of Kshs. 300M that will be utilized internally.
- The Corporation projects revenue growth of 2% across its various revenue streams.
- Modernization of fleet, refurbishment of postal outlets and establishment of e-commerce hubs (fulfilment centers) to facilitate trade and grow e-commerce.
- Developing and leasing out at least two prime properties through joint ventures and PPP's including partnership with GOK in an affordable housing program. This program is expected to generate annual revenue of Ksh.138 Million.
- Partnership with local and global online retailers that include Amazon, Alibaba among others to provide last mile delivery solutions
- Develop a warehouse to work with a wide range of Kenyan artisans, curios dealers, textiles, farm produce and other producers of Kenyan goods in both heavy industries and in cottage industries for distribution to local and global destinations, through our web-based showrooms
- Provision of clearing and forwarding services, breaking bulk and last-mile delivery for strategic and sensitive government materials.
- Modernization of fleet, refurbishment of postal outlets and establishment of e-commerce hubs (fulfilment centers) to facilitate trade and grow e-commerce.
- Merge PCK and KNSL's cargo, freight forwarding, and last-mile delivery services into a single entity.
- Review PCK ACT 1999 to include the creation of a Logistics Company under the company's ACT in order to anchor a Cargo, Freight and warehousing mandate

6.0 Stalled projects

The department does not have stalled projects.

7.0 Alignment of the estimates to the Medium-Term Plan IV of the Vision 2030 and Bottom-Up Economic Transformation Agenda (BETA)

- The State Department will;
- Gather and disseminate quality healthcare information through different communication channels.
- in collaboration with relevant stakeholders will endeavor to disseminate research and worldwide knowledge-based information on food and nutrition to increase production and food security.
- Develop curriculum/ standards for training for digital content producers in media sector.
- Engage in the production and dissemination of media programmes in collaboration with stakeholders on initiatives promoting MSME
- Train mass media practitioners on reporting on thematic areas with Focus BETA.

8.0 Pertinent Issues affecting the State Deparment in the attainment of its programmes

- Financing gaps
- Delayed Exchequer releases
- Human resource gap
- Assets e.g. land ownership and building
- legislative gaps
- New emerging technologies

BUDGET SHORTFALL

Hon Chairman and Hon members, I have analyzed the proposed allocation of **Kshs. 5,831 Million** under vote 1123- State Department for Broadcasting and Telecommunications and it is my considered opinion that certain critical areas will need to be reviewed for the State Department to deliver effectively on its core mandate and contribute to both the Bottom-Up Economic Transformation Agenda (BETA) and the Vision 2030. The total budget shortfall/unfunded in major critical areas is **Kshs.16.15Billion** as per the attached schedule .

S/NO	Item	Amount (Kshs.M)	Remarks
HQS	Personal Emoluments	500	The amount required is to cater for recruit of additional staff (phase 1) inline with the proposed staff structure. the total requirement for the new structure is Ksh. 1.4 Billion.
	Operation and maintenance Costs	150	The amount is to cater operation and maintenance including M/E activities, development of policies and legal framework. Please note that funds amounting to Kshs.100M under Office of the Government spokesperson (OGS) vote Head were transferred to Cabinet office but the staff that supports the OGS office are under the state department for broadcasting and Telecommunications resulting to the huge shortfall hence adversely affecting the overall performance on Government strategic communication activities on programmes and projects (BETA) from the field.

Kenya News Agency (KNA)	**213**	The State Department has seventy- two (72) KNA field stations and eight (8) regional offices. The annual quantified operational amount to optimally operationalize the offices is kshs.288 Million. However only Kshs.75 Million is provided in the current Financial Year, 2023/2024 leaving a shortfall of Kshs. 213 Million requested. The inadequate amount has negatively affected Kenya News Agency (KNA) operations and capacity to facilitate citizen access to information on government services and programmes
Government Advertising Agency (GAA)-Pending bill	**1,100**	GAA is responsible for consolidating and authorizing Public Sector Advertising services; and development, implementation and reviewing of advertising policies, standards, procedures and guidelines. This mandate is realized through processing and authorizing Public Sector Advertising (PSA) and implementing Public Sector advertising standards, procedures, and guidelines. The Agency has an outstanding bill owed to various suppliers amounting to Kshs.1,400 Million. This has been occasioned by inadequate budgetary allocations and non-payment from Government MDAs for the advertising services provided. Some of the suppliers have since threatened to take legal action against the Government for non-payment.
Sub-Total	**1,963**	

Kenya Year Book Editorial Board	Personal Emoluments	79	Currently KYEB technical staff capacity is very low to effectively delivery on the mandate. As a start KYEB requires to recruit technical staff to enable it achieve its mandate. Also, to take care of staff annual salary increments and employer contribution to Housing Levy.
	Operations and maintenance Costs	26	KYEB visibility and coverage of publications is very low thus the need for awareness creation and increase in publishing capacity to enable wider coverage in communicating government achievements to the grassroots level.
		15	Most KYEB core publications are out of stock thus the need for a reprint for circulation.
	Sub-Total	**120**	

MCK	Media Monitoring	438	Sustain media monitoring and content regulatory services in the Coast, Rift valley, Nyanza. and Central regions
	Media Hubs	225	Sustainability of ICT media Hubs and regulatory functions in 15 constituences
	Sub-Total	**663**	

	Modernization of Kenya Institute of Mass Communication (KIMC) Fleet	75.4	Kenya Institute of Mass Communication (KIMC) is mandated to offer training in communication and cinematic-arts; produce and disseminate products in communication and cinematic-arts, develop and provide educational, cultural, professional, technical and vocational services to the community among others. The Institution has a student population of 1,200 and two campuses, one in Nairobi and Eldoret. The motor vehicles fleet which critically supports outdoor content productions, industry learning sessions, and educational student engagements for the Institute are old and prone to frequent mechanical breakdowns, high cost of maintenance, and danger to the life of students and staff. Kindly note that some of these vehicles were manufactured twenty-nine years ago and most of them with a mileage in excess of 500,000 km .
	Operationalization of KIMC TV green studio	72	KIMC has a TV green studio for the purpose of training and talent promotion facility that will also transmit pre-packaged content for state Ministries, Departments, Commissions, and Agencies (MDCAs) for free. An estimated one-off budget of KSh. 72 Million in the 2023/2024 Financial Year, is required to operationalize the studio, and an annual recurrent budget of Kshs.13,848,532.00. Apart from training students, KIMC TV will generate an AIA of Kshs.3,120,000.00 annually from the transmissions.
	Salary adjustment	22	To cater for salary adjustment as approved by SRC

Kenya Institute of Mass Communication	Modernization of training Equipment	915	The intervention is to consolidate competence based training infrastructure . This will ensure delivery of the skill rich Institute curriculum that is 70% practical and 40% theory. Itemized costs centers are: ❑ Television Studio Equipment -Ksh 225 million ❑ Film Studio Equipment -Ksh 241 million ❑ Radio Studio Equipment -Ksh 68 million ❑ Media Technology Museum -Ksh 92 million ❑ Technical Engineering Lab and Work Station -Ksh 63 million ❑ Animation Studio Equipment ❑ -Ksh 79 million ❑ Sound Studio Equipment -Ksh 51 million ❑ Audio Visual Studio Equipment -Ksh 81 million ❑ Library modernization -Ksh 15 million
	Content Production and Research Center	115	This is an MTP-IV project that targets to create 500 jobs annually for creative artists
	Sub total	**1,199.4**	

KBC	Personal emoluments	601	The Corporation receives Kshs.1049million from the Exchequer to cater for personnel emoluments. This is below the total requirement of Kshs.1440million annually. The Corporation is therefore requesting for additional Kshs.391m to cater for deficit in salaries, Kshs.110m for staff medical cover and Kshs.100m to cater for payment of pension annually.
	Satellite costs	145	the Corporation requires 10 transmitters to replace the old ones at a cost of Kshs.45million.The satellite costs requirements adds up to Kshs.100m annually. This would improve our services and also enhance revenue collection.
	Solar project	120	Kenya Broadcasting Corporation intends to install solar systems across all 42 stations across the country at a total cost of Kshs. 220 Million. The project is in line with Vision 2030 on the Development of new and renewable sources of energy. Upon completion, the project will save the corporation kshs.170 Million annually which will be ploughed back to KBC and ease pressure on the exchequer. The proposed allocation to the project for the Financial Year 2024/25 is Kshs. 100M resulting to a shortfall of Kshs. 120M.

KBC	**Automation of SIGNET Platform**	**98**	**Auto re- connect system put in place. This will ensure 100% SIGNET revenue collection by enhancing Pre-Payment of services to be offered. The automation is expected to generate revenue of Kshs 550M p.a. The Corporation will therefore not have any outstanding debtors hence no bad debt.**
	Modern TV Centre	200	This is expected to generate revenue of Kshs 10M p.a. This is expected to give additional revenue from adverts as a result of clear Radio and TV signal quality hence avoiding Make-goods and Credit Notes issued to clients for failure to air their adverts, Promos or Mentions.
	County TV	120	The focus here will be the county assemblies thereby informing the citizens on the functions and debates of their Members of County Assemblies. This projected to generate revenue of Kshs 50M p.a.
	Traffic scheduling system	28.7	This will avert manual booking of sales orders since it will ensure online booking of the same. KBC will achieve value for airtime by ensuring 100% Monitoring/tracking of all sales orders hence boosting revenue collection. This is expected to raise revenue by Kshs 20M p.a.
Sub Total		**1,312.7**	

Postal Corporation of Kenya	**Revamp PCK**	**3,000**	**Although PCK currently is not funded by the exchequer there is need to revamp PCK to profitability, for effective service delivery and to fulfill its mandate in compliance with Universal Service Obligation (USO). This may also be staggered for three years**
	Early Voluntary Retirement	1,000	To support Early Voluntary Retirement (EVR)OF 504 excess staff to be exited upon implementation of the new organization structure.
	Pending Bills	6,900	i. Unremitted Taxes towards KRA – Kshs. 1,200M ii. Unremitted Staff Pension Liabilities – Kshs. 1,800M iii. Unpaid 4 Months Staff Salaries and allowances (Gross) – Kshs. 504M iv. Unremitted Staff Deductions towards financial institution – Kshs. 404Million v. Huduma Kenya unremitted collections towards MDAs – Kshs. 1,200M vi. Various Suppliers not paid – Kshs. 1,800M.
	SUB-TOTAL	**10,900**	
	GROSS-TOTAL	**16900**	

CONCLUSION

Hon. Chair and Hon. Members,

The State Department requests the Committee to progressively provide additional **Kshs 16.15 Billion** to support the following:

i. Enhancement of GAA funding to the tune of Kshs1.1billion to settle pending bills and Ksh. 650 Million for recruitment and enhancement of operational budget for the headquarters.
ii. Ksh. 213 Million for revamping and modernizing KNA
iii. Kshs.120 million for recruitment, legal framework, visibility and awareness at Kenya yearbook editorial Board
iv. Kshs. 1.2 billion for Operationalization of KIMC TV green studio ,personal emoluments and modernization of KIMC Fleet at the K.I.M.C
v. Kshs. 1.31Billion for personal emoluments, satellite costs, Traffic scheduling system, County TV, Automation of SIGNET Platform, and Modern TV Centre at K.B.C
vi. Kshs. 10.9 Billion to revamp PCK, pay Staff Salary Arrears, support Early Voluntary Retirement and settle Pending Bills.
vii. Ksh. 663 Million for media monitoring and media hubs at the MCK

Supplementary Estimates II for FY 2023/24 -

Supplementary estimates 2 for the Financial Year, 2023/2024

Recurrent revised budget;

- The recurrent revised budget No. 2 Estimates for the Financial Year 2023/24 has been revised upwards from an approved budget of **Ksh. 6,628,828,269** to **Ksh. 6,674,828,269** an increase of **Ksh. 46 Million.** Our request was **Ksh. 14.2 Billion.**
- The increased amount is to cater for;

a. budget shortfall under personnel emoluments occasioned by reinstatement of thirteen officers, salary adjustments and additional staff deployed at the Headquaters amounting to Ksh.35 Million

b. budget shortfall under personnel emoluments at the Kenya Institute of Mass Communications to Ksh. 11 Million for the implementation of phase 1 of the approved salary structure by SRC

Development revised budget.

- The revised budget 2 under development remains at Kshs. 526 Million as per the approved budget.

The table below shows the allocation and the proposed Supplementary 2 of the FY 2023/24

1.0 PROGRAMMES AND PROJECTS AFFECTED BY PROPOSED SUPPLEMENTARY ESTIMATES

Overview of the supplementary review per vote.

Vote	Printed Estimates (Kshs)	Revised Estimates (Kshs)	Changes +ve /-ve (Kshs)
Recurrent Headquarter Accounts	2,156,828,269	2,201,828,269	35,000,000
Recurrent (Transfers to SAGAS)	4,472,000,000	4,483,000,000	11,000,000
Total Recurrent	**6,628,828,269**	**6,674,828,269**	**46,000,000**
Development	526,000,000	526,000,000	0
Total	**7,179,972,277**	**7,200,828,269**	**46,000,000**

Revised Budget by Programmes and Sub-Programmes

Programme	FINANCIAL YEAR 2023/2024 Approved Estimates Kshs	Supplementary II Estimates Kshs	Change in Estimates Kshs
0207010 General Administration, Planning And Support Services	271,138,789	293,030,649	21,891,860
0207000 General Administration Planning and Support Services	**271,138,789**	**293,030,649**	**21,891,860**
0208010 News And Information Services	4,898,333,488	4,911,442,348	13,108,860
0208020 Brand Kenya Initiative	186,000,000	186,000,000	0
0208030 ICT and Media Regulatory Services	1,396,000,000	1,396,000,000	0
0208000 Information And Communication Services	**6,480,333,488**	**6,493,442,348**	**13,108,860**
0209010 Mass Media Skills Development	428,500,000	439,500,000	11,000,000
0209000 Mass Media Skills Development	**428,500,000**	**439,500,000**	**11,000,000**
Total	**7,179,972,277**	**7,225,972,997**	**46,000,000**

2.0 Funding under article 223 of the Constitution

During this FY 2023/24, the State Department has had no budget provision under article 223 of the Constitution.

3.0 Additional expenditure

INSTITUTION	AMOUNT	JUSTIFICATION
KIMC	11,000,000	Additional funds to support phase 1 of the salary adjustment as approved SRC
HEADQUARTERS HEADS	35,000,000	Additional budget for personnel emoluments occasioned by reinstatement of thirteen officers, salary adjustments and additional staff deployed at the Headquarters .
	46,000,000	

Reallocations

INSTITUTION	AMOUNT	JUSTIFICATION
Government advertising agency	(16,035,912)	The reduction of **Kshs.16,035,912** consists of Realignment and Reallocation within the vote as follows **a)** **Kshs. 4,377,179** to Head Code Kshs. 000101 Headquarters Sevices for procurement of a utility Van **b)** **Kshs. 3,790,000** to support development of risk policy and Headquarters administrative Services c) **Kshs 7,868,733.20** to KBC settlement of court award The other changes of Ksh. 20M within the expenditure Head code are reallocations to support; i. follow-up of MDAs for settlement of outstanding for advertising services provided under GAA. ii. Development of the new organizational structure in consultation with the Public Service Commission, which has so far been approved. iii. Finalization of the Ministerial Strategic Plan 2023-27 iv. To support the Government tree planting initiative, geared towards increasing forest cover. The National Treasury has approved the reallocations.

4.0 Impact of the proposed Budget Revision II on the 2023/24 programme Targets

The changes to the budget estimates relate to personnel emoluments and reallocations/realignment within the vote which have helped the state Department to accomplish the following activities ;

i. Development of the new Structure which has since been approved by the Public service commission
ii. Development and finalize the Ministerial strategic plan covering the year 2023-2027
iii. Development of the risk policy which is ongoing
iv. Support the Government tree planting initiative, geared towards increasing forest cover.
v. Upscaling of AIA collections under GAA through M&E activities
vi. support of the headquarter activities including facilitting the Cabinet Secretary
vii. Salary adjustments for phase 1 to KIMC staff.

Critical shortfall in the revised budget FY 2023/24 amounts to Ksh. 5,245.5 as analysed below;

S/NO	Item	Amount (Kshs.M)	Remarks
HQS	Operation and maintenance Costs	150	The amount is to cater operation and maintenance including M/E activities, development of policies and legal framework. Please note that funds amounting to Kshs.100M under Office of the Government spokesperson (OGS) vote Head were transferred to Cabinet office but the staff that supports the OGS office are under the state department for broadcasting and Telecommunications resulting to the huge shortfall hence adversely affecting the overall performance on Government strategic communication activities on programmes and projects (BETA) from the field.
Kenya News Agency (KNA)	Operation and maintenance Costs	100	The State Department has seventy- two (72) KNA field stations and eight (8) regional offices. The annual quantified operational amount to optimally operationalize the offices is kshs.288 Million. However only Kshs.75 Million is provided in the current Financial Year, 2023/2024 leaving a shortfall of Kshs. 213 Million requested. The inadequate amount has negatively affected Kenya News Agency (KNA) operations and capacity to facilitate citizen access to information on government services and programmes

Government Advertising Agency (GAA)-Pending bill	**1,100**	GAA is responsible for consolidating and authorizing Public Sector Advertising services; and development, implementation and reviewing of advertising policies, standards, procedures and guidelines. This mandate is realized through processing and authorizing Public Sector Advertising (PSA) and implementing Public Sector advertising standards, procedures, and guidelines. The Agency has an outstanding bill owed to various suppliers amounting to Kshs.1,400 Million. This has been occasioned by inadequate budgetary allocations and non-payment from Government MDAs for the advertising services provided. Some of the suppliers have since threatened to take legal action against the Government for non-payment.
Sub-Total	**1,350**	

Kenya Year Book Editorial Board	Personal Emoluments	79	Currently KYEB technical staff capacity is very low to effectively delivery on the mandate. As a start KYEB requires to recruit technical staff to enable it achieve its mandate. Also, to take care of staff annual salary increments and employer contribution to Housing Levy.
	Operations and maintenance Costs	26	KYEB visibility and coverage of publications is very low thus the need for awareness creation and increase in publishing capacity to enable wider coverage in communicating government achievements to the grassroots level.
		15	Most KYEB core publications are out of stock thus the need for a reprint for circulation.
	Sub-Total	**120**	

KIMC	Operationalization of KIMC TV green studio	72	KIMC has a TV green studio for the purpose of training and talent promotion facility that will also transmit pre-packaged content for state Ministries, Departments, Commissions, and Agencies (MDCAs) for free. An estimated one-off budget of KSh. 72 Million in the 2023/2024 Financial Year, is required to operationalize the studio, and an annual recurrent budget of Kshs.13,848,532.00. Apart from training students, KIMC TV will generate an AIA of Kshs.3,120,000.00 annually from the transmissions.
	Enactment of KIMC Bill	10	The suppport will help transition KIMC Order, Legal notice 197 of 2011 to an Act of Parliament
TOTAL		82	

KBC	Satellite costs	145	the Corporation requires 10 transmitters to replace the old ones at a cost of Kshs.45million.The satellite costs requirements adds up to Kshs.100m annually. This would improve our services and also enhance revenue collection.
	Solar project	120	Kenya Broadcasting Corporation intends to install solar systems across all 42 stations across the country at a total cost of Kshs. 220 Million. The project is in line with Vision 2030 on the Development of new and renewable sources of energy. Upon completion, the project will save the corporation kshs.170 Million annually which will be ploughed back to KBC and ease pressure on the exchequer. The proposed allocation to the project for the Financial Year 2024/25 is Kshs. 100M resulting to a shortfall of Kshs. 120M.
TOTAL		**265**	

MCK	Media Monitoring	203.5	Sustain media monitoring and content regulatory services in the Coast, Rift valley, Nyanza. and Central regions
	Media Hubs	225	Sustainability of ICT media Hubs and regulatory functions in 15 constituences
	Sub-Total	**428.5**	

Postal Corporation of Kenya	Revamp PCK	3,000	Although PCK currently is not funded by the exchequer there is need to revamp PCK to profitability, for effective service delivery and to fulfill its mandate in compliance with Universal Service Obligation (USO). This may also be staggered for three years
	SUB-TOTAL	3000	
	GROSS-TOTAL	5,245.5	

Hon. Chair and Hon. Members,

The State Department requests the Committee to consider provide additional funding of **Kshs 5 Billion** to finance the critical shortfall outlined above.

DEPARTMENTAL COMMITTEE ON EDUCATION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

COMMITTEE ON EDUCATION

REPORT ON

THE CONSIDERATION OF THE FY 2023/2024 SUPPLEMENTARY BUDGET ESTIMATES NO. 2 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

Published by: -

The Directorate of Departmental Committees

Clerk's Chambers

Parliament Buildings

NAIROBI

May, 2024

Table of Contents

PART ONE

1.0 PREFACE 4

1.1 INTRODUCTION 4

1.2 MANDATE OF THE COMMITTEE 4

1.3 OVERSIGHT 5

1.4 COMMITTEE MEMBERSHIP 6

1.5 COMMITTEE SECRETARIAT 7

1.6 OVERVIEW ON THE EXAMINATION OF THE PROPOSED 2023/2024 SUPPLEMENTARY BUDGET ESTIMATES NO. 2 8

1.7 ACKNOWLEDGEMENT 8

PART TWO 9

2.0 OVERVIEW OF THE 2023/2024 SUPPLEMENTARY ESTIMATES 2 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION 9

PART THREE 13

3.0 SUBMISSIONS BY THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION 13

3.1 STATE DEPARTMENT FOR BASIC EDUCATION 13

3.1.1 APPROVED BUDGET AND SUPPLEMENTARY ESTIMATES FOR NO. II FOR FY 23/24 BUDGET 13

3.1.2 PROGRAMMES AND PROJECTS AFFECTED BY SUPPLEMENTARY ESTIMATES NO. II FOR FINANCIAL YEAR 2023/2024 14

3.1.3 BUDGET ACCESSED THROUGH ARTICLE 223 OF THE CONSTITUTION 14

3.1.4 JUSTIFICATION FOR ADDITIONAL EXPENDITURE REQUEST AND REALLOCATION 14

3.1.5 IMPACT OF SUPPLEMENTARY ESTIMATES ON STATE DEPARTMENT'S PERFORMANCE TARGETS – FY 23/24 15

3.2 STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING 16

3.2.1 A SCHEDULE SHOWING THE PROGRAMMES AND PROJECTS AFFECTED BY THE SUPPLEMENTARY ESTIMATES II 16

3.2.2 WHERE MONEY HAS ALREADY BEEN WITHDRAWN AS PER ARTICLE 223 OF THE CONSTITUTION 17

3.2.3 JUSTIFICATION FOR ADDITIONAL EXPENDITURE AND REALLOCATION 17

3.2.4 INDICATIVE IMPACT OF THE SUPPLEMENTARY ESTIMATES II ON MDAs PERFORMANCE TARGETS . . 17

3.2 STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH 18

3.3.1 PROGRAMMES AND PROJECTS AFFECTED BY THE SUPPLEMENTARY ESTIMATE II 18

3.3.2 MONEY WITHDRAWN AS PER THE ARTICLE 223 OF THE CONSTITUTION 18

3.3.3 THE DATE OF THE FIRST WITHDRAWAL OF MONEY UNDER ARTICLE 223 19

3.3.4 IMPACT OF THE SUPPLEMENTARY ESTIMATES II ON STATE DEPARTMENT PERFORMANCE TARGETS 19

3.3.5 REQUEST FOR ADJUSTMENT OF AIA CEILING . 20

3.4 TEACHERS SERVICE COMMISSION . . . 20

3.4.1 A SCHEDULE SHOWING THE PROGRAMMES AND THE PROJECTS AFFECTED BY THE SUPPLEMENTARY ESTIMATES II 20

3.4.2 WHERE MONEY HAS ALREADY BEEN WITHDRAWN AS PER ARTICLE 223 OF THE CONSTITUTION 20

3.4.3 JUSTIFICATION FOR ADDITIONAL EXPENDITURE REQUESTS AND REALLOCATION 21

3.4.4 INDICATIVE IMPACT OF THE SUPPLEMENTARY ESTIMATES II ON THE COMMISSION'S PERFORMANCE TARGETS . . . 21

4.0 COMMITTEE OBSERVATIONS 22

5.0 COMMITTEE RECOMMENDATIONS 24

ANNEXURES

1. Adoption List
2. Minutes
3. Submissions

CHAIRPERSON'S FORWORD

The Supplementary Estimates II for the Financial Year 2023/24 were submitted to the National Assembly on Thursday 2nd May, 2024 in line with Section 44 (1) of the Public Finance Management Act 2012 as read together with Standing Order 243(3B) and subsequently tabled in the House on 2nd May 2024. The Committees are required to consider the Supplementary Estimates II for the Ministries, Departments and Agencies (MDAs) under their purview and report to the Budget and Appropriations Committee within fourteen (14) days of Committal

Following the tabling of the Supplementary Estimates II, the Departmental Committee on Education was briefed on the contents of the Supplementary Estimates II, FY 2023/24 and thereafter proceeded to hold deliberations and receive submissions from the State Departments and their SAGAs under the Ministry of Education and the Teachers Service Commission.

The Committee deliberated on the impact of the proposed reductions and additions to the Ministry of Education and Teachers Service Commission on achieving their targets. The Committee was looked at any withdrawals under Article 223 of the Constitution which required approval, the justification and what the monies were used for.

Details of the presentations from the Parliamentary Budget Office and submissions from the Ministry of Education and Teachers Service Commission are annexed in the Report.

The Committee appreciates the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Supplementary Estimates II FY 2023/24.

On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the Supplementary Estimates II FY 2023/24 for the Ministry of Education and the Teachers Service Commission.

HON. JULIUS MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART ONE

1.0 PREFACE

1.1 Introduction

1. The report of the Departmental Committee on Education on the scrutiny of the Supplementary Budget Estimates No. 2 for financial year 2023/2024 for the Ministry of Education and the Teachers Service Commission is as a result of deliberations between the Committee, the State Departments domiciled within the Ministry of Education and the Teachers Service Commission.

2. Importantly, the report contains the observations and the recommendations of the Committee in regards to the proposed Supplementary Budget Estimates for the education sector.

1.2 Mandate of the Committee

3. The Departmental Committee on Education is constituted pursuant to the provisions of Standing Order No. 216(1) of the National Assembly Standing Orders. The functions of the Committee are to: -

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

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

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

   c. study and review all legislation referred to it;

   d. study, assess and analyze the relative success of the Ministries and departments 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);

   (fa) examine treaties, agreements and conventions;

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 Article 254 of the Constitution, and

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

1 3 **Oversight**

- The Departmental Committee on Education is established under Standing Order 216 and is mandated to consider all matters relating to the education Sector Thus, in terms of budget oversight, the Committee has its oversight role covering the following votes within the education sector -

  i The State Department for Basic Education

  ii The State Department for Technical &Vocational Education and Training (TVET)

  iii The State Department for Higher Education and Research

  iv The Teachers Service Commission.

1.4 Committee Membership

5. The Departmental Committee on Education was constituted by the House on 27th October 2022 and comprises of the following Members

Hon. Julius Kibiwott Melly, MP
Chairperson
MP for Tinderet Constituency
UDA

Hon. Moses Malulu Injendi, MP
Vice Chairperson
MP for Malava Constituency
ANC

Hon. Dr. Christine Oduor Ombaka, MP
MP for Siaya County
ODM

Hon Julius Taitumu M'Anaiba, MP
MP for Igembe North Constituency
UDA

Hon. Eve Akinyi Obara, MP
MP for Kabondo Kasipul Constituency
ODM

Hon. Nabii Nabwera Daraja, MP
MP for Lugari Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
MP for Nyamira County
JP

Hon. Peter Ochieng Orero, MP
MP for Kibra Constituency
ODM

Hon. Abdul Ebrahim Haro, MP
MP for Mandera South Constituency
UDM

Hon. (Prof.) Phylis Jepkemoi Bartoo
MP for Moiben Constituency
UDA

Hon. Anne Muratha, MP
MP for Kiambu County
UDA

Hon. Rebecca Noonaishi Tonkei, MP
MP for Narok County
UDA

Hon. Clive Gisairo, MP
MP for Kitutu Masaba, Constituency
ODM

Hon. Timothy Toroitich, MP
MP for Marakwet West Constituency
IND

Hon. Dick Oyugi Maungu, MP
MP for Luanda Constituency
DAP-K

1.5 Committee Secretariat

6. The Committee secretariat comprise of: -

Ms. Rose M. Wanjohi
Senior Clerk Assistant

Mr. Clive Onyancha
Clerk Assistant III

Mr. Timothy Kimathi
Clerk Assistant III

Ms. Fiona Githunguri
Legal Counsel II

Ms. Winnie Kulei
Research Officer II

Mr. Eric Kanyi
Fiscal Analyst II

Dr. Maina Mburu
Research Officer III

Mr. Nimrod Ochieng
Audio Officer

Ms. Pauline Njuguna
Hansard Officer

Mr. Jared Onyancha
Public Communications Officer III

Mr. Richard Sang
Serjeant at Arms

1.6 Overview on the Examination of the proposed 2023/2024 Supplementary Budget Estimates No. 2

7. The 2023/24 Supplementary Budget Estimates were submitted to the National Assembly pursuant to Article 223 of the Constitution to the National Assembly for approval. The Constitution and the Public Finance Management Act, 2012, gives the National Assembly the mandate to review the Supplementary Budget Estimates and make recommendations to the Budget and Appropriations Committee.

8. Following the tabling of the Supplementary Budget Estimate, the Departmental Committee on Education was apprised on the contents of the Estimates as proposed and thereafter proceeded to hold consultative meetings with the three Departments within the Ministry of Education and the Teachers Service Commission.

1.7 Acknowledgement

9. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the FY 2023/24 Supplementary Budget Estimates No. II.

10. On behalf of the Departmental Committee on Education, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the proposed 2023/24 Supplementary Budget Estimates No. II for the Ministry of Education and the Teachers Service Commission.

HON. JULIUS MELLY, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

PART TWO

2.0 OVERVIEW OF THE 2023/2024 SUPPLEMENTARY ESTIMATES 2 FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

11. The overall effect of the proposed changes to the 2023/24 budget estimates for the various votes under the education sector is an increment of **Kshs 2 Billion**. A summary of how the three State Departments and the TSC are affected in the changes is as indicated below:
    a. State Department for TVET - Increment of **Kshs 493 million;**

    b. State Department for Higher Education and Research – Increment of **Kshs 4.6 Billion;**

    c. State Department for Basic Education- a reduction of **Kshs 4.2 Billion**

    d. Teachers Service Commission- a reduction of **Kshs 2.9 Billion.**

12. According to National Treasury, the budget revisions are mainly on account of the following:
    a. Adjustments in the PE allocation to reflect the actual requirements;

    b. Enhanced Appropriation in Aid (AIA) in public universities and other SAGA's within the sector;

    c. Special support to Egerton University;

    d. Adjustments in donor commitments;

13. The 2023/24 budget for this State Department TVET is proposed to be increased by Kshs 493 Million. The recurrent expenditure has increased by Kshs 758 Million whereas the development expenditure has reduced by Kshs 265 Million. This brings the revised allocation for this Department to Kshs 33.4 Billion from the initial allocation of Kshs 32.9 Billion. According to the National Treasury the revision has been occasioned by the following:
        a. Enhanced AIA collection in SAGA's in the sub-sector

        b. An increase in Personnel Emoluments allocation to reflect the actual requirement

        c. A reduction in donor commitments

14. The overall recurrent estimates for this Department has increased by **Kshs. 758 million.** This is mainly on account of revision of the Appropriation in Aid (AIA) collected by SAGA's and enhanced personnel emoluments. The following are the key changes (major items affected) by the recurrent budget changes:
    a. **Headquarters Administrative services** – an allocation of Kshs. 20.5 Million for purchase of motor vehicles. This is a new allocation which had not been provided for;

    b. **Directorate of Technical Education** – an increment of Kshs 300 million to cater for personnel emoluments shortfalls;

    c. **Curriculum Development, Assessment and Certification Council (CDAAC)** – an increment of Kshs 70 Million on account of enhanced AIA;

    d. **Gusii National Polytechnic**- AIA increment of Kshs 388 Million;

15. The development estimates has been reduced by **Kshs 265 million** and this is on account of a scale down of donor commitments as well as enhanced allocation for projects (both new projects and ongoing projects) in TTI's and Polytechnics.

16. The following are the key changes (major donor supported programmes and projects affected) by the development budget changes:
    a. **Promotion of youth employment and vocational training in Kenya phase 1** - A reduction of Kshs 225 Million from initial allocation of Kshs 850 Million;

    b. **Promotion of youth employment and vocational training in Kenya phase 2** - A reduction of Kshs 100 Million from initial allocation of Kshs 197 Million;

    c. **GOK/ADB TVET and Entrepreneurship**- A reduction of Kshs 200 Million from the initial allocation of Kshs 980 Billion;

    d. **Promotion of youth employment through scholarships phase 2-wings to fly**- A reduction of Kshs 90 Million from an initial allocation of Kshs 250 Million.

    e. **Allocation to new projects in TTI's and Polytechnics** - Kshs 320 Million

17. The overall 2023/24 budget for the State Department **Basic Education** has been reduced by **Kshs 4.2 billion**. This brings the revised allocation to **Kshs 154.4 Billion** from an initial allocation of **Kshs 158.5 Billion**. The recurrent budget has been **reduced by Kshs 1.8 billion** whereas the development budget has a net decrease of **Kshs 2.4 Billion**.

18. The decrease in the recurrent expenditure on Free Primary Education to reflect the actual requirement whereas the decrease in capital expenditure is due to rationalized donor commitments.

19. The recurrent estimates have been reduced by Kshs 1.8 billion. The following are the major changes in the recurrent budget:
    a. **Directorate of Basic Education** – a reduction of Kshs 2.9 Billion under the Free Primary Education (Capitation);

    b. **Secondary and Tertiary Education HQ Administrative Services** - an increment of Kshs 1.1 Billion allocated to cater for purchase of motor vehicles. From an initial allocation of Kshs 1.4 Billion to Kshs 2.5 Billion;

    c. **Kenya Institute of Special Education (KISE)** – an enhanced allocation of Kshs 50 Million

20. The overall development estimates have been reduced by **Kshs 2.4 billion**. The reduction is mainly on account of a scale down in donor commitments as well as Budget rationalization which has affected a number of capital projects. The key projects affected are:
    i) **School infrastructure in north Nyamira/Borabu (external funding)** - a reduction of Kshs 1.2 Billion from an initial allocation of Kshs 1.5 Billion;

    ii) **Kenya Secondary Education Quality improvement project (SEQIP)** – external funding- a reduction of Kshs 1 Billion from an initial allocation of Kshs 3.7 Billion;

    iii) **VVOB Education for Development** - a reduction of Kshs 190 Million from an initial allocation of Kshs 200 Million;

21. The overall 2023/24 approved budget for the State Department for **Higher Education** has been increased by **Kshs 4.6 Billion**. The recurrent budget has been increased by **Kshs 4.5 billion** whereas the development budget has been increased by **Kshs 142 million**.

22. According to the National Treasury, the enhanced recurrent allocation is as a result of enhanced AIA for Universities and support to Egerton University. The increase of KShs.142 million in Capital expenditure is due to enhanced donor commitments.

23. The recurrent estimates have been increased by **Kshs 4.5 Billion**. The key changes (major items affected) are in the following areas:

a. **Egerton University** - a GOK allocation of Kshs 300 Million;

b. **Jomo Kenyatta University of Agriculture and Technology (JKUAT)** - an enhanced AIA of Kshs 2.24 Billion out of which Kshs 42 Million is AIA from Open University;

c. **Moi University** – AIA enhancement of Kshs 400 Million where Kshs 100 Million is from Bomet University College and Kshs 85 Million is from Gatundu University College;

d. **Commission for University Education** - AIA increase of Kshs 114 Million;

e. **Karatina University** - AIA enhancement of Kshs 356 Million;

24. The development estimates have been increased by **Kshs 142 Million.** The following are the key projects affected:

i) **Meru University** - construction of nursing and public health building- an increment of Kshs 40 Million from an initial allocation of Kshs 25 Million;

ii) **Science and Technology programmes (Headquarters)** - construction of physical science laboratory- a reduction of Kshs 40 Million from initial allocation of Kshs 46 Million;

iii) **Commission for University Education (CUE)** - Construction of centres of excellence (donor) – increment of Kshs 177 Million and approval has been granted under Article 223;

25. The 2023/24 budget for the Teachers Service Commission has been decreased by **Kshs 2.9 Billion.** This increment is majorly on the recurrent budget and this brings the revised allocation to TSC at **Kshs 340.8 Billion**. This reduction, according to the National Treasury, is on personnel emoluments to reflect the actual requirement for the Commission. There is also enhanced AIA collection by the Commission.

26. The overall recurrent estimates have been reduced by **Kshs 2.9 Billion.** The major recurrent estimates change is on:

i) **Teacher Resource Management** – a reduction of **Kshs 3.2 Billion** on personnel emoluments;

ii) **Headquarters Administrative Services** - enhanced AIA of Kshs 330 Million;

iii) **Field Administrative Services** – increased AIA of Kshs 15 Million

PART THREE

3.0 SUBMISSIONS BY THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

1.2 STATE DEPARTMENT FOR BASIC EDUCATION

Dr. Belio Kipsang, The Principal Secretary, the e State Department for Basic Education appeared before the Committee on Tuesday 14th May 2024 a presented as follows:

1.2.1 Approved Budget and Supplementary Estimates for No. II for FY 23/24 Budget

27. The State Department Supplementary Estimate No. II of the FY 2023/24 budget allocation under recurrent and development was reduced from **Kshs. 158.6 billion** to **Kshs. 154.4 billion;** out of which recurrent reduced from **Kshs. 136.4 billion** to **Kshs. 134.6 billion** while development budget reduced from **Kshs. 22.1 billion** to **Kshs. 19.8 billion**.

Analysis of Recurrent Budget

28. The State Department had a net reduction of **Kshs. 1.8 billion** comprising of; a decrease in Primary Education program by **Kshs. 2.9 billion**, an increase in Secondary Education program by **Kshs. 1.1 billion** and an increase in General Administration, Planning and Support Services by **Kshs. 6.6 million**.

29. The State Department's budget reduction of **Kshs. 2.9 billion** under Free Primary Education was on the basis of estimated enrollment figures which was higher compared to the confirmed enrolment figures by KEMIS which resulted to a saving. Out of this saving, the State Department was granted an approval to reallocate **Kshs. 1.1 billion** for procurement of motor vehicles to support delivery of quality assurance services across the Country.

Analysis of Development Budget

30. The State Department had a net reduction of **Kshs. 2.4 Billion** comprising of a decrease in Primary Education program by **Kshs. 1.1 Billion** and a decrease in Secondary Education program by **Kshs. 1.2 Billion**.

31. The proposed reduction of **Kshs. 2.4 billion** is under donor funded projects. These are mainly Kenya Secondary Education Quality Improvement Project (SEQUIP) and School Infrastructure in North Nyamira/ Borabu. The North Nyamira/Borabu project has an approved budget of **Kshs. 1.6 billion**; out of which **Kshs.1.4 billion** is a loan AIA while **Kshs. 174** million is GOK counterpart funds. The allocation under loan AIA is proposed for reduction to **Kshs. 250 million**. SEQUIP on the other hand, has an approved budget of **Kshs.3.7 billion** and is proposed a reduction of **Kshs.1 billion** to **Kshs.2.7 billion**.

32. Further, VVOB Education for Development and Promotion of Youth Employment thro' Scholarships Ph 2-Wings to Fly IV grant AIA allocation is proposed for a reduction by **Kshs.190 million** and **Kshs.25 million** respectively.

1.2.2 Programmes and Projects affected by Supplementary Estimates No. II for Financial Year 2023/2024

33. The key programmes and projects that have been affected under the FY 2023/24 Supplementary Estimates 1 are annexed in the report.

1.2.3 Budget accessed through Article 223 of the Constitution

34. No funds were withdrawn under Article 223 of the Constitution

1.2.4 Justification for additional Expenditure Request and Reallocation

i. Requests for Reallocations

35. The State Department requested for **reallocations** to cater for the following items which were not captured/ adequately funded in the FY 2023/24 budget:

    a. Procurement of 160 motor vehicles at **Kshs 1.1 billion** to enhance delivery of quality assurance services in all regional, county and sub-county.

    b. Reallocation of **Kshs. 9.7 Million** to cater for a deficit under fuel and lubricants.

    c. Reallocation of **Kshs.3.9 Million** to cater for rent and rentals at the sub county offices.

ii. Requests for Additional Expenditure

36. During the financial year, additional budget requests were placed by the State Department in the following areas;

    a. **School Feeding Programme** –The State Department requested for Kshs.1 billion to be able to cover more children for more days within the school calendar year and a further, Kshs.200 million for monitoring & evaluation. The allocation has not been provided under the proposed Supplementary Estimate No. II for the FY 2023/24.

    b. **Replacement of asbestos roofs in sixteen (16) Teacher Training Colleges (TTCs)** - The State Department had requested for an additional funding of Kshs.500 million to cater for removal and disposal of asbestos, procurement of roofing materials for all buildings and payment of fees for professional asbestos handlers in all the 16 TTCs. The allocation has not been considered under the proposed Supplementary Estimate No. II for the FY 2023/24.

c. **Bailout Package for Jomo Kenyatta Foundation (JKF)** - The Presidential Working Party on Education Reforms recommended that JKF be strengthened as a strategic entity to take up the coordination and management of scholarships and bursaries. In this regard, the State Department requested for Kshs.250 Million as a minimum bailout package for JKF in the FY 2023/24 Supplementary Estimate No. II to meet these obligations. The allocation has not been considered under the proposed Supplementary Estimate No. II for the FY 2023/24.

d. **Kenya Primary Education Equity in Learning Program (KPEEL)** - In the FY 2023/24, KPEEL project has a budget allocation of Kshs.12.7 Billion under grant, loan and GOK component. However, there is need for an additional allocation of Kshs.5,249,184,696 in the Supplementary Estimates II to cater for facilitation of the 9,000 additional Elimu Scholarship learners (Kshs.1,110,887,721.50) and construction of additional classrooms in Junior schools (Kshs.4,138,296,974.50) for a smooth transition of Grade 8 learners to Grade 9 in January, 2025.

1.2.5 Impact of Supplementary Estimates on State Department's Performance Targets – FY 23/24

S/No	Program/Project	Adjustment	Change(Kshs)	Impact
1	Procurement of Motor Vehicles	Increase (Re-allocation)	billion	Enhance delivery of quality assurance in all regional, county and sub-county through purchase of 160 vehicles
2	Secondary Education Quality Improvement Program (SEQUIP)	Reduction (SUPP II)	1 billion	The project will not be able to meet the intended purpose of disbursing funds to facilitate 8,893 Elimu Scholarship learners for Term II, 2024 and also pay for completed infrastructural works in schools before the end of the financial year.
3	Promotion of Youth Employment thro' Scholarships Ph 2-Wings to Fly IV	Reduction (SUPP II)	25 Million	Inability to clear all Term II,2024 commitments for needy learners
4	VVOB Education for Development	Reduction (SUPP II)	190 Million	Inability to capacity build school Board of Management

1.2.6 Critical Areas that require Intervention by the Committee

37. The State Department implements infrastructure improvement in schools under both GOK and Donor funded projects. Due to the existing infrastructural gap in schools, there is a need to enhance the allocation under secondary infrastructure and KPEEL project in

order to ensure smooth transition to CBC curriculum by providing the necessary infrastructural facilities in public junior and senior secondary schools.

38. Further, the Presidential Working Party on Education Reforms identified Jomo Kenyatta Foundation (JKF) as a strategic entity to take up the coordination and management of scholarships and bursaries. However, the foundation in its current financial position Foundation is unable to meet her overdue financial obligations.

Priority Programmes	**FY 2023/24 Approved Budget**	**FY 2023/24 Requirement**	**Funding Gaps**	**Remarks**
	Kshs. Million			
Secondary Schools Infrastructure Improvement Program	2,059	2,459	400	The need for additional budgetary allocation is to ensure smooth transition to CBC curriculum by providing the necessary infrastructural facilities in public secondary schools.
Kenya Primary Education Equity in Learning (KPEEL) Program	12,694	17,943	5,249	**Kshs.1,110,887,721.50** to facilitate the 9,000 additional Elimu Scholarship learners and **Kshs.4,138,296,974.50** for a smooth transition of Grade 8 learners to Grade 9 in January, 2025.
Bailout Package for Jomo Kenyatta Foundation (JKF)	0	250	250	The bailout package of **Kshs.250 million** will cater for obligations that include staff salary arrears accumulated between February, 2023 & January 2024, staff salary for the period February, 2024 to June 2024 as well as the employer statutory obligations.

3.2 STATE DEPARTMENT FOR TECHNICAL, VOCATIONAL EDUCATION AND TRAINING

Dr. Esther Muoria, Principal Secretary, tThe State Department for Technical, Vocational Education and Training appeared before the Committee on 15th May, 2024 and presented as follows:

3.2.1 A Schedule Showing the Programmes and Projects Affected by the Supplementary Estimates II

39. The State Department runs three programmes namely Technical, Vocational Education

and Training, Youth Training and Development; and General Administration, Planning and Support Services. There is proposed additional funding amounting to **KSh.300 Million** arising from Presidential Directives affecting 17 institutions. Details of the institutions affected is annexed in this report.

40. The State Department has Presidential Directives amounting to **KSh. 1,090 Million.** However, there is a proposed provision of **KSh.300 Million**. This leads to a deficit of **KSh.790 Million**.

41. In addition, donor funded projects where rationalized by KSh.590 Million. Details of the rationalization are annexed in the report.

42. The State Department requested for additional funding for critical areas which included: -

i. Rent Arrears

43. Due to the acute shortage of office space for staff, the State Department acquired additional offices at the National Bank Building in April 2023 at annual cost of **KSh.9.3 Million.** The offices have been occupied since April 2023 and have attracted annual rent arrears of **KSh.9.3 Million** as of February, 2024. In addition, the quarterly rentals for April-June 2024 of **KSh.2.3Million** has no budgetary provision. The department therefore request for additional rental budget of **KSh.11.6 Million**.

ii. Scholarships Under the New Funding Model: KSh.1,565 Million

44. The scholarships requirements projected trainee enrolment of 166,924 trainees is **KSh. 6,201 Million.** The budget allocation is **KSh.4,636 Million** resulting to a deficit of **KSh.1,565 Million.**

3.2.2 Where money has already been withdrawn as per Article 223 of the Constitution

45. The State Department had no expenditure under Article 223 of the Constitution.

3.2.3 Justification for Additional Expenditure and Reallocation

46. The State Department had an approved budget of **KSh. 25.84 Billion** for Recurrent and **KSh.7.07 Billion** for Development Budget for the Financial Year 2023/24. There is a proposed revision of the budget to **KSh.26.60 Billion** for Recurrent and **KSh.6.81 Billion** for Development representing an increase of **2.9%** in Recurrent and a decrease of **3.7%** in development as tabulated in Tables 3 and 4.

3.2.4 Indicative Impact of the Supplementary Estimates II on MDAs Performance Targets

47. The State Department will continue to implement its programmes, projects and activities within the three programmes. The Supplementary Budget Estimate II will impact the key

priority areas of implementation as below: -

i. The Kisii National Polytechnic has had an increased enrolment from the initial target of 13,000 to 15,694.

ii. In order to guarantee the standard of training, TVET CDACC will undertake the certification and assessment for the growing number of enrolled CBET trainees from the target of 16,000 to 20,133.

iii. Enhanced GoK funds for infrastructure targeting 17 institutions will improve the quality of TVET training.

iv. Rationalization in external loans will slow down the completion of projects and may result in the accumulation of pending bills and legal suits.

v. The rationalization of external grants will slow down the targeted disbursement for the beneficiaries which will affect trainee's welfare.

48. In conclusion, the State Department seeks the support of the Departmental Committee for an additional funding amounting to **KSh.2,956.6 Million** comprising of **KSh.1,576.6 Million** for Recurrent and **KSh.1,380 Million** for Development a to meet the budget shortfall.

3.2 STATE DEPARTMENT FOR HIGHER EDUCATION AND RESEARCH

Dr. Beatrice Inyangala. Principal Secretary, the State Department for Higher Education and Research appeared before the committee on 15th May, 2024 and presented as follows:

3.3.1 Programmes and projects affected by the Supplementary Estimate II

49. Under University Education Programme: The National Treasury granted approval for additional funding of Ksh. 300 million to the State Department to enable Egerton University to pay staff salaries at 100%. Since 2021 the University had been paying staff salaries at a rate of between 57% and 70%.

3.3.2 Money withdrawn as per the Article 223 of the Constitution

49. Southern Eastern Africa Higher Education Centers of Excellence (ACE II) Project is supported by the World Bank to establish three (3) Centers of Excellence on; Sustainable Agriculture and Agribusiness Management (CESAAM) at Egerton University; Sustainable Use of Insects for Food and Feed (INSEFOODS) at Jaramogi Oginga Odinga University of Science and Technology (JOOUST); and, Center of Excellence in Phytochemicals, Textile and Renewable Energy (PTRE) at Moi University. The projects aim at strengthening higher education institutions to deliver quality post-graduate education and build collaborative research capacity in the areas of agriculture, food security and manufacturing.

3.3.3 The date of the first withdrawal of money under Article 223

50. The state department made the first withdrawal of money on 18th April 2024.

a. The purpose for which it was spent under each vote, programs and project

51. The National Treasury granted the State Department an approval to spend Donor component (IDA-CR No. 5788) of **Ksh. 177 million** to cater for implementation of Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) project pending regularization in the FY 2023/24 Supplementary Estimates No. 2. The project implementation closed on 31st December 2023, which necessitated an additional budget of USD 1,556,916.40 equivalent to Ksh. 250,663,540.4 under Article 223 of the Constitution of Kenya. This enabled the State Department to reimburse the three Centers of Excellence expenses incurred earlier during the project implementation grace period which ended on 30th April, 2024.

52. The funds were utilized for the purpose indicated in the table below:

S/No.	Institution	Purpose of payment	Amount (Ksh.)	Remarks
	Jaramogi Oginga Odinga University of Science and Technology	To finance Activities under Eastern and Southern Africa Higher Education Centers of Excellence (ACE II) project	96,941,410.99	Funds have been disbursed to the respective universities
	Moi University		20,215,987.98	
	Egerton University		60,439,531.79	
	TOTAL		**177,596,930.76**	

b. Necessary financial documents as evidence for money spent

53. The financial documents showing disbursement of funds for the planned activities are attached in the state departments submission annexed in this report.

3.3.4 Impact of the supplementary Estimates II on State Department performance targets

54. The State Department for Higher Education and Research was able to achieve the following:

i. Enhanced motivation for Egerton University staff to undertake their responsibilities in teaching, research and community service. The intervention also helped to stabilize the operations of the university that had been constantly under strike action by the staff.

ii. Payment to ACEII Centers of Excellence enabled the projects to be completed successfully and to develop new knowledge and technologies, as well as enhanced capacity in agriculture, food security and manufacturing.

3.3.5 Request for adjustment of AIA ceiling

55. The southern Eastern Kenya University had projected to receive **Kshs. 18.5 Million** from development partners for externally funded research project. However, as at 31st march, 2024, the university had received **Kshs. 23.5 Million** for the projects which are conditional grants that must be spent by 30th June, 2024 hence the request for approval of adjustment of AIA ceiling under supplementary No. II. In addition, Karatina University requests adjustment of their FY 2024/25 AIA ceiling from **Ksh.300 Million** to **Ksh.634.8 Million**.

3.4 TEACHERS SERVICE COMMISSION

Mr. Cheptumo Ayabei, Ag. Chief Executive Officer, Teachers Service Commission appeared before the Committee on 14th May, 2024 and 15th May 2024 respectively and submitted as follows:

3.4.1 A schedule showing the programmes and the projects affected by the Supplementary Estimates II

56. The FY 2023/2024 Supplementary Estimates No. II were prepared at Kshs. 340,752,363,529 of which Kshs. 1,202,000,000 for capital expenditure. The Commission's overall budget has been reduced by Kshs. 2.85 billion.

57. The Recurrent budget is made up of Kshs. 337,002,000,000 as compensation to Employees and Kshs. 2,548,363,529 as operations and maintenance. The compensation to Employees has been reduced by Kshs. 2.85 billion.

58. The recurrent budget is made up of Kshs. 337,002,000,000 as compensation to employees and Kshs. 2,548,363,529 as operations and maintenance. The compensation to employees has been reduced by Kshs. 3.2 billion while the operations and maintenance budget increased by Kshs.350 million.

59. The development budget remains the same and includes an allocation of Kshs. 900,000,000 to the Secondary Education Quality Improvement Project (SEQIP), Kshs. 215,000,000 to Kenya Primary Education Equity in Learning programme (KPEELP) and Kshs. 87,000,000 toward construction of Kilifi and Machakos County offices.

3.4.2 Where money has already been withdrawn as per Article 223 of the Constitution

60. The Commission reported that no withdrawal was made under article 223.

3.4.3 Justification for additional expenditure requests and reallocation

61 The Commission is requesting to utilize the additional **Kshs.350 Million** in the operations and maintenance budget The additional budget will be for payment of tax obligations with Kenya Revenue Authority of **Kshs.200 Million** and the balance for payment of pending bills.

3.4.4 Indicative impact of the supplementary estimates II on the Commission's performance targets

62 The FY 2023/2024 Supplementary Estimates II does not affect the set performance targets The targets remain the same as they were in Supplementary Estimates I the changes in supplementary II were for offsetting pending bills and tax obligation to Kenya Revenue Authority

PART FOUR

4.0 COMMITTEE OBSERVATIONS

63. The Committee having scrutinized the 2023/24 Supplementary Budget Estimates 2 for the Education sector and also having considered the various submissions during the scrutiny, made the following observations:

i. The overall effect of the proposed changes to the 2023/24 budget estimates for the various votes under the education sector is an increment of **Kshs 2 Billion**. The overall adjustment to the three State Departments and the TSC is as follows:

   a. State Department for TVET – An increment of **Kshs 493 million;**

   b. State Department for Higher Education and Research – An increment of **Kshs 4.6 Billion;**

   c. State Department for Basic Education- a reduction of **Kshs 4.2 Billion**

   d. Teachers Service Commission- a reduction of **Kshs 2.9 Billion.**

ii. According to the National Treasury, the proposed budget changes to the various Votes is mainly on account of the following:

   a) Adjustments in the Personnel emoluments allocation to reflect the actual requirements- this has mainly affected the TSC and State Department for TVET;

   b) Enhanced Appropriation in Aid (AIA) in a number of public universities and other SAGA's within the sector;

   c) Support to Egerton University to settle salary arrears of its employees;

   d) Changes (both reductions and increments) in donor commitments to various donor supported projects;

   e) Reduction in the free primary capitation to reflect the actual requirement for capitation in public primary schools;

iii. The State Department for TVET and that of Basic Education have been allocated Kshs 20.5 million and Kshs 1.1 Billion respectively for purchase of Motor vehicles. In the case of TVET Department, this is a new allocation and had not been provided in the main

budget whereas the allocation under the Basic Education Department is an enhancement. The Committee is of the view that such allocations should be provided under the main budget and there is no justification for this provision under the supplementary budget;

iv. There is a reduction of Kshs 2.9 Billion for Capitation under the free primary education. This is a result of the reduction in the number of classes at primary school from 8 to the current 6 hence reducing the number of learners. However, during the approval of the 2023/24 budget, the Committee had recommended that instead of reducing this capitation due to reduction in the number of learners, the amount allocated per child should be increased from Kshs 1,420 to Kshs 2,500. This could be the ideal decision since the current capitation amount was set more ten years ago and therefore do not reflect the current economic realities;

v. There is an increment of Kshs 300 Million under the State Department for Higher Education and Research which is meant to support Egerton University to settle salary arrears for its employees. This intervention will stabilize the operations of the university that had been constantly under the threat of industrial action. This Egerton University case is an indication the crisis most public universities are experiencing. This calls for the government to have in place actionable measures to address this challenge across all public universities instead of this approach where piece meal interventions are done;

vi. There is a Kshs 3.2 Billion that has been reduced from the Teachers Service Commission. This was occasioned by the delay in the recruitment process for three months whereas the personnel emolument had been budgeted for the entire financial year. The reduction does not reflects the actual requirement for the Commission until since the Commission submitted that it has a personnel emolument shortfall of Kshs 1.8 Billion;

vii. The State Department for TVET has been allocated Kshs 320 Million to fund various new projects in a number TTI's emanating from Presidential directives. This infrastructure support will go a long way in ensuring that the identified TVET institutions have adequate facilities to support learning and is in line with the Governments agenda of transforming TVETS to centres of excellence;

PART FIVE

5.0 COMMITTEE RECOMMENDATIONS

64. The Committee having received submissions from the Ministry of Education and the Teachers Service Commission as well as having held extensive consultations, makes the following recommendations regarding the 2023/24 Supplementary Budget Estimates 2 for the Education Sector.

a) State Department for Basic Education

65. The Committee approves the proposed Supplementary Budget Estimates 2 for 2023/24 for the State Department for Basic Education with the following amendments.

i) Proposed Reductions (Kshs)

Programme	Item	Reduction		Justification
		Recc	Dev	
Primary Education	Purchase of Motor Vehicles	(1,120,000,000)		The allocation for purchase of motor vehicles is not justified under a supplementary budget. Further, an allocation of Kshs 1.4 Billion was provided in 2023/24 Supplementary Budget 1 for the same purpose.
General Administration	Fuel and other lubricants	(14,000,000)		This additional allocation has no justification
Total		**(1,134,000,000)**		

ii) Proposed Increments (Kshs)

Programme	Item	Increment		Justification
		Recc	Dev	
Primary Education	National Council for Nomadic Education in Kenya (NACONEK)	620,000,000		An additional provision of Kshs 500 Million for School meals Programme to attend to the dire situation brought about by the recent floods;
				Kshs 120 Million for Monitoring and Evaluation to support effective monitoring of the school feeding programme
Secondary Education	Secondary School Infrastructure Improvement		500,000,000	An additional provision to support schools affected by the recent floods;
Total		**520,000,000**	**600,000,000**	

b) State Department for Technical, Vocational Education and Training

The Committee approves the proposed 2023/24 Supplementary Budget Estimates 2 for the State Department for Technical, Vocational Education and Training.

c) State Department for Higher Education and Research

The Committee approves the proposed 2023/24 Supplementary Budget Estimates 2 for the State Department for Higher Education and Research with the following amendments

i) Proposed Reduction (Kshs)

Programme	Item	Reduction		Justification
		Recc	Dev	
University Education	Universities Funding Board (UFB)	(80,000,000)		The allocation was provided to have in place an information system for Higher Education which has been shelved to direct resources to establishment of Kenya Education Information Management System (KEMIS)
Total		**(80,000,000)**		

ii) Proposed Increments (Kshs)

Programme	Item	Reduction		Justification
		Recc	Dev	
University Education	Chuka University		44,000,000	To support the ongoing project of construction of male hostel to finalize to ensure students have accommodation
	Multimedia University	50,000,000		To support the University to upgrade its's Enterprise Resource Planning (ERP) and management information system (MIS)
Total		**50,000,000**	**44,000,000**	

d) Teachers Service Commission

The Committee approves the proposed 2023/24 Supplementary Budget Estimates 2 for the Teachers Service Commission with the following recommendation;

- A reinstatement of **Kshs 1.8 Billion** to cater for personnel emolument shortfall (see attached letter from the Commission). The non-reinstatement means that some teachers may miss their June salaries;

SIGNED _____ **DATE** 27/5/2024

HON. JULIUS MELLY, C.B.S, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

DEPARTMENTAL COMMITTEE ON ENERGY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION, 2024

THE DEPARTMENTAL COMMITTEE
ON
ENERGY

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2023/2024 SUPPLEMENTARY ESTIMATES NO. II

Vote 1152 - State Department for Energy
Vote 1193 - State Department for Petroleum

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI **MAY 2024**

TABLE OF CONTENTS

PART I 1
1.0 PREFACE 1
1.1. Introduction 1
1.2. The Mandate of the Committee 1
1.3. Committee Membership 2
1.4. Committee Secretariat 3
1.5. Overview of the Examination of the Supplementary Estimates II for FY 2023/2024 3
1.6. Acknowledgment 3
PART II 5
2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES II FOR FY 2022/2023 5
2.1. Detailed Analysis of Supplementary II Estimates Per MDA 5
PART III 10
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES 10
3.1 The State Department for Energy – Vote 1152 10
3.2 State Department for Petroleum – Vote 1193 12
PART IV 16
4.0 COMMITTEE OBSERVATIONS 16
4.1 State Department for Energy 16
4.2 State Department for Petroleum 16
PART V 18
5.0 COMMITTEE RECOMMENDATIONS 18
5.1 FINANCIAL RECOMMENDATIONS 18
5.2 REQUESTS FOR ADDITIONAL FUNDING 19

PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Energy of Supplementary Estimates No. II for the FY 2023/2024 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Estimates on 14th and 15th May, 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.2. The Mandate of the Committee

2. The Departmental Committee on Energy is one of the twenty Departmental Committees of the National Assembly established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, and estimates of the assigned ministries and departments;*
    ii. *To study the program and policy objectives of ministries and departments and the effectiveness of the implementation;*
    iii. *quarterly, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *To study, assess, and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House under the provisions of Article 254 of the Constitution; and*
    xi. *Examine any questions raised by Members on a matter within its mandate.*

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider the following Subject: Fossil fuel exploration, development, production, maintenance and distribution, nuclear energy, clean energy, and regulation of energy.

4. In executing its mandate, the Committee oversees the Ministry of Energy and Petroleum.

1.3. Committee Membership

5. The Committee comprises the following Members:

Chairperson
Hon. (Eng.) Vincent Musyoka Musau, MP
Mwala Constituency
UDA Party

Vice-Chairperson
Hon. Lemanken Aramat, MP
Narok East Constituency
UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency
ANC Party

Hon. Mwafrika Augustine Kamande, MP
Roysambu Constituency
UDA Party

Hon. Walter Owino, MP
Awendo Constituency
ODM Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency
ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency
WDM - K Party

Hon. George Aladwa Omwera, MP
Makadara Constituency
ODM Party

Hon. Elisha Odhiambo, MP
Gem Constituency
ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County
UDA Party

Hon. Ken Chonga, MP
Kilifi South Constituency
ODM Party

Hon Victor Koech Kipngetich
Chepalungu Constituency
CCM Party

Hon. Simon King'ara, MP
Ruiru Constituency
UDA Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency
Independent

Hon. Tom Mboya Odege, MP
Nyatike Constituency
ODM Party

1.4. Committee Secretariat

6. The following Members of Staff service the Committee:

Mr. Fredrick O. Otieno
Clerk Assistant II/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mate
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Ms. Winnie Kizia
Media Relations Officer II

Ms. Carolyne Musyoka
Hansard Reporter III

Ms. Lillian Aluga
Public Communications Officer

Mr. Anthony Wamae
Serjeant-At-Arms

Mrs. Rehema Koech
Audio Officer III

1.5. Overview of the Examination of the Supplementary Estimates II for FY 2023/2024

7. The Supplementary Estimates II for the fiscal year 2023/2024 were submitted to the National Assembly in line with Article 221 of the Constitution and section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on **Thursday, 2nd May 2024.** Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

8. The Committee held a total of five (5) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 14th and 15th May, 2024 at Bunge Tower, Parliament Buildings.

1.6. Acknowledgment

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

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

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES II FOR FY 2022/2023

11. The First Supplementary Estimates for FY 2023/24 were tabled in the National Assembly on **Thursday, 2nd May 2024**. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

12. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

13. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

14. This report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: the Ministry of Energy and Petroleum.

2.1. Detailed Analysis of Supplementary II Estimates Per MDA

15. The State Department for Energy implements four programmes and all of them have been affected by the supplementary changes in the recurrent expenditure category and the development expenditure category.

16. The programme most affected by the supplementary budget is an increase of **Kshs.695 million** (5% increase) in the Power Generation programme and the General administration programme having an increase of **Kshs.99 million** (18% increase).

17. On the other part, the decreases affected the Power Distribution Programme which had a budget cut of **Kshs.8.6 billion** (18% decrease), followed by the Alternative Energies

programme which faced a budget cut of **Kshs.1.2 billion** (42% decrease), as indicated in table 1;

Table 1: Summary of Changes for the State Dept. For Energy per programme

Programme	Category	Approved Estimates FY 2023/24 (Kshs. millions)	Supp II Estimates FY 2023/24 (Kshs. millions)	Variance	% Change
Total Expenditure	**Recc**	**9,143**	**9,698**	**555**	**6.07%**
	Devt	**55,494**	**45,874**	**(9,620)**	**-17.34%**
	Total	**64,637**	**55,572**	**(9,065)**	**-14.02%**
General Admin	Recc	383	382	**(1)**	-0.26%
	Devt	175	275	**100**	57.14%
	Total	**558**	**657**	**99**	**17.74%**
Power Generation	Recc	2,696	3,252	**556**	**20.62%**
	Devt	10,677	10,816	**139**	**1.30%**
	Total	**13,373**	**14,068**	**695**	**5.20%**
Power Transmission	Recc	5,991	5,991	-	**0.00%**
	Devt	41,759	33,135	**(8,624)**	**-20.65%**
	Total	**47,750**	**39,126**	**(8,624)**	**-18.06%**
Alternative Energy Tech	Recc	73	73	-	**0.00%**
	Devt	2,883	1,648	**(1,235)**	**-42.84%**
	Total	**2,956**	**1,721**	**(1,235)**	**-41.78%**

Source: National Treasury

18. In the recurrent expenditure category, the biggest increase of **Kshs.560 million** was witnessed in GDC on account of an increase in AiA from the sale of steam charge while a reduction was witnessed in the ministry Headquarters under the sub-programmes of the Geothermal and Coal Resource Exploration and Development and Financial Management and Procurement Services. In both sub-programmes, the basic salaries and personal allowances were reduced by a total of **Kshs.5.4 million**, on account of budget rationalization. The summary of the changes in the recurrent expenditure category for the State Department is indicated in table 2;

Table 2: Summary of Changes for Key Recurrent Expenditures under the MDAs in Kshs. Millions in FY 2023/24

Implementing Agencies	Approved Estimates FY 2023-24 (Kshs. millions)	Supp II Estimates FY 2023/24 (Kshs. millions)	Variance (Kshs. millions)	% Change
KPLC	-	-	-	-
KETRACO	4,163	4,163	-	0%
NuPEA	795	795	-	0%
GDC	1,850	2,410	560	30%
REREC	1,780	1,780	-	0%
Ministry HQ	555	550	(5)	-1%
Total	**9,143**	**9,698**	**555**	**6%**

Source: National Treasury

19. An analysis of the development expenditure indicates that the bulk of the budget (95 percent) also goes to the SAGAs under the State Department. The biggest share is for KETRACO,

which accounts for 35% of the total development allocation, REREC accounts for 21%, KPLC accounts for 16%, GDC accounts for 15%, KENGEN accounts for 7% and NUPEA accounts for 1%. A further analysis of the Development expenditure category, indicates that increases were witnessed in only GDC which increased by 23.5% and the reductions were witnessed in KPLC which got a 32.9% reduction in their budget, KETRACO which incurred a 14.1% cut in their budgets, KENGEN got a 25.7% reduction, REREC witnessed a decrease of 19.6%, NUPEA got a cut of 19.2% and Ministry HQ got a 35.9% reduction as indicated in table 3:

Table 3: Summary of Development Budget by Implementing Agency in Kshs. Millions in FY 2023/24

Head	Approved Estimates FY 2023/24	Supp II Estimates FY 2023/24	Variance	% Change
	(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
KPLC	10,623	7,132	(3,491)	-32.9%
KETRACO	18,825	16,167	(2,658)	-14.1%
NuPEA	265	214	(51)	-19.2%
KenGen	4,507	3,350	(1,157)	-25.7%
GDC	5,725	7,072	1,347	23.5%
REREC	12,111	9,736	(2,375)	-19.6%
Ministry HQ	3,438	2,203	(1,235)	-35.9%
Total	**55,494**	**45,874**	**(9,620)**	-17.3%

Source: National Treasury

20. The State Department for Petroleum has been allocated **Kshs. 56.9 billion** which comprised of **Kshs. 54.6 billion** for recurrent expenditure and **Kshs. 2.3 billion** for development expenditure. The state department currently implements one programme of Exploration and Distribution of Oil and Gas which comprises of Oil and Gas exploration, Distribution of petroleum and gas, and the General Administration and Support Services sub-programs which utilize the bulk of its resources.

21. Compared to the approved allocations for the FY 2023/24, this allocation is a decrease of **Kshs. 56 million** (0.1 percent change) consisting of an increase of **Kshs.74.4 million** in recurrent expenditure and a decrease of **Kshs.130 million** in development expenditure. This change in recurrent expenditure is majorly to substitute the funding for the fuel stabilization programme from AiA to GoK exchequer and to cater for adjustment in basic salaries and personal allowances, refurbishment of buildings, and purchase of vehicles and furniture while the reduction in development expenditure is as a result of budget rationalization to cater for funds for the fuel stabilization programme as indicated in table 4;

Table 4: Summary of Expenditure by Programmes for the Petroleum Department

Sub-Programme	Category	Approved Estimates FY 2023/24 (Kshs. millions)	Supp II Estimates FY 2023/24 (Kshs. millions)	Variances (Kshs. millions)	% Change
Total	**Recurrent**	**54,497**	**54,571**	**74**	0.1%
	Devt	**2,493**	**2,363**	**(130)**	-5.2%
	Total	**56,990**	**56,934**	**(56)**	-0.1%
Oil and gas exploration	Recc	56	61	5	8.9%
	Devt	1,900	1,800	(100)	-5.3%
	Total	**1,956**	**1,861**	**(95)**	-4.9%
Distribution of petroleum and gas	Recc	-	-	-	-
	Devt	593	563	(30)	-5.1%
	Total	**593**	**563**	**(30)**	-5.1%
General Admin	Recc	54,441	54,510	69	0.1%
	Devt	-	-	-	-
	Total	**54,441**	**54,510**	**69**	0.1%

Source: National Treasury

22. The recurrent expenditure for the Petroleum Department is largely utilized by the General Administration Planning and Support Services sub-programme which accounts for 99 percent of total recurrent expenditure. The key highlights under recurrent expenditure are:
    i. Regularization of the Allocation for the fuel Stabilization programme-The funds are used to compensate Oil Marketing Companies for margins foregone. It had been allocated Kshs. 54.186 billion, but this was erroneously captured in the FY 2023-24 Supplementary I Estimates Appropriations Act as AiA from the Petroleum Development Levy(PDL). The allocation now consists of Kshs.29.386 billion from AiA from the PDL, and Kshs.24.800 billion from GoK net.
    ii. Increase in the allocation of Kshs.56 million from AiA from receipt from royalties for the refurbishment of buildings, and purchase of vehicles.
    iii. Increase in the allocation of Kshs.18.4 million in the Petroleum Exploration and Distribution, Central Planning and Project Monitoring Unit (CPPMU), and Financial Management and Procurement Services heads to cater majorly for adjustment in basic salaries and personal allowances.

23. The development expenditure for the Petroleum State Department amounts to Kshs.2.3 billion in the Budget Estimates of FY 2023/24 Supp II estimates and is largely utilized by the Oil and Gas exploration sub-programme which accounts for 76% of the development expenditure while the remaining 24% is utilized in the Distribution of petroleum and gas sub-programme.

24. Compared to the approved estimates for FY 2023/24, the allocation has an overall reduction of Kshs.130 million in the budget, and the following are the key highlights under development expenditure for the Petroleum State Department;

Increment

i. The Oil Exploration and Monitoring project-The allocation to the project increased from Kshs.792 million in the approved estimates of FY 2023-24 to Kshs.822 million in the Supp II estimates of FY 2023-24 and the budget increase of Kshs.30 million is attributed to an increase in the Local AiA(PDL).

Reductions

ii. The Early Monetization of First Oil Project-The allocation reduced from Kshs.327 million in the approved estimates of FY 2023-24 to Kshs.197 million in the Supp II estimates of FY 2023-24 and the budget cut of Kshs.130 million is attributed to a reduction in the Local AiA (PDL).

iii. The Clean Cooking Gas for Boarding Learning Institutions project- The allocation reduced from Kshs.156 million in the approved estimates of FY 2023-24 to Kshs.126 million in the Supp II estimates of FY 2023-24 and the budget cut of Kshs.30 million is attributed to a reduction in the GoK exchequer.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

25. The Departmental Committee on Energy held meetings with the Ministries, Departments, and Agencies under its purview to interrogate Supplementary Estimates II for the FY 2023/24 on Tuesday, 14th, and Wednesday 15th May 2024. The following are the highlights of the submissions by the Ministries, Departments, and Agencies under the Committee's purview:

3.1 The State Department for Energy – Vote 1152

The Principal Secretary of, the State Department for Energy Mr. Alex Wachira made the following submissions on Supplementary Estimates II: That;

26. The Supplementary II Estimates allocations in the 2023/24 Financial Year are summarized in Table below:

Table 5: VOTE 1152: 2023/24 FY Supplementary II Budget Estimates

(AMOUNT Kshs.)			
	APPROVED ESTIMATES 2023/24 FY	**SUPPLEMENTARY I ESTIMATES 2023/24 FY**	**NET CHANGE**
RECURRENT	9,143,141,304	9,697,782,544	554,641,240
DEVELOPMENT	55,494,287,825	45,874,488,883	(9,619,798,942)
VOTE 1152 TOTAL BUDGET	**64,637,429,129**	**55,572,271,427**	(9,065,157,702)

27. The above table shows an increase of **Kshs. 554.6 Million** in recurrent and a decrease of **Kshs. 9.6 Billion** in Development. The increase in recurrent of **Kshs. 554.6 Million** relates to the expansion of Local AIA for GDC by **Kshs. 560 Million** followed by a reduction of the State Department budget by **Kshs. 5 Million**. The decrease of **Kshs. 9.6 Billion** in development relates to the various projects listed on page four of this submission. The State Department budget suffered an overall decrease of **Kshs. 9.1 Billion**.

Table 6: Budget analysis per Agency and State Department

RECURRENT BUDGET FOR FY 2023/24			
Amount in Kshs.			
AGENCY/DEPT.	**APPROVED ESTIMATES 2023/24 FY**	**SUPPLEMENTARY II EST. For FY 2023/24**	**VARIANCE**
KETRACO	4,162,946,859	4,162,946,859	-
REREC	1,780,000,000	1,780,000,000	-
GDC	1,850,000,000	2,410,000,000	560,000000
NUPEA	795,000,000	795,000,000	-
STATE DEPT. HQ	555,194,445	549,835,685	(5,358,760)
TOTAL	**9,143,141,304**	**9,697,782,544**	**554,641,240**

28. The increase of **Kshs. 560,000,000** is an addition of Local AIA for GDC while the decrease of **Kshs. 5,358,760** is a reduction in the State Department recurrent budget for Personal Emolument which was reduced as per IPPD Returns submitted.

Table 7: Development by agency and State Department

DEVELOPMENT BUDGET FOR FY 2023/24			
	Amount in Kshs.M		
AGENCY/DEPT.	**APPROVED ESTIMATES 2023/24 FY**	**SUPPLEMENTARY II EST. For FY 2023/24**	**VARIANCE**
KETRACO	18,825,000,000	16,168,000,000	-2,657,000,000
KENGEN	4,507,000,000	3,350,000,000	-1,157,000,000
KPLC	10,623,000,000	7,131,714,284	-3,491,285,716
REREC	11,713,283,585	9,338,370,757	-2,374,912,828
GDC	5,725,000,000	6,771,402,597	1,046,402,597
NUPEA	265,000,000	214,506,493	-50,493,507
EPRA	0	100,000,000	100,000,000
STATE DEPT. HQ	3,836,004,240	2,800,494,752	-1,035,509,488
TOTAL	**55,494,287,825**	**45,874,488,883**	**-9,619,798,942**

29. The Table above shows the changes in the development budget for the State Department and its SAGAs as rationalized by the National Treasury. The additional **Kshs. 100 Million** for EPRA is for South Lokichar Oil field Development plan (FDP) consultative services.

30. The programmes affected by Supplementary II Estimates as shown in tables 8 and 9 below:

Table 8: Recurrent Programmes Affected

RECURRENT BUDGET PROGRAMME				
Programme	**Implementing Agency**	**Approved Estimates 2023/2024 Gross (Kshs.)**	**Supplementary Ii Estimates 2023/2024- Gross (Kshs.)**	**Variance**
General Administration Planning and Support Services	State Department-HQ	382,969,897	381,611,137	-1,358,760
Power Generation	KenGen/GDC/Nupea	2,695,764,635	3,251,764,635	556,000,000
Power Transmission and Distribution	Ketraco/REREC/KPLC	5,991,005,320	5,991,005,320	0
Alternative Energy Technologies	State Department-HQ	73,401,452	73,401,452	0
TOTAL		**9,143,141,304**	**9,697,782,544**	**554,641,240**

Table 9: Development Programmes Affected

	DEVELOPMENT BUDGET PROGRAMME			
Programme	**Implementing Agency**	**Approved Estimates 2023/24 Gross (Kshs.)**	**Supplementary II Estimates 2023/24-Gross (Kshs.)**	**Variance**
General Administratio n Planning and Support Services	State Department-HQ	175,000,000	275,000,000	100,000,000
Power Generation	KenGen/GDC/Nupea	10,677,000,000	10,815,909,090	138,909,090
Power Transmission and Distribution	Ketraco/REREC/KPLC	41,759,287,825	33,135,888,884	-8,623,398,941
Alternative Energy Technologies	State Department-HQ	2,883,000,000	1,647,690,909	-1,235,309,091
TOTAL		**55,494,287,825**	**45,874,488,883**	**-9,619,798,942**

31. Development projects in the State Department have been adversely affected and therefore some of the priority projects might not be completed as scheduled. For Example, NUPEA has suffered a total of 63% cut on its development budget under supplementary one and Two. The total printed 2023/2024 estimated estimates aligned to the annual work plan was **Kshs. 581 Million.** During supplementary 1 this was reduced to **Kshs 265 Million** a total of **Kshs. 316 Million** reduction. Further in supplementary 2 a further reduction of **Kshs. 50.5 Million** was affected, leaving a total development budget of **Kshs. 214.5 Million**. The Agency had already incurred expenditure and commitments to the tune of **Kshs. 400 Million**. This has since resulted to pending bills of **Kshs. 195 Million** for which the Agency will not be able to pay.

3.2 State Department for Petroleum – Vote 1193

The Principal Secretary State Department for Petroleum, Mr. Mohamed Liban submitted as follows on the 2023/2024 Supplementary Estimates II: That;

32. The State Department has one programme which is Exploration and Distribution of Oil and Gas. The below table shows how the programme was affected by Supplementary II.

Table 10: Changes in the Supplementary Estimate II

Economic Classification	FY 2023/2024			Notes
	Approved Estimates	Supplementary Estimates No. 2	Change in Estimates	
	KShs.	KShs.	KShs.	
Current Expenditure	**54,497,003,462**	**54,571,403,462**	**74,400,000**	
Compensation to Employees	206,000,000	224,400,000	18,400,000	1
Use of Goods and Services	103,109,412	100,418,677	(2,690,735)	2
Other Recurrent	54,187,894,050	54,246,584,785	58,690,735	3
Capital Expenditure	**2,493,000,000**	**2,363,000,000**	**(130,000,000)**	**4**
Acquisition of Non-Financial Assets	1,354,392,406	1,414,392,406	60,000,000	
Capital Grants to Govt. Agencies	430,000,000	430,000,000	-	
Other Development	708,607,594	518,607,594	(190,000,000)	
Total Expenditure	**56,990,003,462**	**56,934,403,462**	**(55,600,000)**	

33. The **Kshs. 18.4 million** Supplementary Estimate has been made to bridge the Personnel Emolument requirements deficit that arose from recruitment of Deputy Director, Environment and other technical officers and also salary adjustments arising from net receipt of transferred staff.

34. The **Kshs. 2.69 million** decrease in the budget under use of goods and services represents a re-allocation of legal fees and maintenance of lift budget which were not going to be applied during the year. The re-allocation was made to boost the budget for Purchase of Computers which had a huge deficit.

35. Additional funds have been provided in Supplementary for clearing pending bills for partitioning of KASNEB Towers II Offices, **Kshs. 48 million**; and Purchase of Staff Van, **Kshs. 8 million**.

36. The **Kshs. 130 million** reduction in capital expenditure comprise: **Kshs. 100 million** reduction in the supplementary Estimate No. 2 relate to a transfer to State Department for Energy in support of Energy and Petroleum Regulatory Authority's Field Development Plan Consultancy Services payments to commercial, technical and legal consultants on the Lokichar Project; and

37. **Kshs. 30 million** rationalization of the Exchequer-funded Clean Cooking Gas to Public Boarding Institutions.

38. The State Department has seven projects and the below table shows how the projects were affected by Supplementary II.

Table 11: Projects Affected by Supplementary II

Project	Approved Estimates (FY 2023/24)	Revised Estimates (FY 2023/24	Amount of Increase or (Decrease)
1193100201 Petroleum Exploration in Block 14T	430,000,000	430,000,000	-
1193100301 Fuel Marking	54,051,546	54,051,546	-
1193100401 Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline	351,262,887	351,262,887	-
1193100404 Early Monetization of First Oil Project	327,010,309	197,010,309	(130,000,000)
1193100405 LPG Distribution and Infrastructure-BETA	382,686,598	382,686,598	-
1193100407 Oil Exploration and Monitoring	791,988,660	821,988,660	30,000,000
1193100408 Clean Cooking Gas for Boarding Learning Institutions	156,000,000	126,000,000	(30,000,000)
Totals	**2,493,000,000**	**2,363,000,000**	**(130,000,000)**

39. The State Department has factored additional recurrent funding for salaries, (Kshs 18,400,000), a staff minibus (Kshs 8,000,000) payment of pending bills for partitioning of additional office space, (Kshs. 48,000,000).

40. The State Department has no additional development funding. The State Department however, made request for re-allocation and obtained the National Treasury's approval thereof. The re-allocations were necessitated by Kshs 930 million budget cuts during Supplementary Estimates No.1 that disadvantaged the implementation of the planned critical activities as highlighted in the following projects:

    i. The Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline Project had a reallocation within its items of **Kshs. 50 million** from Contracted Professional Services to Pre-feasibility, Feasibility and Appraisal Studies;
    ii. The Early Monetization of First Oil Project had a reallocation within its items of **Kshs. 40 million** from Contracted Professional Services to Pre-feasibility, Feasibility and Appraisal Studies. Further, **Kshs. 30 million** was reallocated from Contracted Professional Services in this project to the Oil Exploration and Monitoring Project under Pre-feasibility, Feasibility and Appraisal Studies. The project also faced a cut of **Kshs. 100 million** in Contracted Professional Services;
    iii. The Oil Exploration and Monitoring Project had a reallocation within its items of **Kshs. 200 million** from Purchase of Instrumentation and Calibration Equipment to Pre-feasibility, Feasibility and Appraisal Studies; and

iv. The Clean Cooking Gas for Boarding Learning Institutions Project faced cuts of **Kshs. 30 million** of which **Kshs. 10 million** was on Other Infrastructure and Civil Works, and **Kshs. 20 million** from Purchase of Specialized Plant.

41. The purpose of the reallocations is to facilitate Prefeasibility, Feasibility and Appraisal Studies which include: Geoscientific Data Acquisition, Promotion of shallow offshore 2D/3D Seismic Multi-client Survey and Stakeholder Engagements and other emerging project activities such as Evaluation of Natural Gas potential in Block 9 (Anza Basin), and Blocks L17, L18, L4, L10A.

PART IV

4.0 COMMITTEE OBSERVATIONS

42. Based on the written and oral submissions received from the State Department for Energy and the State Department for Petroleum, the Committee made the following observations;

4.1 State Department for Energy

43. That, the State Dept for Energy has been allocated Kshs.55.6 billion which comprises Kshs.9.7 billion for recurrent expenditure and Kshs.45.9 billion for development expenditure in FY 2023/24 Supp II Budget Estimates.

44. The Appropriation-in-Aid(A-i-A) from the sale of steam for the Geothermal Development Company (GDC) recurrent budget has increased by Kshs.560 million(30%) with the increase geared towards contribution to the review of the energy policy, corporation tax obligation occasioned by new revenues from Menengai and operation and maintenance of Menengai steam field.

45. There is an overall decrease in the budget for the State Department for Energy totaling Kshs.9.1 billion compared to the approved 2023/24 Estimates. The reduction was largely due to budget cuts to capital projects for SAGAs under the state Department of Energy and were majorly from foreign sources of funding. This may have an effect on the completion rates of key projects in the energy sector e.g. the last mile connectivity project.

46. The state department is implementing two new projects namely the Kenya Green Resilient Expansion of Energy project which has a budgetary allocation of Ksh.2 billion meant to shore up the financial capacity of KPLC with the funds being from foreign sources(World Bank) and the Consultative Services for South Lokichar Oil Field Development Plan(FDP) project through EPRA which has a budgetary allocation of Kshs.100 million sourced from local AiA from the Petroleum Development Levy(PDL) to cater for procuring consultancy services to review the FDP which has been pending and has a deadline date of June 2024.

4.2 State Department for Petroleum

47. That, the state Department for Petroleum has been allocated Kshs.56.9 billion in the FY 2023/24 supp II Budget Estimates which comprises Kshs.54.6 billion for recurrent expenditure and Kshs.2.3 billion for development expenditure.

48. That, there is an increase in recurrent expenditure of Kshs.74 million consisting of Kshs.18.4 million to bridge personnel emoluments requirements deficit and salary adjustments, Kshs. 48 million for payment of pending bills for partitioning of additional office space at KASNEB Towers II and Kshs.8 million for the purchase of a staff minibus.

49. That, there is a decrease in development expenditure of Kshs.130 million consisting of a Kshs.100 million reduction in the FY 2023-24 Supp II Estimates relating to a transfer to the State Department For Energy in support of EPRA's Field Development plan consultancy

services payments to commercial, technical, and legal consultants on the Lokichar Project and Kshs.30 million rationalization of the exchequer funded clean cooking gas to public boarding institutions project.

PART V

5.0 COMMITTEE RECOMMENDATIONS

50. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. II for the FY 2023/24, the Committee recommends the following:

5.1 FINANCIAL RECOMMENDATIONS

51. The Committee recommends THAT:

a) For the **State Department for Energy**, the proposed changes in the Second Supplementary Estimates for the FY 2023/24 comprising an increment in recurrent expenditure amounting to **Kshs. 554.6 million,** and a reduction in development expenditure amounting to **Kshs. 9.6 billion be approved with the following amendments:**

Reductions

i. Reduce the allocation for the Hydro Dams Water Catchment Reafforestation Project by Kshs.20 million.

ii. Reduce the allocation for the Rural Electrification Schemes Project by Kshs.60 million.

iii. Reduce the allocation for the Offgrid Electrification Schemes Project by Kshs.60 million.

iv. Reduce the allocation for the Sondu-Homabay-Ndhiwa-Awendo Project by Kshs.155 million.

v. Reduce the allocation for the Machakos –Konza-Kajiado-Namanga Project by Kshs.60 million.

vi. Reduce the allocation for the Narok Bomet Project by Kshs.95 million.

Increments

i. Increase the allocation for the electrification of public facilities by Kshs.250 million.
ii. Increase the allocation for the installation of transformers in constituencies project by Kshs.150 million
iii. Increase the allocation for the Street-lighting project by Kshs.50 million.

b) For the **State Department for Petroleum**, the proposed changes in the Second Supplementary Estimates for the FY 2023/24 comprising an increment in recurrent expenditure amounting to **Kshs. 74.4 million,** and a reduction in development

expenditure amounting to **Kshs. 130.0 million be approved with the following amendments:**

Reductions

i. Reduce the allocation for Petroleum Exploration in Block 14T project by Kshs.150 million.

Increments

i. Increase the allocation to the allocation for the Fuel Marking project by Kshs.150 million(transfer to EPRA).

5.2 REQUESTS FOR ADDITIONAL FUNDING

52. Further, the Committee requests that the Budget and Appropriations Committee considers the following budgetary needs for funding key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA):

a) Additional allocation of Kshs.3 billion for the Electrification of Public Facilities project.

b) Additional allocation of Kshs.500 million for the Installation of transformers in constituencies project.

c) Additional funding for the street lighting project of Kshs.200 million.

SIGNED .....

THE HON. (ENG.) VINCENT MUSYOKA MUSAU, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

DATE..... 22/5/2024

DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY & MINING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION, 2024

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY, AND MINING

REPORT ON THE CONSIDERATION OF THE FINANCIAL YEAR 2023/24 SUPPLEMENTARY ESTIMATES NO. 2

Vote 1[illegible] - State Department for Environment and Climate Change
Vote 1332 - State Department for Forestry
Vote 1192 – State Department for Mining

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI **MAY, 2024**

TABLE OF CONTENTS

PART I 1
1.0 PREFACE 1
1.1. Introduction 1
1.2. The Mandate of the Committee 1
1.3. Committee Membership 2
1.4. Committee Secretariat 3
1.5. Overview of the Examination of the Supplementary Estimates 2 for FY 2023/24 . 3
1.6. Acknowledgment 3
PART II 4
2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 2 FOR FY 2023/24 4
2.1. Analysis Of Exchequer Issues 4
2.2 Review of Supplementary Estimates 2 per MDA 5
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES 6
3.1 The State Department for Environment and Climate Change – Vote 1331 6
3.2 State Department for Forestry – Vote 1332 9
3.3 State Department for Mining – Vote 1192 11
PART III 13
4.0 COMMITTEE OBSERVATIONS 13
4.1 State Department for Environment and Climate Change 13
4.2 State Department for Forestry 14
4.3 State Department for Mining 14
5.0 COMMITTEE RECOMMENDATIONS 16
5.1 FINANCIAL RECOMMENDATIONS 16

PART I

1.0 PREFACE

1.1. Introduction

1. This report details the consideration by the Departmental Committee on Environment, Forestry, and Mining of Supplementary Estimates No. I for the FY 2023/2024 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Estimates on 6th November 2023. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.2. The Mandate of the Committee

2. The Departmental Committee on Environment, Forestry, and Mining is one of the 20 Departmental Committees of the National Assembly established under Article 124 of the Constitution of Kenya and Standing Order 216 of the National Assembly Standing Orders to perform the following functions:
    i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, and estimates of the assigned ministries and departments;*
    ii. *To study the program and policy objectives of ministries and departments and the effectiveness of the implementation;*
    iii. *quarterly, monitor and report on the implementation of the national budget in respect of its mandate;*
    iv. *To study and review all legislation referred to it;*
    v. *To study, assess, and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
    vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
    vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
    viii. *To examine treaties, agreements, and conventions;*
    ix. *To make reports and recommendations to the House as often as possible, including recommendations of proposed legislation;*
    x. *To consider reports of Commissions and Independent Offices submitted to the House under the provisions of Article 254 of the Constitution; and*
    xi. *Examine any questions raised by Members on a matter within its mandate.*

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

1.3. Committee Membership

4. The Committee comprises the following Members:

Chairperson
The Hon. David Gikaria, MP
Nakuru Town East Constituency
UDA Party

Vice-Chairperson
The Hon. Charles Kamuren, MP
Baringo South Constituency
UDA Party

Members

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

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

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

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

The Hon. Hiribae Said Buya, M.P.
Galole Constituency
Orange Democratic Movement (ODM)

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

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

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

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

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

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

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

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

1.4. Committee Secretariat

5. The following Members of Staff service the Committee:

Ms. Hellen Ekadeli
Clerk Assistant II/Head of Secretariat

Ms. Nancy Chamunga
Fiscal Analyst III

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Mr. Joseph Kuria
Research Officer II

Ms. Mercy Kinyua
Legal Counsel

Mr. Stephen Otieno
Sergeant-At-Arms

Mr. Kevin Obilo
Media Relations Officer III

1.5. Overview of the Examination of the Supplementary Estimates 2 for FY 2023/24

6. The Supplementary Estimates 2 for the fiscal year 2023/24 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on **Thursday, 02nd May 2024.** Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

7. The Departmental Committee on Environment, Forestry, and Mining held a sitting on **Tuesday, 14th May 2024** for a briefing on Supplementary Estimates by the Parliamentary Budget Office. The Committee, thereafter held its retreat to scrutinize and deliberate on the Estimates with the Ministries, Departments, and Agencies under its purview from **Wednesday, 15th** to **Thursday, 16th May, 2024 at Bunge Tower.**

1.6. Acknowledgment

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

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

THE HON. DAVID GIKARIA, M.P.
CHAIRPERSON

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 2 FOR FY 2023/24

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

11. Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

12. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

13. This report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: the State Department for Environment and Climate Change; the State Department for Forestry; and the State Department for Mining.

2.1. Analysis Of Exchequer Issues

14. As of March, 31 2024, the State Department for Environment and Climate Change received **Kshs. 3.14 billion** equivalents to **63 percent of its net estimates against the expected 75 percent.** Its recurrent expenditure has an allocation of **75 percent of the approved net estimates** which is the average disbursement, while the development expenditure has a lower allocation of **41 percent of the approved net estimates**.
15. The State Department for Forestry received **Kshs. 7.05 billion** equivalents to **87 percent of its net estimates against the expected 75 percent.** Its recurrent expenditure has an allocation of **105 percent of the approved net estimates** which is the higher than the average disbursement, while the development expenditure has a lower allocation of **46 percent of the approved net estimates**.

3. Finally, the State Department for Mining received **Kshs. 915.18 million** equivalents to **25 percent of its net estimates against the expected 75 percent.** Its recurrent expenditure and development expenditure have an allocation of **43 percent and 3 percent respectively of the approved net estimates** which are relatively lower than the average disbursement.
4. Delays in exchequer releases inhibit the timely implementation of planned programmes that subsequently affect the completion of the planned programmes/projects and might also lead to low budget absorption rates and the accumulation of pending bills at the end of the reporting period.

Table 1: Budget Implementation Status (Kshs. Millions)

MDA	Category	Approved Net Estimates	Exchequer Issues as at 31.3.2024	% Of Exchequer Issued
State Department for Environment and Climate Change	**Recurrent**	3,230.85	2,410.14	**75%**
	Development	1,781.91	732.88	**41%**
	Total	**5,012.76**	**3,143.02**	**63%**
State Department for Forestry	**Recurrent**	5,573.37	5,863.77	**105%**
	Development	2,571.34	1,189.25	**46%**
	Total	**8,144.71**	**7,053.02**	**87%**
State Department for Mining	**Recurrent**	1,994.05	864.5	**43%**
	Development	1,685.50	50.68	**3%**
	Total	**3,679.55**	**915.18**	**25%**

***Source: Kenya Gazette 03.2024-Vol.CXXVI-No_.50_* * As at 30.03.2024**

2.2 Review of Supplementary Estimates 2 per MDA

16. Supplementary Estimate No. 2 for FY 2023/24 has the following impact on the three (3) State Departments under the Committee's purview.
17. It proposes to **increase the allocation** for the **State Department for Environment and Climate Change** by **Kshs. 245.2 million (3.7 percent increment**), comprising an **increment** of **Kshs. 388.9 million** for **recurrent expenditure** and **a reduction** of **Kshs. 143.7 million** for **development expenditure.**
18. It proposes to **reduce the allocation** for the **State Department for Forestry** by **Kshs. 953.0 million (6.6 percent reduction**) comprising **reductions** of **Kshs. 4.0 million** and **Kshs. 949.0 million** for both **recurrent expenditure and development expenditure respectively.**
19. It also proposes to **reduce** the allocation for the **State Department for Mining** by **Kshs. 970.0 million (25.7 percent reduction)**) comprising **reductions** of **Kshs. 170.0 million** and **Kshs. 800.0 million** for both **recurrent expenditure and development expenditure** respectively.

Table 2: Summary of Gross Changes in the Supplementary Estimate 2 (Kshs. Millions)

MDA	Category	Approved Estimates	Revised Estimates	Change
State Department for Environment and Climate Change	Recurrent	4,149.75	4,538.65	388.90
	Development	2,401.91	2,258.21	(143.70)
	Total	**6,551.66**	**6,796.86**	**245.20**
State Department for Forestry	Recurrent	10,123.37	10,119.37	(4.00)
	Development	4,357.34	3,408.34	(949.00)
	Total	**14,480.71**	**13,527.71**	**(953.00)**
State Department for Mining	Recurrent	2,094.05	1,924.05	(170.00)
	Development	1,685.50	885.50	(800.00)
	Total	**3,779.55**	**2,809.55**	**(970.00)**

Source: National Treasury

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

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

20. The Principal Secretary, State Department for Environment and Climate Change, Eng. Festus Ng'eno made the following submissions on the Supplementary Estimates No.2:
21. The State Department for Environment and Climate Change is implementing the following (4) programs and Objectives in the 2023/24 Financial Year namely;

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

Table 3: Programmes affected by the Supplementary Estimates II (Kshs. Millions)

S/No	Programme Name	Revised Estimates	Amount of Budget Reduction		Proposed Supplementary 2 Estimates
			Foreign	GoK	
1	Environment Management and Protection	1,730.0	(128.7)	-	1,601.0
2	Meteorological Services	468.0	-	(15.0)	453.0
Totals		**2,198.0**	**(128.7)**	**(15.0)**	**2,054.3**

22. In comparison to the Approved Estimates for FY 2023/24, Supplementary Estimate No. 2 for FY 2023/24 proposes to **increase the recurrent expenditure** for the **State Department for Environment and Climate Change** by **Kshs. 388.89 million** wholly on account of the **GoK Exchequer** and **reduce** the development expenditure by **Kshs. 143.7 million** comprising of a **reduction in Appropriation in Aid** by **Kshs. 366 million** and an **increment in GoK Exchequer** by **Kshs. 222.3 million** on account of budget rationalization.

Table 4: Budgetary Allocation For 2023/24 Financial Year - Vote 1331(Kshs. Millions)

Vote 1331	PRINTED ETIMATES FY 2023/24	APPROVED ESTIMATES(AT SUPP I) FY 2023/24	PROPOSED SUPP II FY 2023/24
	Approved Estimates (Kshs. Million)	Revised Estimates after Supplementary Estimates 1 (Kshs. Million)	Proposed Revised Estimates II
Recurrent	4,196.0	4,149.0	4,538.0
Development	2,041.0	2,401.9	2,258.0
Totals	**6,237.0**	**6,550.7**	**6,796.0**

23. The additional expenditure on the recurrent budget in the following Programmes;

    i. Environment Management and Protection received an addition of **Kshs 372 million** of which **Kshs 31 million** goes National Environment Trust Fund (NETFUND) to cater for Gratuity while **Kshs 275 million** to the National Environment Management Authority(NEMA) for Personal Emoluments (PE) and **Kshs 60 million** to UNEA 6 and **Kshs 6 million** to Operation and Maintenance for Directorate of Environment is in respect of both the Expenditure are transfers.

    ii. General Administration, Planning and Support Services received **Kshs 3.6 million** for Gratuity

    iii. Meteorological Services received **Kshs 13.1 million** for operations and management(O&M)

24. The State Department likewise received an additional expenditure on the development budget which affected the following programmes:

    i. Environment Management and Protection received **Kshs 131.5 million** of which **Kshs 19 million** is allocated to the Early Action Support Project; **Kshs 90 million** to the Kenya ETF Reporting program to UNFCCC Project, reinstatement of **Kshs 22.5 million** earlier lost in Supplementary I to the Phasing out Ozone Depleting Substance Project.

25. A total of **seven (7)** projects are affected by the Supplementary Estimates II of FY 2023/24 namely; Africa Environmental Management Health and Pollution Project; Strengthening Drought Resilience of Small Scale Farmers Pastoralist; Weather Radar Surveillance Network; Early Action Support Project; Africa Climate Support: Phasing out Ozone Project; and Kenya ETF Reporting Programme to UNFCCC:

Table 5: Projects affected by the Supplementary Estimates II (Kshs. Millions)

S/No	Project Code Name	Approved Estimates			Revised Estimates			Change		
		Total	GoK	Foreign	Total	GoK	Foreign	Total	GoK	Foreign
1	Weather Radar Surveillance.	197.0	197.0	-	182.0	182.0	-	(15.0)	(15.0)	
2	Africa Environmental Health and Pollution Management Project.	228.0	50.0	178.0	150.0	50.0	100.0	(78.0)	-	(78.0)
3	Strengthening Drought Resilience for Farmers & Pastoralists In IGAD	165.2	33.0	132.2	83.0	33.0	50.0	(82.2)	-	(82.2)
4	Africa Climate Support	600.0	-	600.0	500.0	-	500.0	(100.0)	-	(100.0)
5	Phasing out ozone	2.5	-	2.5	25.0	-	25.0	22.5	-	22.5
6	Kenya ETF Reporting Programme to UNFCCC	10.0	-	10.0	100.0	-	100.0	90.0	-	90.0
7	Early Action Support	-	-	-	19.0	-	19.0	19.0	-	19.0
Totals		**1,202.7**	**280.0**	**922.7**	**1,059.0**	**265.0**	**794.0**	**(143.7)**	**(15.0)**	**(128.7)**

26. The State Department was given a recurrent budget of **Kshs. 60 million** under Article 223 to facilitate the just concluded United Nations Environment Assembly(UNEA-6).

Table 6: UNEA 6 Commitments Breakdown (Kshs. Millions)

S/NO	ITEM	COST	STATUS
1	Media, Publicity and Branding	11.5	Awaiting Exchequer from the National Treasury
2	No. Tents for the Exhibition (Kenya House) – for 1 week; Décor, Seats, Chairs, Exhibitions Booths & Branding of the Kenyan.	17.3	
3	High Level Country Reception (Kenya as a Host Country) – Food for 4,000 Delegates, Tents, Chairs & Décor & Branding + Bomas of Kenya (Entertainment)	29.0	
4	Tree Growing by UNEA Delegates (cost of tree seedlings, site preparation, labor and maintenance)	2.2	
	Total	**60.0**	

27. The budget revision centered on projects targeting: Pollution Control; Meteorological Services; and Climate Change Adaption and Mitigation.

28. The State Department is currently implementing projects and programs aligned with BETA. The projects and programs target to improve livelihood, enhance adaptation and mitigation of **climate change,** restore and rehabilitate ecosystems, ensure sustainable management of wastes through circular economy as well and expand revenue base.

3.2 State Department for Forestry – Vote 1332

29. The Principal Secretary State Department for Forestry, Mr. Gitonga Mugambi, EBS submitted as follows on the FY 2023/24 Supplementary Estimates 2:
30. The total gross change in estimates between the Approved Estimates for the FY 2023/24 and the Supplementary II Estimates reflects a downward effect of **Kshs. 953 million**.

Table 7: Summary of Changes in the Supplementary Estimates 2 FY 2023/24 (Kshs. Millions)

MDA	Category	Approved Estimates	Revised Estimates	Change
State Department for Forestry	Recurrent	10,123.4	10,119.4	(4.0)
	Development	4,357.3	3,408.3	(949.0)
	Total	**14,480.7**	**13,527.7**	**(953.0)**

Table 8: Programmes Affected by Supplementary Estimates II (Kshs. millions)

Programme	FINANCIAL YEAR 2023/24		
	Approved (Supplementary Estimates No. I)	Supplementary Estimates No. II	Change in Estimates
Forests Resources Conservation and Management	12,217.1	11,274.1	(943.0)
Forests Research and Development	2,120.6	2,110.6	(10.0)
Water Towers Rehabilitation and Conservation	10.0	10.0	-
General Administration, Planning and Support Services	133.0	133.0	-
Total	**14,480.7**	**13,527.7**	**(953.0)**

31. The shortfall of **Kshs. 949 million** will negatively impact key strategic projects including:
    - The reduction of **Kshs. 80 million** on Construction of Tree Seed Processing Units which is a Strategic intervention towards 15 billion trees growing by producing 100 metric tonnes per year thus will affect the completion schedule of the project.
    - The reduction of **Kshs. 244 million** on Green Zones Development Support Project Phase II which comprises Kshs. 55 million in respect of GoK funding and **Kshs. 189 million** in respect of Donor funding. The GoK component has already been committed up to Kshs.99.8 Million which is 100 percent of the GoK allocation thus will lead to a pending bill. The Donor component will affect the project completion schedule.

- The reduction of **Kshs. 120 million** in Tree Growing Campaign and Rangeland Restoration will affect the attainment of the objectives of the Tree Growing Campaign and Rangeland Restoration
- The reduction of **Kshs. 420 million** on Capacity Development for Modern Technology in Forest Fire Management. Advance payment vouchers amounting to **Kshs. 1,312 million** have already been processed and submitted to the National Treasury for payment which is 100% of the allocation. This will result in a pending bill.

32. **On money which was withdrawn as per Article 223 of the Constitution:** On 21st March 2024, the State Department made a first withdrawal of **Kshs 2,022.66 million** regarding the additional GoK in place of reduced AIA collection at KFS. The purpose for which the money was spent under each vote, program, and project. The funds were used to cater for eight (8) months' salaries for the officers at KFS.

33. The balance of the approved funds amounting to **Kshs. 829.336 million** was to be distributed equally for four (4) months and is being accessed monthly with a monthly exchequer of **Kshs. 310 million** thus the Service is currently receiving a monthly exchequer of **Kshs. 517.334 million** which is adequate for the Service. Out of **Kshs. 517.334 million**, the Service spends **Kshs. 455 million** on monthly salary.

Table 9: Summary of the expenditure for money drawn under Article 223 (Kshs. millions)

S/No.	DETAIL	AMOUNT
1	February 2024 Payroll	452.2
2	December 2023 Payroll Deductions	264.5
3	January 2024 Payroll Deductions	266.2
4	Funds Returned to Projects (Borrowed for Previous Months Payroll (September to November 2023)	330.6
5	Staff Medical Insurance	449.8
6	Part of March 2024 Gross Salary	259.2
	Total Spending	2,022.7

34. In the Supplementary Estimate No. II for the FY 2023/24, the State Department's budgetary allocation was revised downwards with a net change of **Kshs. 953 million** from **Kshs. 14,481 million** to **Kshs. 13,528 million.**

35. The net change under the recurrent budgetary allocation was **Kshs. 4 million** being a reduction from **Kshs. 10,123 million** to **Kshs. 10,119 million** while the Development allocation was revised downwards by **Kshs. 949 Million** from **Kshs. 4,357 million** to **Kshs. 3,408 million**.

36. In Executive Order No.2 of 2023, the mandate of the State Department was expanded to cover the mandate of planting 15 billion trees to achieve a forest cover of 30% by the year 2032. The

reduction by **Kshs. 949 Million** in the development budget may affect the achievement of this target since the budget reduction has affected areas that form the key mandate of the State Department.

3.3 State Department for Mining – Vote 1192

37. The Principal Secretary State Department for Mining, Mr. Elijah Mwangi submitted as follows on the FY 2023/24 Supplementary Estimates 2:

38. The State Department is implementing three Programmes namely: **Geological Survey and Geo-Information Management; Mineral Resource Management;** and **General Administration, Planning and Support Services.**

39. The State Department for Mining has been affected by budget cuts amounting to **Kshs. 170 million** and **Kshs. 800 million** for recurrent and development budgets respectively.

Table 10: Summary of Gross Changes in the Supplementary Estimate 2 (Kshs. Millions)

Item Description	Revised Estimates I (FY 2023/24)	Revised Estimates II FY 2023/24	Increase/ Decrease	% Change
Recurrent	2,094.1	1,924.1	(170.0)	(8%)
Development	1,685.5	885.5	(800.0)	(47%)
TOTAL	**3,779.6**	**2,809.6**	**(970.0)**	**(26)**

Table 11: Budget Cuts by Economic Classification

	Approved Estimates FY 2023/24	Revised Estimates II FY 2023/24	Change	% Change
Current Expenditure	**2,094.1**	**1,924.1**	**(170.0)**	**(8)**
Compensation to Employees	473.8	403.8	(70.0)	(15)
Use of Goods and Services	906.3	923.9	17.7	2
Current Transfers to Govt. Agencies	336.0	336.0	-	-
Non Financial Assets	378.0	260.4	(117.7)	(31)
Capital Expenditure	**1,685.5**	**885.5**	**(800.0)**	**(47)**
Use of Goods and Services	87.0	87.0	-	-
Non Financial Assets	1,598.5	798.5	(800.0)	(50)
Total Expenditure	**3,779.6**	**2,809.6**	**(970.0)**	**(26)**

40. The reduction in the development budget will impact on performance targets as below:

i. Equipping & Certification level of the Mining Laboratory which would enhance the testing capacity of the Country;
ii. Equipping the Geological Department with modern and reliable drilling & survey equipment for efficient exploration;
iii. Completion level of the Airborne Survey for proper mapping and prioritizing of ground truthing activities;
iv. Delayed setting up of geo-hazard technical monitoring sites for information on faulty ground lines

Table 12: Programmes Affected by Supplementary Estimates II (Kshs. millions)

Programme		Approved Estimates I FY 2023/24	Revised Estimates II FY 2023/24	Change	% Change
General Administration Planning and Support Services	Recurrent	879.1	840.6	(38.5)	(4%)
	Development	-	-	-	-
Mineral Resources Management	Recurrent	303.5	251.2	(52.3)	(17%)
	Development	190.0	190.0	-	-
Geological Survey and Geoinformation Management	Recurrent	911.5	832.3	(79.2)	(9%)
	Development	1,495.5	695.5	(800.0)	(53%)
TOTAL		**3,779.6**	**2,809.6**	**(970.0)**	**(26%)**

PART III

4.0 COMMITTEE OBSERVATIONS

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

4.1 State Department for Environment and Climate Change

42. Supplementary 2 Estimates FY 2023/24 has **increased** the FY 2023/24 Budget for the State Department by **Kshs. 245.2 million.** An **increment** of **Kshs. 388.9 million for recurrent expenditure** and a **reduction of Kshs. 143.7 million for development expenditure.**

43. The **increment in recurrent estimates** is due to the Environment Management and Protection Programme receiving an addition of **Kshs 372M:** of which **Kshs 31 million** goes to the National Environment Trust Fund (NETFUND) to cater for Gratuity; while **Kshs 275 million** to National Environment Management Authority (NEMA) for Personal Emoluments(PE); **Kshs 60 million** to UNEA 6; and **Kshs 6 million** to Operations and Maintenance for the Directorate of Environment is in respect of both the expenditure and transfers.

44. The **reduction in development estimates** is due to a **reduction in Appropriation in Aid** by **Kshs. 366 million** and **an increment in GoK Exchequer by Kshs. 222.3 million** on account of budget rationalization. The key projects to be affected by the changes are namely: Africa Environmental Management Health and Pollution Project by **Kshs. 78 million (reduction);** Strengthening Drought Resilience of Small-Scale Farmers Pastoralist by **Kshs. 82.2 million (reduction);** Weather Radar Surveillance Network by **Kshs. 15 million (reduction)**; Early Action Support Project by **Kshs. 19 million (increment);** Africa Climate Support by **Kshs. 100 million (reduction);**; Phasing out Ozone Project by **Kshs. 22.5 million (increment);** and Kenya ETF Reporting Programme to UNFCCC by **Kshs. 90 million (increment).**
45. The Committee observed that the current levels of funding to the State Department from the exchequer as well as other sources are inadequate and this adversely impacts the implementation of planned programs and activities;
46. The Committee noted that although the State Department acknowledges the financing challenges facing the government as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the budget cuts however affect the implementation of the agreed performance contract.;
47. The Committee further noted that climate change and associated extreme weather events **(floods, droughts, rising temperature, increased frequency of wildfires and climate variability)** threaten sustainable development and impacts negatively on the sector. Recurrent flooding and droughts affect food production, water supply, housing access, and general livelihoods of the people.

4.2 State Department for Forestry

48. Supplementary 2 Estimates FY 2023/24 has **reduced** the FY 2023/24 Budget for the State Department by **Kshs. 953 million. Reductions** of **Kshs. 4 million for recurrent expenditure** and **Kshs. 949 million for development expenditure.**

49. **The reduction in the recurrent estimates** is on the **Forests Development, Management and Conservation programme** by a **reduction of Kshs. 2.97 billion** on account of **Appropriation in Aid collection** and an **increment of a similar amount on account of the GoK Exchequer. Kenya Forest Service (KFS)** has a **reduction of Kshs. 122.0 million; Headquarters** has an **increment** of **Kshs. 38.0 million;** and **Kenya Forestry Research Institute (KEFRI)** has an **increment of Kshs. 80.0 million.**

50. The Committee noted that there were proposed reductions in development estimates. The key projects to be affected by the changes are namely: Tree Growing Campaign and Rangeland Restoration Project by **Kshs. 120 million (reduction);** Green Zones Development Support Project Phase II by **Kshs. 68 million (reduction);** Construction of Tree Seed Processing Units by **Kshs. 80 million (reduction)**; and Capacity Development for Modern Technology in Forest Fire Management by **Kshs. 420 million (reduction).**

4.3 State Department for Mining

51. Supplementary 2 Estimates FY 2023/24 has **reduced** the FY 2023/24 Budget for the State Department by **Kshs. 970 million. Reductions** of **Kshs. 170 million for recurrent expenditure** and **Kshs. 800 million for development expenditure.**

52. The Committee observed that the State Department's proposed reduction in recurrent estimates is **wholly on GoK Exchequer** on account of budget rationalization for the following programs: General Administration and Support Services by **Kshs. 38.5 million**; Mineral Resources Management by **Kshs. 52.3 million**; and Geological Survey and Geoinformation Management by **Kshs. 79.2 million**.

53. The Directorate of Corporate Affairs (General Administration and Planning) has a **reduction** of **Kshs. 36.5 million**; the Central Planning & Project Monitoring Unit has a **reduction** of **Kshs. 2.0 million**; the Directorate of Mines has a **reduction** of **Kshs. 44.0 million**; the Directorate of Mineral Promotion and Value Addition has a **reduction** of **Kshs. 8.3 million**; and the Directorate of Geological Survey has a **reduction** of **Kshs. 79.2 million.**

54. The proposed reduction in recurrent estimates is mainly on account of compensation to employees by **Kshs. 70 million (15 percent reduction)** and non-financial assets of **Kshs. 117.7 million (31 percent reduction)** which caters to the facilitation of logistics operations for mineral rights and exploration activities. Despite the prudent effort to manage the country's ballooning fiscal deficit, these cuts will affect revenue generation by the State Department.

55. The Committee observed that the State Department's proposed reduction in development estimates of **Kshs. 800 million** is **wholly on GoK Exchequer**. The three (3) key projects to be affected by the changes are namely: Mineral Certification Laboratory Project by **Kshs. 150 million (reduction);** Geological Mapping and Mineral Exploration by **Kshs. 600 million (reduction);** and Geo-Technical Site Investigations by **Kshs. 50 million (reduction)**.

56. The reduction in budget will impact performance targets as below: Non-achievement of equipping & certification level of the Mining Laboratory which would have enhanced the testing capacity of the country; Non-achievement of the equipping of the Geological Department with modern and reliable drilling & survey equipment for efficient exploration; Non-completion of proper mapping and prioritization of ground truthing activities after the completion of the Airborne Survey; **and** Delayed setting up of geo-hazard technical monitoring sites for information on faulty ground lines.

57. The Committee noted that the State Department collects over **Kshs. 3 billion** annually in royalties which goes into the Consolidated Funds Services. With the annual revenue collection target of **Kshs. 2.8 billion**, the State Department collected **Kshs. 874.1 million**, surpassing the quarter target by **Kshs. 165.9 million**. The budget cut will negatively impact the State Department's capacity to mobilize **Kshs. 15 billion revenue medium-term target** as set out by the National Treasury.

5.0 COMMITTEE RECOMMENDATIONS

58. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Supplementary Estimates No. 1 for the FY 2023/24, the Committee recommends the following:

5.1 FINANCIAL RECOMMENDATIONS

59. The Committee recommends THAT:

a) For the **State Department for Environment and Climate Change,** the proposed changes in the Second Supplementary Estimates for the FY 2023/24 comprising an increment in recurrent expenditure amounting to **Kshs. 388.9 million,** and a reduction in development expenditure amounting to **Kshs. 143.7 million be approved**.

b) For the **State Department for Forestry,** the proposed changes in the Second Supplementary Estimates for the FY 2023/24 comprising reductions for recurrent and development expenditure amounting to **Kshs. 4 million,** and **Kshs. 949 million be approved.**

c) For the **State Department for Mining**, the proposed changes in the Second Supplementary Estimates for the FY 2023/24 comprising reductions for recurrent and development expenditure amounting to **Kshs. 170 million,** and **Kshs. 800 million be approved** as submitted.

SIGNED .....

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

DATE..... 21st May 2024

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

.....

THIRTEETH PARLIAMENT
THIRD SESSION - 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON CONSIDERATION OF THE FY 2023/24 SUPPLEMENTARY ESTIMATES NO. II

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MAY 2024

Table of Contents

CHAIRPERSON'S FOREWORD 3
PART 1 4
1.0 PREFACE 4
1.1. Introduction 4
1.2. Mandate of the Committee 4
1.3. Committee Membership 5
1.4. Committee Secretariat 6
1.5. Overview of the Examination of the Estimates 7
1.6. Acknowledgements 7
PART 2 8
2.0 INTRODUCTION 8
2.1 THE LEGAL FRAMEWORK FOR SUPPLEMENTARY BUDGET 8
2.2 OVERVIEW OF FY 2023/24 SUPPLEMENTARY ESTIMATES FOR THE GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR 9
2.3 Overview of the MDA's Budget Implementation for the 2nd Quarter of FY 2023/24 9
2.4 Overview of Supplementary II for FY 2023/24 10
PART 3 15
3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS 15
3.1.1 Judiciary 15
3.1.2 State Law Office and Department of Justice 15
3.1.3 State Department for Correction Services 16
3.1.4 Independent Electoral and Boundaries Commission 17
3.1.5 Commission for Administrative Justice 17
3.1.6 Witness Protection Agency 18
3.1.7 Kenya National Commission on Human Right 18
3.1.8 Ethics and Anti-Corruption Commission 19
3.1.9 Office of the Director of Public Prosecution 19
3.1.10 Registrar of Political Parties 20
3.2.1 Proposed Reductions 21

LIST OF ABBREVIATIONS AND ACRONYMS

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

CHAIRPERSON'S FOREWORD

The Proposed Supplementary Estimates II for the 2023/24 Financial Year was submitted in the National Assembly on Thursday, 2nd of May 2024 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

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

The Committee held a total of five (5) sittings scrutinizing the Supplementary Budget Estimates and considering and adopting its report. All agencies under the Committee's oversight appeared before the Committee on Tuesday. 14th May 2024 and Wednesday, 15th May 2024 and made submissions concerning the proposed supplementary budget. The Committee considered and unanimously adopted its report on 21st May 2024.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed 2023/24 Supplementary Estimates successful. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee Secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Justice and Legal Affairs, it is my pleasant privilege and duty to present to the Budget and Appropriations Committee a report of the Committee on the scrutiny of the Supplementary Estimates II of the FY 2023/24.

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

PART 1

1.0 PREFACE

1.1. Introduction

1. This is the Committee report on its consideration of the Supplementary Estimates II for the FY 2023/2024 in accordance with Article 223 of the Constitution of Kenya and Section 43(2) and 44 of the Public Finance Management Act 2012, Section 40 of the Public Finance Management National Government Regulations and Standing Order 243. The Departmental Committee on Justice and Legal Affairs held meetings with the Departments and Agencies under its purview to scrutinize their Supplementary Estimates on 14th and 15th May of 2024. The Committee then consolidated its recommendations for submission to the Budget Committee pursuant to the provision of Standing Order 207(6).

1.2. Mandate of the Committee

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

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

1.3. Committee Membership

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

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

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

Members

Hon. Maalim Farah,EGH, MP
Dadaab Constituency
WDM-K

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

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

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

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

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

Hon. Siyad Amina Udgoon, MP
Garissa Township (CWR)
Jubilee Party

Hon Onyiego Silvanus Osoro,MP
South Mugirango
UDA Party

Hon. Junet Mohamed, MP
Suna East
ODM Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok
UDA Party

Hon. Muriu Wakili Edward, MP
Gatanga Constituency
UDA Party

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

Hon. Aden Daud,EBS, MP
Wajir East Constituency
Jubilee Party

1.4. Committee Secretariat

5. The Committee secretariat is as follows-

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

Mr. Ronald Walala
Senior Legal Counsel

Mr. Abdikafar Abdi
Clerk Assistant III

Mr. John Nduaci
Serjeant-at-Arms

Mr. Omar Abdirahim
Fiscal Analyst II

Ms. Jael Ayiego Kilaka
Clerk Assistant III

Ms. Vivienne Ogega
Research Officer III

Ms. Calvin Karungo
Media Relations Officer

Mr. Peter Mutethia
Audio Officer

Ms. Mary Kamande
Public Communications Officer

Mr. Isaac Nabiswa
Legal Counsel II

1.5. Overview of the Examination of the Estimates

6. The Committee held five (5) sittings in examining the estimates. The first sitting took place on 14th May, 2024 where the Committee briefed on the proposed supplementary estimates by the Parliamentary Budget Office before interacting with the State agencies.

7. Subsequently, the Committee met with the officials from the state agencies that include; the Judiciary and Judicial Service Commission, State Department for Correctional Services, the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR) and the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Office of the Director of Public Prosecutions, the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), and Witness Protection Agency. The last sitting was held on 21st of May 2024 where the Committee met and adopted its report.

1.6. Acknowledgements

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the FY 2023/24 Supplementary Estimates II.

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

10. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the FY 2023/24 Supplementary Estimate II.

PART 2

2.0 INTRODUCTION

11. The Supplementary Estimates I FY 2023/24 was tabled in the House on Thursday, 2nd of May, 2024 pursuant to Article 223 of the Constitution, Section 44 of the Public Finance Management Act, 2012, Section 40 of the Public Finance Management Regulations, 2015 and Standing Orders 243 of the National Assembly.

12. The second schedule of the Standing Orders for the National Assembly also mandates the Departmental Committee on Justice and Legal affairs to consider matters relating to -
    (a) Constitutional affairs;
    (b) The administration of law and Justice
    (c) The Judiciary;
    (d) Public prosecutions;
    (e) Elections;
    (f) Ethics, integrity and anti-corruption; and
    (g) Human rights.

13. It is from this perspective that this Committee is now mandated to scrutinize the Supplementary Estimates II for the following agencies-
    (i) Judiciary
    (ii) Judicial Service Commission (JSC)
    (iii) State Department for Correction Services
    (iv) Office of the Attorney General and the Department of Justice (OAG&DJ)
    (v) Ethics and Anti-corruption Commission (EACC)
    (vi) Directorate of Public Prosecutions (DPP)
    (vii) Registrar of Political Parties (RPP)
    (viii) Witness Protection Agency (WPA)
    (ix) Kenya National Commission on Human Rights (KNCHR)
    (x) Independent Electoral and Boundaries Commission (IEBC)
    (xi) Commission on Administrative Justice (CAJ)

2.1 THE LEGAL FRAMEWORK FOR SUPPLEMENTARY BUDGET

14. The legal framework is articulated in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National government Regulations. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.

15. The PFM Act and its regulation provide for the details and format of the Supplementary Budget. PFM Act ensures that the Supplementary Budget should include a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

2.2 OVERVIEW OF FY 2023/24 SUPPLEMENTARY ESTIMATES II FOR THE GOVERNANCE, JUSTICE, LAW AND ORDER SECTOR

2.3 Overview of the MDA's Budget Implementation for the 2nd Quarter of FY 2023/24

16. The gross revised estimates for the Justice and Legal subsector for the financial year 2023/24 was Kshs 80.7 billion, which comprised of Kshs 78.2 billion and Kshs 2.5 billion for recurrent and development expenditures respectively. In addition, the sector's approved net estimate was Kshs 80.1 billion and appropriation in aid (A-i-A) was Kshs 0.57 billion. Therefore, the sector is largely funded from the consolidated fund with minimal external financing.

17. The total exchequer release for the Agencies under the sector as at the end of March 2024 for the sector was Kshs 51.1 billion translating to an absorption rate 62.5%. The bulk of the expenditure releases were for recurrent expenditure which stood at Kshs 49.7 billion while development expenditure was at Kshs 1.4 billion during the same period. The office of the registrar of political parties has recorded the highest expenditure at 86.2% which was largely constitutes the releases for the Political Parties Fund while the Witness Protection Agency has received the lowest expenditure at 18%. The Justice and Legal Affairs' sector Budget Implementation status as at March 2024 is given in the table below.

Table 1: Overview of the MDA's Budget Implementation as at March 2024

Ministries/Departments	Approved Revised Estimates	Exchequer Issues as at end of March.	Balance to June 2024	% funds spent
State Law Office & DJ	**6,586.8**	**3,494.1**	**3,092.7**	**53.0%**
O/w Recurrent	6,394.3	3,494.1	2,900.2	54.6%
O/w Development	192.5	-	192.5	0%
State Department for Correction Services	**35,545.7**	**20,972.2**	**14,573.5**	**59.0%**
O/w Recurrent	34,850.7	20,474.5	14,376.2	58.8%
O/w Development	695.0	497.7	197.3	71.6%
The Judiciary	**21,887.4**	**15,166.9**	**6,720.5**	**69.3%**
O/w Recurrent	20,437.4	14,289.9	6,147.5	69.9%
O/w Development	1,450.0	827.0	623.0	57.0%
EACC	**3,761.8**	**2,693.0**	**1,068.8**	**71.6%**
O/w Recurrent	3,693.6	2,644.6	1,049.0	71.6%
O/w Development	68.2	48.4	19.8	71.0%
Office of the DPP	**4,062.0**	**2,735.5**	**1,326.5**	**67.3%**
O/w Recurrent	4,007	2,716.7	1,290.3	67.8%
O/w Development	55.0	18.8	17.4	34.2%
Office of the RPP	**1,260**	**1,085.6**	**174.4**	**86.2%**
Witness Protection Agency	**813.4**	**565.9**	**247.5**	**69.6%**
KNCHR	**539.8**	**312.5**	**227.3**	**57.9%**
IEBC	**4,571.0**	**3,041.6**	**1,529.4**	**66.5%**
Judicial Service	**896.6**	**549.5**	**347.1**	**61.3%**
The CAJ	**745.2**	**463.0**	**282.2**	**61.1%**

TOTAL	80,669.0	51,079.8	30,568.0	62.6%

Source: Exchequer – National Treasury

2.4 Overview of Supplementary II for FY 2023/24

18. The Justice and Legal Affairs sub sector approved revised budget for the financial year 2023/24 is Kshs 80.7 billion, which is comprised of Kshs 78.2 billion for recurrent expenditure and Kshs 2.5 billion for development expenditures respectively. This forms the baseline for Supplementary II budget estimates for the financial year 2023/24.

19. The approved revised budget for the MDAs under the sector has been revised upwards by Kshs 0.46 billion which comprise of an increase in the recurrent expenditure by Kshs. 521.8 million and a reduction in the development expenditure amounting to Kshs. 66 million within the sector.

2.4.1 The State Law Office and Department of Justice

20. The Gross Revised Estimates for the State Law Office and Department of Justice for the FY 2023/24 amounts to Kshs. 6,586.8 million. This comprises of Kshs. 6,394.3 million for recurrent expenditure and Kshs. 192.5 million for Capital expenditure.

Table 2: Summary of Supplementary Budget Estimates for the State Law Office Kshs million

Ministries/Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimate	Revised Estimate	% Change
State Law Office	Recurrent	6,394.3	98	6,492.3	1.5%
	Developmen	192.5	(17)	175.5	(8.8%)
	Total	**6,586.8**	**81**	**6,667.8**	**1.2%**

Source: Supplementary II Estimate, National Treasury

21. The Revised Estimates have been adjusted to Kshs. 6,667.8 million comprising of Kshs. 6,492.5 billion for Recurrent Expenditure and Kshs. 175.5 million for Capital expenditure. The recurrent budget was revised upwards by Kshs 98 million to cater for legal dues under the civil litigation department, provision of Kshs 23 million for Kenya Law Reform Commission on personnel emoluments, and reallocation of funds to provide for operationalization of the WAQF Commission Selection Panel. In addition, the development budget for the department was reduced by Kshs 17 million due to revision of donor commitment. The net effect on the department is an increase of Kshs 81 million. The effect on development budget will be as shown in the table below:

Table 3: A Summary of the Departments Affected Projects

No.	Description	Approved Estimates	Amendments Kshs	Revised Estimates
1.	Refurbishment of Regional Offices – Machakos, Kisii, Kisumu and Malindi	5,000,000	-	5000,000

2.	Refurbishment sheria House and company's Registry Nairobi	68,000,000	-	68,000,000
3.	Construction of Office Buildings - Field Offices	8,000,000	-	8,000,000
4.	Automation of the State Law Office Services	62,500,000	-	62,500,000
5.	Programme for Legal Empowerment & Aid Delivery in Kenya (PLEAD)	49,000,000	(17,000,000)	32,000,000
Total		**192,500,000**	**(17,000,000)**	**175,500,000**

Source: Supplementary II Estimate, National Treasury

2.4.2 The Judiciary

22. The Revised Approved Estimates for Judiciary for the FY 2023/24 amounts to **Kshs. 21,887.4 million**. This comprises **Kshs. 20,437.4 million** for recurrent expenditure and **Kshs. 1,450 million** for Capital expenditure respectively.

Table 4: Summary of Supplementary Budget Estimates for the Judiciary Kshs Millions

Ministries/Departments	Details	Approved Gross Estimates	Amendments under the Supplementary II Estimate	Revised Estimate	% Change
Judiciary	Recurrent	20,437.4	590.0	21,027.4	2.9%
	Developmen	1,450.0	(50)	1,400.0	(3.5%)
	Total	**21,887.4**	**540.0**	**22,427.4**	**2.5%**

Source: Supplementary II Estimate, National Treasury

23. The Approved Estimates have been adjusted upwards to Kshs. 22,427.4 million under Supplementary Estimates No. II, comprising of Kshs. 21,027.4 million for recurrent expenditure and Kshs. 1,400 million for Capital expenditure. The changes are on account of reduction of Capital expenditure by Kshs. 50 million and enhancement of Current expenditure by Kshs. 590 million. The additional allocation is to cater for shortfalls on personnel emoluments, operations and maintenance, and expenditures of the Capital Markets Authority Tribunal that has transited to the Judiciary.

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

Table 5: Summary of the Supplementary Development Estimate FY 2023/24 Kshs Millions

Projects	Approved Estimate	Supplementary Estimate	Revised Estimate
Construction of Takaba Kadhi's Court (Mandera West)	1.0	4.0	5.0
Construction of Mavoko Law Courts	50.0	(28.7)	21.3
Refurbishment of Supreme Court Headquarters	340.6	99.1	439.7
Construction of Non-Residential Buildings	278.0	(78.0)	200
Construction of Residential Buildings	12.0	(7.0)	5.0

Source: Supplementary II Estimate, National Treasury

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

2.4.3 State Department for Correctional Services

26. The Revised Approved Estimates for the State Department for the FY 2023/24 amounts to Kshs. 35,545.7 million. This comprises Kshs. 34,574.5 million for recurrent expenditure and Kshs. 695.0 million for Capital expenditure respectively.

Table 6: Summary of Supplementary Estimates for the State Department for Correctional Services Kshs Million

Departments	Details	Revised Approved Estimates	Amendments under the Supplementary II Estimate	Revised Estimate	% Change
State Department for Correctional Services	Recurrent	34,850.7	(276.2)	34,574.5	(0.7%)
	Development	695.0	-	695.0	(0.0%)
	Total	**35,545.7**	**(276.2)**	**35,269.5**	**0.8%**

Source: Supplementary II Estimate, National Treasury

27. The Approved Estimates have been adjusted downwards to Kshs. 35,269.7 million under Supplementary Estimates No. II, comprising Kshs. 34,574.5 million for recurrent expenditure and Kshs. 695.0 million for Capital expenditure. This reflects a decrease of Kshs. 276.2 million in the department's budget translating to a percentage decrease of 0.8%. Further, the decrease under the recurrent vote of Kshs 276.2 million is largely on account of rationalization of personnel emolument to reflect the actual requirement.

2.4.4 The Independent Electoral & Boundaries Commission

28. The Approved Revised Estimates for the Independent Electoral and Boundaries Commission for FY 2023/24 is Kshs. 4,751.3 million which comprised of Kshs 4,674.0 million for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures and Kshs 77 million for development to cater for settling pending bills and complete ongoing construction works for four warehouses in Wajir, Garissa, Isiolo and Machakos County.

Table 7: Summary of Supplementary Budget Estimates for the IEBC Kshs Million

Ministries/Departments	Details	Approved Revised Estimates	Amendments under the Supplementary II Estimate	Revised Estimate	% Change
The Independent Electoral &	Recurrent	**4,674.0**	(75.0)	4,599.0	(1.6%)
	Developmen	77.0	-	77.0	-

	Total	**4,751.0**	**(75.0)**	**4,676.0**	**(1.6%)**

Source; Supplementary II Estimate, National Treasury

29. The Approved Estimates have been adjusted to Kshs. 4,676.0 million under Supplementary Estimates No.11 reflecting a decrease of Kshs. 75.0 million translating to a percentage decrease of 1.6%. The decrease is on account of budget rationalization.

30. In particular, the budget for Regional Election Coordination Services, Planning and Research Unit, delimitation of boundaries and Information and Communication Technology have been adjusted as shown in the table below.

Table 8: Summary of the Supplementary Recurrent Estimate FY 2023/24

Head/ Description	Approved Estimate	Changes	Revised Estimate
2031000500 Planning and Research Unit	22.9	8.8	31.8
2031001200 Regional Election Coordination Services	2,024.9	(92.0)	1,932.9
0617040 Information and Communication Technology	615.2	(72.0)	543.2
2031000100 Secretariat	1,570.0	28.2	1,598.2
0618010 Delimitation of Boundaries	9.8	51.9	61.7
Total	**4,242.8**	**(75.0)**	**4,167.8**

Source: Budget Estimate, National Treasury

2.4.5 The Office of Director of Public Prosecutions

31. The Approved Revised Estimates for the Office of the Director of Public Prosecutions for the FY 2023/24 amounts to Kshs. 4,062 million. This comprises of Kshs. 4,007 million for recurrent expenditure and Kshs. 55 million for Capital expenditure respectively.

Table 9: Summary of Supplementary Budget Estimates for the Office of Director of Public Prosecutions – Kshs Million

Ministries/Departments	Details	Approved Revised Estimates	Amendments under the Supplementary I Estimate	Revised Estimate	% Change
Office of the Director of Public Prosecution	Recurrent	4,007.0	-	4,007.0	0.0%
	Developmen	55.0	1.0	56.0	1.8%
	Total	**4,062.0**	**1.0**	**4,063**	**0.02%**

Source: Supplementary 1 Estimate, National Treasury

32. The Approved Estimates have been adjusted to Kshs. 4,063.0 million under Supplementary Estimates No.2 for FY2023/24. This comprises of Kshs. 4,007 billion for recurrent expenditure and Kshs. 56 million for Capital expenditure. The overall change is on account of additional budgetary provision of Kshs. 1.0 million under development vote to cater for additional donor commitment.

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

2.4.6 The Commission on Administrative Justice

34. The approved revised estimates for the Commission on Administration Justice for FY 2023/24 is Kshs. 745.2 million for recurrent expenditure. The Approved Estimates have been revised to Kshs. 730.2 million reflecting a net decrease of Kshs. 15.0 million under FY 2023/24 Supplementary Estimates II.

Table 10: Summary of Supplementary Estimate II for the Commission on Administration Justice – Kshs Million

Departments	Details	Approved Revised Estimates	Amendments under the Supplementary II Estimate	Revised Estimate	% Change
The Commission on Administration Justice	Recurrent	745.2	(15.0)	730.2	(2.0%)
	Development	-	-	-	-
	Total	**745.2**	**(15.0)**	**730.2**	**(2.0%)**

Source: Supplementary II Estimate, National Treasury

35. The changes are on account of downward revision of Personnel Emoluments by Kshs. 15 million to reflect actual requirement to end of the financial year.

2.4.7 Ethics and Anti-Corruption Commission

36. The Approved Revised Estimate for the Commission for FY 2023/24 is Kshs. 3,761.8 million comprised of Kshs 3,693.6 million for recurrent expenditure and Kshs 68.2 million for development expenditure. The Approved Estimate has been adjusted upwards to Kshs. 3,961.7 million under Supplementary Estimates II. This reflects an increase of Kshs. 200.0 million to enhance the Commission's budget for operations.

Table 11: Summary of Supplementary Budget Estimates for EACC - Kshs Millions

Ministries/Departments	Details	Approved Revised Estimates	Amendments under the Supplementary I Estimate	Revised Estimate	% Change
The Ethics and Anti-Corruption Commission	Recurrent	3,693.6	200	3,893.6	5.4%
	Development	68.2	-	68.2	0%
	Total	**3,761.8**	**200**	**3,961.8**	**5.3%**

Source: Supplementary II Estimate, National Treasury

37. There are no changes to the outputs and targets for the Commission's programme of Ethics and Anti-corruption in line with the changes in expenditure as proposed under the Supplementary Estimate II for the FY 2023/24.

PART 3

3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

3.1 OBSERVATIONS

3.1.1 Judiciary

a) The Judiciary's approved revised estimate for the FY 2023/24 is **Kshs 21.89 billion** comprising of **Kshs 20.44 billion** for recurrent expenditure and **Kshs 1.450 billion** for development expenditure.
b) The Approved Estimates have been adjusted to **Kshs. 22.42 billion** under Supplementary Estimates No. II, comprising **Kshs. 21.02 billion** for recurrent expenditure and **Kshs. 1.4 billion** for Capital expenditure. This reflects an increase of **Kshs. 0.585 billion** under the recurrent vote and a decrease of Kshs 50 million under the development vote. The significant increase in Judiciary's recurrent budget by **Kshs 0.585 billion** is meant to cater for the implementation of the SRC Circular for Judicial Officers' salaries.
c) The Committee has also observed that the department's actual expenditure as at the end of April, 2024 stood at **Kshs 16.33 billion** representing an absorption rate of 75.0%. The expenditure is comprised of **Kshs 15.43 billion** for recurrent expenditure and **Kshs 264.0 million** for development expenditure.
d) The Office has a total pending bill of **Kshs 145.5 million** comprising of the following; Court Awards – **Kshs 69.24 million,** and Construction works – **Kshs 76.23 million.**
e) The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, delays in release of exchequer and delays in processing title documents for lands belonging to the Judiciary.
f) The Judicial Service Commission was allocated **Kshs 896.0 million** in the FY 2023/24. In the proposed supplementary estimate II, the Commission's budget has not been revised.
g) The actual expenditure for the Commission as at 31st March 2024 was Kshs 732.6 million against an approved budget of Kshs 896.6 million translating to an absorption rate of 82%.
h) The Commission had pending bills amounting to **Kshs 3.1 million** as at June, 2023 in FY 2022/23. The pending bills have been processed and settled in full following the issuance of exchequer by the National Treasury.

3.1.2 State Law Office and Department of Justice

a) The approved revised allocation for the State law Office in the FY 2023/24 is **Kshs 6.587 billion** comprising of **Kshs 6.394 billion** for recurrent expenditure and **Kshs 0.1925 million** for development expenditure.
b) In the proposed supplementary Estimate II, the department's recurrent budget has been increased by **Kshs 98.0 million** representing 1.5% increase on the department recurrent budget. The development budget has been decreased by **Kshs 17 million** translating to a decrease of 8.8% of the approved allocation for development budget. In overall terms, the net effect is an increase of **Kshs 88.0 million** representing a percentage increase of 1.2%.

c) The revision of the recurrent budget by Kshs 98 million is meant to cater for legal dues under the civil litigation department, provision of Kshs 23 million for Kenya Law Reform Commission on personnel emoluments, and reallocation of Kshs 33.6 million to provide for operationalization of the WAQF Commission Selection Panel.
d) In addition, the development budget for the department was reduced by Kshs 17 million due to revision of donor commitment. The net effect on the department is an increase of Kshs 81 million.
e) The State Law Office total expenditure as at the 30th April FY 2023/24 is Kshs 3.945 billion translating to an absorption rate of 60%. The expenditure was solely for recurrent expenditure.
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 leading to accumulation of pending bills for Court Awards which currently stands at Kshs 88 billion.
g) The State Law Office is faced with the challenge of retaining staff due to uncompetitive remuneration package by the Office. The Office has lost considerable number of staffs to other organization such as Parliament, Judiciary and Ethics and Anti-Corruption Commission.
h) The Office has a total pending bill of **Kshs 99.5 million** emanating from FY 2022/23 and prior years. These pending bills were incurred as a result of lack of exchequer release, merchants submitting incomplete documents, deactivation of procurement and payment module of IFMIS, among others.

3.1.3 State Department for Correction Services

a) The State Department approved revised budget for FY 2023/24 is **Kshs 35.6 billion** comprised of **Kshs 34.9 billion** for recurrent expenditure and **Kshs 0.695 billion** for development expenditure.
b) The Approved Estimates have been adjusted downwards to **Kshs. 35.27 billion** under Supplementary Estimates No. II, comprising **Kshs. 34.57 billion** for recurrent expenditure and **Kshs. 0.695 billion** for Capital expenditure. This reflects a decrease of **Kshs. 0.276 billion** in the department's budget translating to a percentage decrease of 0.8%. Further, the decrease under the recurrent vote of **Kshs 0.276 billion** is largely on account of rationalization of personnel emolument to reflect the actual requirement.
c) The Committee has also observed that the actual expenditure for the state department as at 10th May 2023 is Kshs 28.27 billion comprised of Kshs 27.76 billion for recurrent expenditure and Kshs 0.51 billion for development expenditure translating to an absorption rate of 79.5%.
d) The State department has requested an additional funding of Kshs 6.2 billion under the supplementary estimate II for the following key areas; Food and rations – Kshs 1.63 billion, Other fuels – Kshs 168.7 million, fuel oil and lubricants – Kshs 236.8 million, Training – Kshs 699.4 million, Operationalization of Magereza level IV Hospital – Kshs 168.8 million, purchase of motor vehicles – Kshs 19.3 million, probation and aftercare services – Kshs 528.9 million and Kenya Prison Enterprises – Kshs 2.4 billion.
e) The Committee has also observed that there is need for the department to leverage on public private partnerships to implement some of its programmes. In addition, the Committee has also urged the state department to leverage on the huge tracks of land

at its disposal and the convicted prisoners to generate food in order to complement the resources it has received from the exchequer.

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

3.1.4 Independent Electoral and Boundaries Commission

a) The Commission approved revised estimate was **Kshs. 4.75 billion** in the FY 2023/24 comprised of **Kshs 4.674 billion** for recurrent expenditure to cater for the Commission's personnel emoluments and operating expenditures and **Kshs 0.077 billion** for development to cater for settling pending bills and complete ongoing construction works for four warehouses in Wajir, Garissa, Isiolo and Machakos County.

b) The Approved Estimates have been adjusted to Kshs. 4.676 billion under Supplementary Estimates No. II reflecting a decrease of Kshs. 75 million under the recurrent budget translating to a percentage decrease of 1.6%. The decrease is on account of budget rationalization.

c) The Commission's total expenditure as at 30th March, 2024 is Kshs 3.49 billion against an approved budget of Kshs 4.75 billion translating to an absorption rate of 73.5% of the total approved allocation.

d) The Committee noted with concern that the Commission has pending bills amounting to Kshs 3.895 billion of which legal fees accounts for Kshs 2.6 billion, election logistics – Postal Corporation of Kenya - Kshs 0.499 billion and other pending bills – Kshs 0.796 billion. The Commission has requested an allocation of Kshs 1 billion in the supplementary estimate II and the balance of Kshs 2.9 billion in the FY 2024/25 budget. The Committee stressed the need for the Commission to standardize and cap the fees charged by the law firms particularly for the presidential election.

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

3.1.5 Commission for Administrative Justice

a) The Gross Revised Estimates for the Commission on Administrative Justice in the FY 2023/24 amounts to **Kshs 745.2 million** for current expenditure. The allocation has been decreased to **Kshs 730.2 million** under Supplementary Estimates No. II. This reflects a decrease of **Kshs 15.0 million** under the recurrent expenditure.

b) The proposed reduction on the commission budget was due to the lengthy recruitment process of thirteen additional officers in various departments. The additional staff joined the Commission midway whereas the budgetary provision was for the entire financial year. This necessitated rationalization of the budget by Kshs 15.0 million on personnel emoluments.

c) As at 9th May 2024, the Commission had expended a total of Kshs 602.8 million out of the total budget of Kshs 745.2 million allocated for the FY 2023/2024; representing an absorption rate of 81%.

d) The Commission has a pending bill amounting to Kshs 6.7 million from the FY 2022/23 out of which Kshs 5.95 million has been settled at 31st March, 2024. The

remaining bills amounting to Kshs 744,987 are at various stage of processing and will be settled before the closure of the FY 2023/24.

e) The Commission has requested an additional allocation of Kshs 15.5 million in the Supplementary II estimate comprised of the following; Kshs 8.0 million for the Launch of Report on State of Administrative Justice and Pasha Ombudsman Platform, Kshs 4.0 million for supervisory visit to CAJ Branch Offices and County Visits and Kshs 3.5 million for the Official launch of Meru and Makueni branch offices.

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

3.1.6 Witness Protection Agency

a) The Approved Revised Estimates for the Witness Protection Agency in the FY 2023/24 amounts to **Kshs 813.4 million**. The Approved Estimate has remained unchanged under Supplementary Estimates II. However, the Agency declared a saving of **Kshs 22 million** in personnel emoluments during the supplementary estimates No. II to the National Treasury. This was due to the fact that the approval of the recruitment for the additional staff and budget allocation by the National Treasury was delayed and only confirmed in December 2023. It was thus projected that the officers will report in June 2024 hence the declaration of the savings which have been reallocated to the witness related expenses.

b) The Agency's total expenditure as at 30th April, 2024 stood at **Kshs 635.5 million** against an approved budget of **Kshs 813.4 million** representing an absorption rate of 78%.

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

d) The Agency is currently facilitating a total of 82 witnesses with a total dependent population of 108 as at 30th April 2024 under the witness protection programme. The objective of the programme is to protect threatened, vulnerable and intimidated witnesses from harm because of cooperating with the prosecution and law enforcement agencies.

3.1.7 Kenya National Commission on Human Right

a) The Approved Revised Estimates for the Kenya National Commission on Human Rights in the FY 2023/24 amounts to **Kshs. 539.8 million** for recurrent expenditure.

b) The Approved Estimates for the Commission was not affected in the proposed supplementary estimate II. However, the Commission reallocated Kshs 15 million from the salaries budget to cater for budget shortfalls in internet connections and gratuity.

c) The Commission has a budgetary shortfall of Kshs 32.0 million in the FY 2023/24 to cater for the following areas; Communication and supplies – Kshs 10.0 million, motor vehicle fuel – Kshs 5.0 million, Hospitality – Kshs 6.0 million, and internet connections – Kshs 4.0 million.

d) As at 31st March, 2024, the Commission's expenditure stood at Kshs 410.3 million (76%) out of the total approved allocation of Kshs 539.8 million. The commission also received additional funds of Kshs 107.0 million from development partner's i.e

EU, Royal Norwegian Embassy, Danish Institute for Human Rights, Royal Netherlands Embassy and UNDP.

3.1.8 Ethics and Anti-Corruption Commission

a) The Approved Revised Estimates for the Ethics and Anti-Corruption Commission in the FY 2023/2024 amounts to **Kshs 3.762 billion** comprising of **Kshs 3.694 billion** and **Kshs 68.1 million** for recurrent and capital expenditures respectively.
b) The Commission cumulative expenditure as at 30th April, 2024 was **Kshs 3.413 billion** comprised of **Kshs 3.364 billion** for recurrent expenditure and **Kshs 48.37 million** for development expenditure which represents an absorption rate of 90.7%.
c) The Approved Estimate has been adjusted upwards to Kshs. 3,961.7 million under Supplementary Estimates II. This reflects an increase of Kshs. 200.0 million to enhance the Commission's budget for operations.
d) The Commission budget was adversely affected by supplementary estimate I budget cut of Kshs 130 million. The Commission requested for Kshs 330 million under Article 223, however only Kshs 200 million was approved. The Commission therefore has requested for an additional funding of Kshs 130 million under the supplementary estimate II to cater for operations and maintenance deficit.
e) The Committee observed the additional allocation of Kshs 200 million allocated under the supplementary estimates II will greatly impact the Commission's ability to expediate completion of high impact investigations, enhance tracing, recovery and forfeiture of corruptly acquired public assets, as well as enhance public education, training and awareness programmes in the fight against corruption.

3.1.9 Office of the Director of Public Prosecution

a) The Approved Revised Estimates for the Office of the Director of Public Prosecutions for the FY 2023/24 amounts to Kshs. 4.062 billion. This comprises of Kshs. 4.007 billion for recurrent expenditure and Kshs. 0.055 billion for Capital expenditure, respectively.
b) The Approved Estimates have been adjusted to Kshs. 4.063 billion under Supplementary Estimates No. II for FY 2023/24. This comprises of Kshs. 4.007 billion for recurrent expenditure and Kshs. 0.056 billion for Capital expenditure. The change is on account of additional budgetary provision of Kshs. 0.001billion under the development vote being a grant from the United Nations Population Fund.
c) The gross absorption rate of the approved budget as at the end of the third quarter of FY 2023/24 stood at 84%. The approved budget for the year is 4.062 billion against an absorption of Kshs 3.423 billion. The Office expects the absorption rate to improve further in the 4th quarter following the reporting of additional staff in April 2024 and settlement of completion certificates for the ongoing construction works at PTI.
d) The Office is faced by a number challenges; inadequate funding, inadequate human resource capacity, uncompetitive terms of service, inaccessibility of mobile court stations, politicization of cases, weak inter-agency collaboration, intimidation of witnesses and victims and inadequate infrastructural and operation capacity.
e) The Committee further observed that the Office is a key player towards improving the national security, strengthening good governance and fight against corruption and requires increase in resource allocation to enable the Office execute its mandate.

3.1.10 Registrar of Political Parties

a) The Approved Revised Estimates for the Office of the Registrar of Political Parties in the FY 2023/24 amounts to **Kshs 1.26 billion** for current expenditure. The budget comprises of **Kshs 635.1 million** for office operations, **Kshs 608.3 million** for Political Parties Fund and **Kshs 16.9 million** to cater for the operation of the Political Parties Liaison Committee which is established under Section 38 of the Political Parties Act, 2011.

b) The Office has not been affected by the Supplementary Estimate II. However, the Office requested the Committee to allocate an additional allocation of **Kshs 100 million** in the FY 2023/24 Supplementary Estimate II to facilitate it undertake the legal reforms and digital transformation of office processes.

c) The Office made a passionate appeal to the Committee for reallocation of **Kshs 13.2 million** within the ORPP Vote during the Supplementary Estimate No. II of FY 2023/24 to settle the gratuity for its four (4) employees who are on contract. The Office requested the funds to be reallocated from the following Budget Items; Courier and Postal Services – (Kshs 0.5 million), Accommodation – (Kshs 1.5 million), Daily subsistence allowance – (Kshs 5 million), Group Personal Insurance – **(Kshs 0.2 million),** Membership fees, Dues and Subscriptions – **(Kshs 3.4 million),** Contracted guards and cleaning services – Kshs 2.6 million).

d) The Political Parties Fund was allocated **608.3 million** which is below the **Kshs 5,292.3 billion** required under section 24(1) of the Political Parties Act, 2011 hence a deficit of **Kshs 4.684 billion.**

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

f) The Office actual expenditure as at 13th May, 2024 stood at **Kshs 1.025 billion** against an approved revised allocation of **Kshs 1.260 billion.** This represents an absorption rate 81.3%.

3.2 Recommendations

3.2.1 Proposed Reductions

The Committee recommends a reduction of **Kshs 22 million** from the allocations of the votes stated below:

Vote	Programme	Proposed Reduction	Justification
Witness Protection Agency	Witness Protection Programme	Reduce the allocation for the Witness Protection Programme by **Kshs 22 million.**	The Committee recommends a reduction of **Kshs 22 million** from the Agency's recurrent budget. The Agency declared a saving of **Kshs 22 million** in personnel emoluments during the supplementary estimates No. II due to the fact that the approval of the recruitment of the additional staff and budget allocation by the National Treasury was delayed and only confirmed in December 2023. It was thus projected that the officers will report in June 2024 hence the declaration of the savings.

3.2.2 Proposed Increases

The Committee recommends the funds deducted from the budget of the vote stated above be reallocated to the Ethics and Anti-Corruption Commission as shown in the table below:

Vote	Programme	Proposed Increase	Justification
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Programme	Increase the allocation for the Programme of Ethics and Anti-Corruption by **Kshs 22 million.**	The Committee recommends an increase of **Kshs 22 million** to scale up the Commission's operations and maintenance budget which was adversely affected by supplementary estimate I budget cut of **Kshs 130 million.**

3.2.3 Proposed Reallocation

The Committee recommends the funds deducted from the identified budgets sub-items of the vote be reallocated to settle the gratuity for its Contractual employees as shown in the table below:

Vote	Programme	Proposed Reallocation	Justification
Office of the Registrar of Political Parties	Registration, Regulation and Funding of Political Parties.	Reallocate **Kshs 13.2 million** from the following Budget sub-items; - Courier and Postal Services – **(Kshs 0.5 million),** - Accommodation – **(Kshs 1.5 million),** - Daily subsistence allowance – **(Kshs 5 million),** - Group Personal Insurance – **(Kshs 0.2 million),** - Membership fees, Dues and Subscriptions – **(Kshs 3.4 million),** - Contracted guards and cleaning services – **(Kshs 2.6 million).**	Reallocate **Kshs 13.2 million** to settle gratuity for its contractual staff whose term of service is coming to an end.

Signed.....Date.....23.5.024.....

Hon. George Gitonga Murugara, CBS, MP
Chairperson
Departmental Committee on Justice and Legal Affairs

DEPARTMENTAL COMMITTEE ON LANDS

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

.....

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATE II FOR THE FINANCIAL YEAR 2023/24

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

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

May 2024

TABLE OF CONTENTS

CHAPTER ONE II

1.1 PREFACE II

1.1.1 Introduction II
1.1.2 Establishment and Mandate of the Committee II
1.1.3 Committee Membership IV
1.1.4 Committee Secretariat V
1.1.5 Highlights of the Supplementary Estimates II for FY 2023/24 1
1.1.6 Acknowledgement 1

CHAPTER TWO 2

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO. II FY 2023/24 2

CHAPTER THREE 4

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES 4

3.1.1 STATE DEPARTMENT FOR LANDS & PHYSICAL PLANNING 4
3.1.2 THE NATIONAL LAND COMMISSION 8

CHAPTER FOUR 12

4.1 COMMITTEE OBSERVATIONS 12

4.2 RECOMMENDATIONS 12

ANNEXURE I	Submissions from the MDAs
ANNEXURE II	Adoption List
ANNEXURE III	Minutes
ANNEXURE IV	Brief from PBO

CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The Supplementary Estimates No. II FY 2023/2024 were submitted to the National Assembly on the 2nd May 2024. The preparation and processing of the Supplementary Estimates II is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

2. The report being a culmination of the Committees' engagements and deliberations with the various spending agencies under the purview of the Committee has the principal objective to inform decision making on the Supplementary Estimate II for Financial Year 2023/24 allocations to various components of the two agencies: State Department for Lands and Physical Planning and the National Land Commission under the purview of the Committee as well as the Semi-Autonomous Government Agencies (SAGAs) under the purview of respective State Departments.

3. The resultant information and insights acquired during the Committee's processing of the proposed Supplementary Estimate II have guided the formation of the Committee's observations and recommendations hence provide crucial and resourceful input in the final Budget and Appropriation Committee's report on the Supplementary Estimate II for Financial Year 2023/24.

1.1.2 Establishment and Mandate of the Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.1.3 Committee Membership

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

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

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

Members

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

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

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

Hon. George Koimburi, MP
Juja Constituency
UDA Party

Hon. Paul Katan, MP
Kaloleni Constituency
ODM Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

Hon. Joseph Hamisi Dena, MP
Nominated
ANC Party

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

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
WIPER Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
JUBILEE Party

1.1.4 Committee Secretariat

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

Mr. Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr. Binensa Mabungu
Clerk Assistant III

Mr. Sidney Bwire
Senior Legal Counsel

Ms. Judith Kiprop
Fiscal Analyst III

Ms. Audrey Ogutu
Legal Counsel II

Ms. Mary Kamande
Public Communication Officer

Ms. Brenda Michira
Research Officer III

Mr. Yeziel Jillo
Serjeant-At-Arms

Mr. Cosmas Akhonya
Audio Officer

1.1.5 Highlights of the Supplementary Estimates II for FY 2023/24

9. The Supplementary Estimates No. II for Financial Year 2023/24 was tabled in the National Assembly and subsequently committed to Departmental Committees for consideration in line with their respective mandates on Thursday, 2nd May 2024 pursuant to Section 44(1) of the Public Finance Management Act, 2012 as read together with Standing Order 243(1) of the National Assembly Standing Orders. The Committees were required to consider the Supplementary Estimates for the MDAs under their purview and report to the Budget and Appropriations Committee within fourteen (14) days.

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

1.1.6 Acknowledgement

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

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

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

DEPARTMENTAL COMMITTEE ON LANDS

CHAPTER TWO

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO. II FY 2023/24

2.1.1 STATE DEPARTMENT FOR LANDS AND PHYSICAL PLANNING

13. The State department has approved estimate budget allocation of **Kshs. 9,289 Million** for the FY 2023/24 which comprises of Kshs. 3,889.98 Million recurrent and Kshs. 5,400 Million development expenditure.

14. As at the end of the 3rd Quarter FY 2023/24 – 30th March 2023, the state department received from the exchequer **Kshs. 5,663.42 Million** against the approved allocation of Kshs. 9,289 Million. The exchequer received comprise of **Kshs. 2,333.58** (69%) recurrent expenditure and **Kshs. 3,329.84** (68%) development expenditure.

15. Supplementary Estimates No. II FY 2023/24 proposes to reduce Kshs. 60 million (6 percent deduction) from the State Department for Lands and Physical Planning this comprising an increment of **Kshs. 110.0 million** for recurrent expenditure and a reduction of **Kshs. 170.0 million** for development expenditure.

16. The proposed increment on recurrent expenditures proposes to increase the recurrent expenditure for the **State Department for Lands and Physical Planning** by **Kshs. 110.0 million** which is wholly on Appropriation in Aid collection affecting the **Land Policy and Planning programme** by **Kshs. 107 million** and **Kshs. 3 million** in the **General Administration, Planning and Support Services programme** as summarized in table 1

17. The state department's first quarter actual expenditure amounted to Kshs. **1,929,036,962** out of which recurrent expenditure was **Kshs. 584,305,945** and **Kshs. 1,344,731,017** for development expenditure as shown in table 1,

Table 1: Summary of the Supplementary Estimate II Changes in the recurrent Budget

VOTE/ HEAD	Approved Estimates			Revised Estimates			Change		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters Administration and Planning Services	**1,172.61**	245.05	927.56	**1,175.61**	248.05	927.56	**3**	3	0
Kenya Institute of Surveying and Mapping	**141.78**	9	132.78	**181.78**	49	132.78	**40**	40	0
County Land Offices	**201.65**	120	81.65	**268.65**	187	81.65	**67**	67	0
Total							**110**	**110**	**0**

Source: National Treasury

18. Kshs. 170 Million reduction proposed in Supplementary Estimate No. 2 for FY 2023/24 on development expenditure comprise an increment in Appropriation in Aid by **Kshs. 130.0**

million and a reduction in GoK Exchequer by **Kshs. 300.0 million** on account of budget rationalization. The key projects to be affected by the changes include:

Reduction

i. Construction of Land registries has a reduction of **Kshs. 20.0 million** due to a reduction in **GoK exchequer funding**. This will reduce the no. of land offices to be constructed from **5 to 4.**

ii. Digitization of Land Registries – BETA has a reduction of **Kshs. 245.5 million** due to a reduction in **GoK exchequer funding.** This will reduce the no. of land offices to be digitized from **10 to 3.**

iii. Development of Geo- Spatial Data has a reduction of **Kshs. 10.5 million** due to a reduction in **GoK exchequer funding**. This will reduce the no. of topographical and thematic maps to be updated/developed from **50 to 40.**

iv. National Physical Planning – BETA has a reduction of **Kshs. 21.0 million** due to a reduction in **GoK exchequer funding**. This will reduce the percentage of National Inventory on land uses to be developed from **50 to 40.**

v. Geo Referencing of Land Parcels – BETA has a reduction of **Kshs. 3.0 million** due to a reduction in **GoK exchequer funding** of **Kshs. 3 million**.

Increment

vi. Geo Referencing of Land Parcels – BETA has an increment in **Appropriation in Aid** by **Kshs. 50 million**. This will increase the number of land parcels to be georeferenced from **70,000 to 100,000.**

vii. Processing and Registration of Title Deeds – BETA has an increment of **Kshs. 80.0 million** in **Appropriation in Aid**. This will increase the number of title deeds to be registered and issued from **330,000** to **405,000.**

2.1.2 NATIONAL LANDS COMMISSION

19. During the 3rd Quarter FY 2023/24, the Commission received exchequer amounting to **Kshs. 997.68** which includes Kshs. 939.3 Million on recurrent estimates and Kshs. 58.38 Million for development expenditure.

20. The Supplementary Estimates No. II for FY 2023/24 proposed to increase the allocation for the National Lands Commission by **Kshs. 157.9 million** (9.9 percent increment) which comprises a reduction of Kshs. 7.1 million for recurrent expenditure and an increment of Kshs. 165 million for the development expenditure.

21. Supplementary Estimate No. 2 for FY 2023/24 proposes to reduce the recurrent expenditure for the **National Lands Commission** by **Kshs. 7.1 million.** The reduction on the Land Administration and Management programme is wholly on GoK Exchequer on account of budget rationalization for basic salaries and allowances of permanent employees.

22. The Supplementary Estimate No. 2 for FY 2023/24 proposes to **increase** the development expenditure for the **National Lands Commission** by **Kshs. 165 million** which is wholly due to **an increment in GoK Exchequer funding** for the **Compulsory Land Acquisition project**. This will cater for the full compensation to the Eldoret Bypass project affected persons.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

23. In the review and consideration of the Supplementary Estimate II for the Financial Year 2023/24, the Departmental Committee on Lands received submissions from the State Departments on the relevant thematic areas.

3.1.1 STATE DEPARTMENT FOR LANDS & PHYSICAL PLANNING

24. The Principal Secretary of the State Department for Lands and Physical Planning Hon. Nixon Korir appeared before the Committee on Tuesday, 14th May, 2024 and submitted as follows-

25. The State Department's recurrent budget has been reduced by **Kshs. 60 Million** which includes an **increase of Kshs. 110 Million on the recurrent** and a **reduction of Kshs. 170 Million on the development expenditure**.

26. The Programmes and Projects affected by the Supplementary II Estimate FY 2023/24 is shown in table 2 below:

Table 2: Summary of Programmes affected by Supplementary Estimates II

Programme	Original Estimates FY 2023/24	Approved Estimates (Supp I) FY 2023/24	Proposed Supplementary II Estimates FY 2023/24	Change in Estimates
Land Policy and Planning	6,654,519,548	6,654,519,548	6,857,019,548	202,500,000
Land Information Management	942,400,000	1,364,471,023	1,098,971,023	(265,500,000)
General Administration, Planning and Support Services	1,270,992,292	1,270,992,292	1,270,992,292	3,000,000
Total Expenditure	**8,867,911,840**	**9,289,982,863**	**9,226,982,863**	**(60,000,000)**

Table 3: Summary of the Projects Affected by Supplementary Estimates II

Project Title	Original Estimates FY 2023/24	Approved Estimates (Supp I) FY 2023/24	Proposed Supplementary II Estimates FY 2023/24	Change in Estimates
Processing and Registration of Title Deeds	1,200,728,977	1,200,728,977	1,280,728,977	80,000,000
Construction of Land Registries	138,271,023	138,271,023	118,271,023	(20,000,000)
Renovation of Land Offices	49,000,000	149,200,000	149,200,000	-
Digitization of Land Registries	755,000,000	1,077,000,000	831,500,000	(245,500,000)

Survey, Inspection & Maintaining National & International Boundaries	15,000,000	15,000,000	15,000,000	-
Development of Geo-Spatial Data	21,000,000	21,000,000	10,500,000	(10,500,000)
Infrastructure Improvement in Kenya Institute of Survey and Mapping	58,000,000	58,000,000	58,000,000	-
National Physical Planning	90,000,000	90,000,000	69,000,000	(21,000,000)
Settlement of the Landless	2,550,000,000	2,550,000,000	2,550,000,000	-
National Land Value Index	35,800,000	35,800,000	35,800,000	-
Geo Referencing of Land Parcels	50,000,000	50,000,000	97,000,000	47,000,000
Development of Hydrographic Database	15,000,000	15,000,000	15,000,000	-
Total	**4,977,800,000**	**5,400,000,000**	**5,230,000,000**	**(170,000,000)**

27. The state department has not spent any money under Article 223 of the Constitution

28. The State Department's additional recurrent expenditure of Kshs. 110 Million includes:
    i) Ksh 67,000,000 to Cater for operations in county Land offices.
    ii) Ksh 40,000,000 to additional AIA to Cater for operations in Kenya Institute for Survey and Mapping (KISM)
    iii) Ksh 3,000,000 to cater for water and sewerage at the Headquarters

29. The State Department's additional development expenditure of Kshs. 130 Million will impact its output on:

    i) Ksh 80,000,000 to fund titling activities across the country
    ii) Kshs. 50,000,000 to fund geo-referencing to support the digitization of Land Records

30. The State Department's performance targets are going to be affected as indicated in table 4 Below

31. **Table 4: Summary of the impact of the Supplementary Estimate II on MDAs performance targets**

Programme /Sub-Programme	Key Outputs	Key Performance Indicators	Targets 2023/2024	Revised 2023/2024 Targets	Remarks
Programme 1: Land policy and planning. **Outcome:** Improved land management for sustainable development.					

SP 1.1 Development Planning and Land Reforms	Land Titling	Number of title deeds processed and issued	330,000	405,000	Target increased as result of additional funding to the projects
SP1.3 Land Survey	Land parcels geo-referenced	Number of land parcels geo-referenced	70,000	100,000	
	Geospatial Data	Number of topographical and thematic maps updated/developed	50	40	Targets reduced as result of reduced funding to the projects.
SP1.4 Land Use	National Land Use Policy (NLUP) implemented	% of National Inventory on land uses developed % of Physical and Land Use Planning handbook reviewed	50 100	40 90	
Programme 2: Land Information Management **Outcome:** Automated Land Services					
SP 2.1 Digitization of Land Records and Processes	Lands Offices digitization service	Number of land Offices digitized	8	3	Targets reduced as result of reduced funding to the projects.
SP 2.2 Infrastructure Development	Land offices	Number of land offices constructed	5	3	Bomet, Mbeere, and Olkalau

Table 5: Summary of Programme Key Outputs Achievements, performance Indicators and Targets for FY 2023/24

Sub-Programme	Key Output	Key Performance Indicator	Targets	Actual as at 30th Sept	Variance	Remarks
PROGRAMME 1: LAND POLICY AND PLANNING						
SP 1.1 Development planning and land reforms	Title deeds issued	Number of Title deeds issued	87,500	84,364	-3,136	84,364 title deeds registered and issued from sub division, adjudication, settlement schemes and leases.
SP 1.2 Land Information Systems	Land Value Index developed	Number of counties with value index	2	0	-2	The target affected by delay in exchequer release.
SP 1.3 Land Settlement	Landless/ squatters settled	Number of households settled	3,000	0	-3,000	Settlement of landless in advanced stage in Trans Nzoia (Chepchoina III - 930) and Taita Taveta (Mata Village Phase 1 - 386). Target affected by delay in exchequer release.
SP 1.4 Land Survey	Land parcels geo-referenced	Number of land parcels geo-referenced	37,500	8,993	-28,507	4,521 land parcels geo-referenced to produce cadastre maps and plans. Target affected by delay in exchequer release.
SP 1.5 Land Use	National Spatial Plan Implemented	Percentage of NSP guidelines done	25%	10%	-15%	Draft National Spatial plan guidelines for the 5 Sectors and all the 47 counties in place.
	Capacity Building to counties	Number of Physical Development Plans prepared with counties	1	0	-1	▪ Stakeholder validation for Olkalau Physical and Land Use Development Plan done. ▪ Reconnaissance survey and preparation of base maps for Holili Physical and Land Use Development Plan completed.
PROGRAMME 2: LAND INFORMATION MANAGEMENT						
SP 2.1 Digitization of Land Records and Processes	Land offices digitized	Number of land offices digitized	1	0	-1	Digitization of land records and automation of land processes in Murang'a is ongoing.

SP 2.2 Infrastructure Development	Land Offices Constructed	Number of land offices constructed	1	0	-1	Kitui (90%), Mbeere (90%), Bomet (98%), Ol Kalou (98%), Nandi (96%), Naivasha (65%), Samburu (47%) Laikipia (30%) and Ngong (12%) complete. Design and documentation ready for Mutomo.
PROGRAMME 3: GENERAL ADMINISTRATION PLANNING AND SUPPORT SERVICES						
3.1 strengthening of legislative agenda	Policies/laws developed or reviewed	Number of laws/policies developed or reviewed	2	0	-2	▪ Public participation done to the Survey bill. ▪ Drafting of Community Act by AG done. ▪ Legislation proposals for review of Physical Planners Registration Act forwarded to the AG for drafting of the bill. ▪ Legislative proposals at initial stages for amendment of Land Adjudication Act and Valuers Act and National Land Policy.

3.1.2 THE NATIONAL LAND COMMISSION

32. On the Tuesday, 14th May 2024, the National Land Commission made submissions to the Committee as follows-

33. The Commission was allocated **Kshs. 28,953,018 for gratuity** while at the same time the Commission Personnel Emoluments was reduced by Kshs. 36,014,777 leaving an overall reduction of **Kshs. 7,061,759**.

34. The Commission surrendered **Kshs. 36 Million** being unutilized salary up-to April 2024. However, this amount was reallocated to staff gratuity which is due to a tune of **Kshs. 29 Million** thus a **net surrender of Kshs. 7 Million**.

35. On the development expenditure, the Commission has been allocated additional amount of **Kshs. 165 Million** being a refund that was earlier surrendered to the National Treasury for payment of Eldoret-bypass Project affected persons (PAPs).

36. The Commission did not spend any money in accordance with Article 223 of the Constitution of Kenya 2010 therefore there were no expenditures beyond the already approved budgeted amount.

37. The Commission requests for additional funding of **Kshs. 1,919,300,000** being recurrent budget Kshs. 924.3 million and development budget of kshs. 995 million

during the Supplementary II Estimate FY 2023/24. Part of the request has been funded leaving the largest amount underfunded as shown in table below-

Table 6: Summary of Supplementary II Budget Estimate FY 2023/24 Requirement

	Activity	Kshs. (Millions)	Remarks	Remarks/Status
1.	Compensation Fund Surrendered to the Exchequer	900	The Commission Surrendered Kes **900 million** to the Exchequer being funds for PAPs. The funds surrendered were for the following projects being undertaken by the Commission as follows; a) Eldoret By-Pass Kes 165 million b) Nairobi Southern By-Pass Kes 135 million c)Nairobi Eastern By-Pass Kes 300 million d)Dongo Kundu By-Pass Kes 300 million. The National Treasury through your letter Ref No DV/ES 1109/20/01"B" (28) dated 20th April 2021 requested the Commission to surrender the funds to the exchequer and promised to reimburse directly to the NLC when the compensation payment is ready through the Budgetary process. It's worth noting that the payments to Persons Affected by Projects (PAPs) are now due with respect to the projects specified above. Please refer to your approval dated 22nd March 2023 Ref DV/ES 2021/22/01 'A' (4) that the National Treasury granted the Commission to factor the ***Kes 900 Million in Supplementary II*** Estimate and request the funds for disbursement to the PAPs. Copy of the approval is attached.	***Funded: Kshs 165 Million for Eldoret By-Pass has been funded in Supplementary II Estimate to Compensate PAPs.***
2.	Gratuity	39.3	The Commission is in receipt of various requests for payment of outstanding gratuity from staff whose contacts expired in the recent past. Currently, the requated outstanding staff gratuity amounts to Kshs **39.3** and the same was not allocated in the	***Funded: Gratuity Funded Ksh 29 Million in Supplimentary II Estimate FY 2023/24 to pay***

	Activity	Kshs. (Millions)	Remarks	Remarks/Status
			budget for FY 2023-2024 due to low budget allocation to the Commission. The Commission is seeking for additional budget allocation during Supplimentary II Budget estimate FY 2023/24 to settle the long outstanding gratuities.Attached find a list of the staff and the amounts to be paid.	*staff gratuity whos contracts ended.*
3.	Final Survey and vesting of compulsory acquired land as per Sec 118 & 121 of the Land Act 2012 (**Dev**)	40	Since independence all the compulsory acquired land for public projects by the Government has never been vested in the Government ambit. There is need to Vest the land to avoid future land grabbing hence securing government property. The Commission is requesting for seed capital of Kes 50 million to begin the project.	*Unfunded*
4.	Land Dispute Resolution Management at National and County levels as per articles 67(2)(d,e,f), article 68c(v), article 252(1) of Constitution. (**Dev**)	30	This facilitates recovery of irregularly allocated public land thus securing public land for Manufacturing, Food security, affordable Housing. Also it will reduce land disputes and conflicts thus enabling food security. The Commission is requesting for seed capital of Kshs 40 million	*Unfunded*
5.	State of Land Use Planning Baseline Study (**Dev**)	25	It will provide accurate information on land use planning for all the counties which is useful for directing/guiding G.o.K projects It also going to act as a catalyst to the county governments to prepare land use plans to control the growth of urban areas to secure land for food production. By monitoring planning in the whole Country land will be secured for the Big Four initiative like Manufacturing, food production, Housing The Commission is requesting for seed Capital of Kshs 50 million.	*Unfunded*
6.	ICT Networking Infrastructure (**Rec**)	20	The new office requires completely new networking and ICT infrastructure	*Unfunded*
7.	Land Administration Activities	30	Land administration key cost component include ground verification to arrive at ground status and site inspections. This requires extensive travel to the ground which requires adequate funding. With reduced funding the Commission will not attain the set targets on allotment letters issued or leases that will be verified and processed. Costs e.g.	*Unfunded*

	Activity	Kshs. (Millions)	Remarks	Remarks/Status
8.	Legal & Enforcement	55	The Commission has the mandate of initiating investigations and recommending appropriate redress. The Commission has a critical role in settling land disputes a process that is very costly. Key cost areas in this function include: a) Court attendance b) Investigation Holding hearings	*Unfunded*
9.	Pending Bills (**Rec**)	680	The pending bills for NLC stand at Kshs 704 million. The Commission has already settled staff claims total Ksh 40 million and is in the process of settling some minor legal fees of Kshs 15 million. However, there is an imminent threat to garnishee NLC Bank accounts due to unsettled court award of one lawyer Prof Tom Ojienda **Kshs 397 million.** The Commission requires the amount urgently to avoid the garnishee.	*Unfunded*
10.	Office Furniture	100	The Commission recently employed new staff when it acquired its new Headquarter at 316 Upper Hill Chambers. Most of the newly employed staff do not have furniture such as desks to sit on. At one point some staff have to operate on shifts since they share seats and desks hence they cannot be accommodated at once. A number of Commission staff do not have adequate working areas/tools brought about by wear and tear of existing furniture coupled with increased staffing levels. The Commission is currently not able to procure furniture for staff both at the headquarters and County offices	*Unfunded*
	Total Request Funds	**1,919.3**		

Summary

Recurrent – Kshs. 924.30

Development – Kshs. 995 Million

Total = Kshs. 1,919.30 Million

CHAPTER FOUR

4.1 COMMITTEE OBSERVATIONS

38. The Committee made the following observations:

The State Department for Lands and Physical Planning

1) Digitization of the Land Registries in Nairobi is in full operations. Muranga registry is on the final stages of completion with data capturing and validation ongoing in readiness to go online whereas Scanning of the land records has been done in Isiolo and Marsabit. Reorganization of land records is ongoing in Mombasa

2) Ardhi Sasa License System: The state department utilized Kshs. 207 Million for a 3 year renewal license for ardhi Sasa which had not been budgeted. This was upon approval of National treasury for the State department to utilize Kshs. 322 Million allocated for land digitization.

3) Pending Bills - Delays in exchequer releases by National Treasury largely affects the implementation of the Ministry programme and projects for the FY 2023/24. As at 31st March, 2024 the pending bills amount to Kshs. 485 Million and historical legal pending bills at kshs. 12.9 billion. The pending bills have been submitted to the recent appointed pending bills verification committee for further verification.

The National Land Commission

1) The National Treasury has allocated Kshs. 165 Million for Eldoret Bypass compensation. This is part of the Kshs. 900 Million surrendered to National Treasury in April 2021 meant for compensation of project affected persons which is now due for payment as most succession, family disputes and court cases have been resolved.

4.2 RECOMMENDATIONS

State Department for Lands & Physical Planning

Non-Financial Recommendation.

1) The Committee recommends the state department to fast truck the digitization of land registries as well as geo-referencing as per the approved budget.

The National Land Commission

Financial Recommendations

1) The Committee recommends reallocation of Kshs 7.1 million from the Personnel Emoluments to the Commission's legal dues. The FY 2023/24 allocation on legal dues is Kshs. 15 Million which has been fully utilized as per 31st March 2024 with the recent increase in emerging of land and environment court cases.

2) The Committee recommends the National Treasury to approve request made by National Lands Commission on the exchequer surrender amounting to Kshs. 735 Million for the Project Affected Persons for the following projects:
   a) Nairobi Southern By-Pass – Kshs. 135 Million
   b) Nairobi Eastern By-Pass – Kshs. 300 Million
   c) Dongo Kundu By- Pass – Kshs. 300 Million

SIGNED.....DATE 22/05/2024

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24:

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1135: The State Department for Youth Affairs

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI **MAY 2024**

TABLE OF CONTENTS

PART I 2

1 PREFACE 2

1.1 INTRODUCTION 2
1.2 MANDATE OF THE COMMITTEE 3
1.3 COMMITTEE MEMBERSHIP 4
1.4 COMMITTEE SECRETARIAT 5
1.5 OVERVIEW ON THE EXAMINATION OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24 6
1.6 ACKNOWLEDGEMENT 6

PART II 7

2 OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24 7

PART III 8

3 SUBMISSIONS BY THE STATE DEPARTMENTS 8

3.1 THE STATE DEPARTMENT FOR SOCIAL PROTECTION AND SENIOR CITIZEN AFFAIRS 8
3.2 THE STATE DEPARTMENT FOR GENDER AND AFFIRMATIVE ACTION 10
3.3 THE STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY 13
3.4 THE STATE DEPARTMENT FOR PUBLIC SERVICE (NATIONAL YOUTH SERVICE) 16
3.5 THE NATIONAL GENDER AND EQUALITY COMMISSION 17

PART IV 20

4 COMMITTEE OBSERVATIONS 20

PART V 21

5 COMMITTEE RECOMMENDATIONS 21

ANNEXURES 24

PART I

1 PREFACE

1.1 Introduction

1. The Supplementary Budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval and granting of authority to spend under the given circumstances. Specifically, the main reasons for a supplementary budget are where the funds allocated and appropriated for any purpose are insufficient and also when a need arises for which there is no appropriation. Approval of the National Assembly must be sort within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at programmes level.

2. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Social Protection the mandate to consider matters in relation to *Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*

3. In that regard, the Committee is mandated to analyze, scrutinize and approve the supplementary estimates for the following government agencies under its purview:
    i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
    ii. Vote 1212: The State Department for Gender and Affirmative Action
    iii. Vote 1135: The State Department for Youth Affairs and Creative Economy
    iv. Vote 1213: The State Department for Public Service (NYS)
    v. Vote 1241: The National Gender and Equality Commission (NGEC)

1.2 Mandate of the Committee

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

   i. ***To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;***
   ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
   iii *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
   iv. *To study and review all the legislation referred to it;*
   v *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
   vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
   vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
   viii. *To examine treaties, agreements and conventions;*
   ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
   x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
   xi. *To examine any questions raised by Members on a matter within its mandate.*

5. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.

6. In executing its mandate, the Committee oversees the following State Departments under different Ministries and one Commission;
   i. State Department for Social Protection and Senior Citizen Affairs;
   ii. State Department for Gender and Affirmative Action;
   iii. State Department for Youth Affairs and Creative Economy;
   iv. State Department for Public Service (National Youth Service); and
   v. National Gender and Equality Commission (NGEC).

1.3 Committee Membership

7. The Departmental Committee on Social Protection was constituted by the House on 27th October 2022 and comprises of the following members:

Chairperson
Hon. Alice Wambui Ngángá, MP
Thika Town Constituency
UDA Party

Vice-Chairperson
Hon. Hillary Kiplang'at Koskei, MP
Kipkelion West Constituency
UDA Party

Members

Hon. (Dr.) James Wambura Nyikal, M.P.
Seme Constituency
ODM PARTY

Hon. Timothy Wanyonyi Wetangula, M.P.
Westlands Constituency
ODM PARTY

Hon. (Dr.) Lilian Achieng Gogo, M.P.
Rangwe Constituency
ODM PARTY

Hon. Mark Ogolla Nyamita, M.P.
Uriri Constituency
ODM PARTY

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency
WDM-K PARTY

Hon. Betty Njeri Maina, M.P.
Murang'a County
UDA PARTY

Hon. Michael Wambugu Wainaina, M.P.
Othaya Constituency
UDA PARTY

Hon. Sulekha Hulbale Harun, M.P
Nominated Member
UDM PARTY

Hon. Amina Abdullahi Dika, M.P
Tana River County
KANU PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency
UDA PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County
TSP PARTY

Hon. Agnes Mantaine Pareiyo, M.P
Narok North Constituency
JUBILEE PARTY

Hon. Linet Chepkorir, M.P
Bomet County
UDA PARTY

1.4 Committee Secretariat

8. The Committee is facilitated by the following Secretariat.

Mr. Finlay Muriuki
Lead Clerk/ Head of the Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Mr. Adan Ahmed Abdi
Fiscal Analyst II

Ms. Grace Maneno
Research Officer III

Mr. George Benjamin
Hansard Officer III

Ms. Naomi Onsomu
Public Communications Officer

Mr. Derrick Kathurima
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Supplementary Estimates No. II for FY 2023/24

9. The Supplementary Estimates No. II for FY 2023/24 were submitted to the National Assembly on Thursday 2nd May 2024 and subsequently referred to Departmental Committees for consideration.

10. Parliament is required to scrutinize the Supplementary Estimates and the programmes that the State Departments under the purview of the Committee are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and their agencies to consider their Supplementary Estimates No. I for FY 2023/24.

12. The Committee held a total of six **(6)** sittings to consider the Supplementary Estimates No. II for FY 2023/24.

1.6 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. II for FY 2023/24.

14. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the state Department for Gender and Affirmative action; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service; the National Gender and Equality Commission as well as their agencies for the useful contributions they made towards the preparation and production of this report.

15. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

HON. ALICE WAMBUI NGÁNGÁ, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2 OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24

16. In line with Section 43 of the PFM Act, 2012 which gives an Accounting Officer the authority to re-allocate funds between programmes and sub-votes, the proposed supplementary largely comprise of reallocations, absolute increases, and reduction of expenditures. For example, the State department for Social Protection have been proposed for an overall reduction whereas, the State department for Public Service (National Youth Service) have been proposed for a net increase.
17. The implication is such that either that, the estimates for the agencies were not set during budget approvals or that the Agencies facing budgetary cuts can accommodate the reduction by using the remaining funds efficiently, or by reducing the performance targets, and that agencies getting increases will deliver more services.
18. A summary of Supplementary II FY 2023/24 is as shown below;

Table 3: Summary of Supplementary II Estimates (KSh. Millions)

MDA	Approved Estimates (Sup I)	Proposed Sup II	Change	% Change
State department for Social Protection	38,230,073,256	36,363,673,256	(1,866,400,000)	(2) %
State department for Gender Affairs	5,802,527,741	5,739,527,741	(63,000,000)	
State department for Public Service (National Youth Service)	13,667,312,124	13,967,312,124	300,000,000	(2.2) %

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretaries for the State Departments appeared before the Committee on 14th, 15th and 16th May, 2024 and submitted as follows:

3.1 The State Department for Social Protection and Senior Citizen Affairs

The state department of Social Protection and senior citizens Affairs presented as follows;

1. **Schedules Showing the Programmes and Projects affected by the Supplementary Estimates 11**

a) Recurrent Expenditure

The State Department's Approved Gross Budget Estimates for the Financial Year 2023/24 was **Kshs. 38,230,073,256**; comprising of **Kshs. 34,367,603,256** and **Kshs. 3,862,470,000** for Recurrent and Development Expenditure respectively.

Under the Supplementary Estimates No.2 of the Financial Year 2023/24, the gross allocation for Recurrent Expenditure was **Kshs. 32,471,203,256** while the allocation for Development Expenditure was **Kshs. 3,647,470,000**, hence a total allocation of **Kshs. 36,118,673,256.** The Recurrent Expenditure allocation thus decreased by **Kshs. 1,896,400,000** while the Development Expenditure allocation decreased by **Kshs. 215,000,000** as tabulated below.

S/No.	Vote	Approved Estimates FY 2023/24 (Kshs)	Supplementary Estimates 1I. (Kshs)	Variance (Kshs.)	Remarks
1.	Recurrent	34,367,603,256	32,471,203,256	(1,896,400,000)	Reduction on Grants and Transfers
2.	Development	3,862,470,000	3,647,470,000	(215,000,000)	Reduction on G.O.K Counterpart fund on KSEP
	Total	38,230,073,256	36,118,673,256	(2,111,400,000)	

The Compensation to Employee increased by **Ksh 64,600,000**. Use of good and Services increased by Ksh, **762,458,520** and Grants and other Transfers decreased by **Ksh 2,723,458,520** in the Financial Year 2023/2024 Supplementary Estimates II.

The table below shows the effect on programmes affected by the Supplementary Estimates II

Economic Item	Approved Estimate FY2023/24	Revised Estimate II FY 2023/24	Change in Estimate
Compensation to Employees	1,852,560,000	1,917,160,000	64,600,000
Use of Good and Services	1,1622,240,136	1,928,698,656	762,458,520
Grants and other Transfers	31,332,860,000	28,609,401,480	(2,723,458,520)
Acquisition of non-Financial Assets	15,943,120	15,943,120	0
TOTAL	**34,367,603,256**	**32,471,203,256**	**(1,896,400,000)**

b) Development Expenditure

The table below shows the programmes affected by the Supplementary Estimates II on Development Expenditure.

Description	Approved Budget Estimates	Supplementary Estimates II	Increase/ Decrease
	2023/24	**2024/25**	
Gross	3,862,470,000	3,647,470,000	215,000,000
GOK	1,867,00,000	1,652,000,000	215,000,000
Loans	1,927,470,000	1,927,470,000	0
Grants	68,000,000	68,000,000	0

From the above table the State Department Budget G.O.K Counterpart Funding deduction of **Kshs. 215,000,000** in Supplementary Estimates No. II of the Financial Year 2023/2024, would affect the G.O.K Contribution, in violation of the Financing Agreement.

2. Money withdrawn as Per Article 223 of the Constitution

The State Department hitherto, does not have any funds withdrawn under article 223 of the Constitution.

3. Justification for Additional Expenditure and Reallocations.

The State Department doesn't have any additional allocation in the Supplementary Estimates No. II.

However, has requested for Reallocation of funds as advised by the National Treasury vide their letter Ref RES 1185/23/01 A (36) dated 4th March,2024, to cater for shortfalls for Bank charges totaling to **Kshs. 481,865,520.00,** and Verification Exercises **Kshs.200,00,00.00**, to enable us board the additional new beneficiaries into the Inua Jamii Cash Transfer Programme.

4. **Indicative impact of the Supplementary Estimates II on Performance Target.**

a) The Re -Allocation given will enable the State department clean up the Inua Jamii potential beneficiaries and deliver an optimal payroll.

b) The State will also be able to pay the outstanding bank charges to the Payment Service Providers.

The State Department for Social Protection and Senior Citizens Affairs is appealing to the Committee on Social Protection Committee to request the National Assembly and the National Treasury to provide additional G.O.K. funds amounting to **Kshs. 26,067,679,635.00. 00** to enable the State Department fully to implement the above named prioritized projects and Programmes, in respect to FY 2024/2025.

3.2 The State Department for Gender and Affirmative Action

A schedule showing the Programmes or Projects affected by the proposed supplementary 2 estimates

Hon. Chairman, allow me to briefly highlight the projects and programs affected by supplementary 2

Table VII: Programmes Affected by Supplementary Estimates 2

Name of Program	**Printed Estimates** **Kshs**	**Supplementary 2 Estimates** **Kshs**	**Remarks**
Strengthening and prevention of GBV in GBV Hot spot areas (Kenya Finland Bilateral Programme)	200 million	100 million	The donor appropriation in aid was reduced by Kshs. 100 million. The AIA was reduced because of low absorption since the donor spends the funds directly.
Making Every woman and girl count phase (ii)	22.7 million	0	Program removed in Sup 2 since there was no agreement with the partner UN Women on the same

Supporting information on any money spent in accordance with Article 223 of the constitution

The State Department did not have any expenditure under Article 223 of the Constitution in the period under review.

Justification for additional expenditure and reallocations

In Supplementary Estimate No 2, the State Department has been allocated an additional **Kshs. 59.70 million** in the recurrent Budget, of which **Kshs 23.52 million** to facilitate the purchase of a vehicle for the Cabinet Secretary, **Kshs 9.4million** was allocated to cover cost relating to Commission Status on Women (CSW), which was held in New York, **Kshs 12 million** for Multisector Working Group on two third Gender Principle. The remaining **14.78 million** will be allocated as summarized in Table IV below; In the Development budget, State Department got a reduction of **Ksh.100 million** which is an appropriation in aid by the Kenya Finland Bilateral Program (donor grant).

Table VIII – Allocation of Additional Funding;

S/No.	Directorate/Spending Unit	Activities/justification	Approved Estimates	Additional Allocation In Suppl.2 FY 2023/24 Kshs
1	Social Economic Empowerment	To finalize the draft policy on women economic empowerment through stakeholder consultation and validation processes.	**6,439,332**	**5,000,000**
2.	Anti-Gender Based Violence and Family Protection (Anti GBV)	Hold community dialogues with men,boys, nyumba kumi and religious leaders in the campaign against GBV.	**84,859,191**	**1,640,000**
3.	Gender Mainstreaming	Develop a training manual on gender mainstreaming in the public sector	**883,391,924**	**2,300,000**

4.	Gender Policy Research and Documentation	Developing of Legislative Proposal for the Gender Bill which aims to: i. Provide for specific social reports in response to Court Orders on SGBV and related cases; ii. Give full effect to the National Policy on Gender and Development and other Gender- related policies; iii. Comply with the requirement that legislation should spring Develop Gender Bill	**9,290,833**	**2,610,000**
3.	General Administration Planning and Support Services	To cater administration cost	**205,092,716**	**3,230,000**
Development projects /programs				
1	Strengthening and prevention of GBV in GBV Hot spot areas (Kenya Finland Bilateral Programme Donor AIA)	Strengthening and prevention of GBV in GBV Hot spot areas. The donor AIA was reduced due to low absorption as the donor spends the funds directly.	200,000,000	(100,000,000)
2	Making every girl and woman count phase (ii)	Project removed in supplementary 2 as there was no agreement with the partner UN Women on the same	22,700,000	(22,700,000)

The indicative impact of the proposed budget revision on the 2023/24 program targets.

The State Department revised budget will enable the State Department to pay for Cabinet Secretary office motor vehicle , to pay for expense incurred on high level participation in Commission on Status of Women (CSW) , payment for multi-sectoral working group on two third Gender principle, facilitation of finalization of draft policy on women empowerment, develop a training manual on Gender Mainstreaming, prepare legislative proposal for the Gender Bill, prepare strategies to increase awareness on Gender dynamics and reduce stereotype and inequalities and undertake operations and maintenance in the State Department.

The state Department reequests for an additional allocation of **Kshs.65million** of which **Kshs.2million** for gratuity which is due for the officers who have left the service, the balance will be used to finance key activities and targeted programmes in the FY 2023/24.

3.3 The State Department for Youth Affairs and Creative Economy

The State Department for Youth Affairs and Creative Economy (SDYACE) comprises of five (5) technical directorates: Entrepreneurship and Skills Development, Youth Social Development, Innovation and Talent Development, Research and Mainstreaming and Department of Film Services Policy.

In addition, the State Department has six (6) Semi-Autonomous Government Agencies (SAGAs) and four (4) non-SAGAs entities namely the Kenya Association of Youth Centers (KAYC), International Conference for Great Lakes Region (ICGLR), Kenya Film School (KFS) and African Audio -Visual Cinema Commission (AACC).

Under Vote 1135, the State Department is implementing three (3) programs comprising of six (6) sub-programmes in FY2023/24, as summarized below;

Programme	Sub Programmes	Brief Description of the Programme
1 Youth Empowerment Services	1. Youth Social and Sustainable Community Development	• Develop and promote youth well –being such as developing and building their capacity to resist engagement in risky behavior like drug and substance abuse, alcoholism, violent extremism among others. • Develop and promote youth engagement in sustainable community development such as climate change mitigation and adaption initiatives such as tree planting; and peace building initiatives, volunteerism among others

	2. Youth Mentorship, Leadership and Governance	• Promote youth mentorship and coaching programmes such as mind-set education. • Harness youth voices to improve youth inclusivity in national development
2. Youth Development Services	1. Youth Development Research and Quality Management	• Mainstreaming Research in Youth Development Programmes • Development and implementation of Legislation, Policies and strategies on Youth Development • Youth Development Index
	2. Youth Entrepreneurship, Innovation and Talent Development.	• Developing and promoting youth Talents • Commercialization of Youth Talents • Development of Youth skills for enterprise development Operationalization of Youth Saccos
	3. Youth Development Field Extension Services	• Provision of Youth Development Services for Youth at the grass root level.
3.General Administration and Support Services	Administration and Support Services	• Support of technical services

The proposed Supplementary Estimates No.2 has Recurrent Budget additional of Kshs 84.6M while the Development Budget has additional Expenditure under Donor of Kshs 159.9M. The proposed Supplementary No.2 Recurrent Budget has additional funds amounting to Kshs 84.6Million; under youth affairs **Kshs 23Million** while under the Arts **Kshs 61.6** as detailed below;

Economic Classification	**Approved Estimates**	**Supplementary II Estimates**	**Changes in Estimate**
Gross	**2,962,909,983**	**3,047,509,983**	**84,600,000**
AIA	247,189,000	256,189,000	9,000,000
NET	**2,715,720,983**	**2,791,320,983**	**75,600,000**
Compensation to Employees	735,825,879	758,825,879	23,000,000

Grants and Transfers	1,906,079,600	1,950,079,600	44,000,000
Use of Goods & Services/ Other Recurrent	321,004,504	338,604,504	17,600,000

The only additional funding in recurrent under Youth is Kshs. 23M in salaries

the Supplementary No.2 Development Budget for Vote 1135- Youth Affairs & Creative Economy is Kshs. 1,084.7 Million. The increment is Kshs. 159.95 Million as detailed below;

	PRINTED/SUPPLEMENTARY 1		SUPPLEMENTARY.NO.2		SUPPLEMENTARY ESTIMATES NO.2 MOVEMENT		
	GOK	DONOR	GOK	DONOR	TOTAL GOK CHANGE	TOTAL DONOR CHANGE	GROSS CHANGE
KYEOP	29,877,390	340,050,000	29,877,390	375,000,000	-	34,950,000	34,950,000
YECS	141,000,000	-	136,000,000	-	(5,000,000)	-	(5,000,000)
VIVA	13,222,610	300,000,000	18,222,610	375,000,000	5,000,000	75,000,000	80,000,000
NYOTA	-	-	-	50,000,000	-	50,000,000	50,000,000
TOTAL					-	159,950,000	159,950,000

The CS concluded by seeking support of the Committee o Social Protection to consider increase in allocation of Kshs 10M for KENIA, reduction of Donor funds under VIVA by Kshs 105M and the

proposed reallocation of Kshs. 5.44M to clear negative balances occasioned by Supplementary Estimates No. II.

3.4 The State Department for Public Service (National Youth Service)

A Schedule Showing the Programmes and Projects affected by the Supplementary Estimates II

The Service had requested Kshs. **4.6 Billion** for consideration in Supplementary II. However, the Service received an allocation of **Kshs. 300 million only resulting in a deficit of Ksh 4,301,069,703**. The requested amounts were to fund the following:

S/No	Description	Totals
1.	Budget deficit on Personnel Emoluments	107,783,503
2.	Budget for the additional intake	1,868,370,000
3.	Shortfall on food Budget allocation	1,196,613,000
4.	Technical and Vocational Institutes Fees	1,428,303,200
	Total	**4,601,069,703**

Where Money has already been Withdrawn as per Article 223 of the Constitution:

The service has no monies withdrawn as per Article 223 of the constitution

Justification for additional expenditure and reallocations.

The service has no additional expenditures and reallocations.

Indicative impact of the supplementary Estimates II on MDA performance

NYS is greatly affected by the outcome of the supplementary allocation, of importance is the funding of the 15,000 recruits that have already reported and are undergoing paramilitary training. These recruits are currently operating on the current budget that is already overstretched.

It is also important for the Committee to note that the service has continued to be under funded in Technical and vocational training, this has not been factored in supplementary II and will amount to pending bills at the end of the financial year.

The additional intake in this financial year has overstretched our infrastructure, especially in our Paramilitary Training institutions. In spite of this, our allocation for Development was reduced in supplementary 1 and has not been improved in supplementary II. This will seriously affect the recruits during training.

The service has for years budgeted its food cost requirements based on an estimation of food price index done several years ago, with the upward escalation of food prices the service has suffered underfunding on food allocation. Our request for funding to bridge this gap through supplementary II was not successful.

Despite a budget allocation of **KShs. 2 billion** for payment of pending bills. The service has only received **Kshs 500, Million** as at the end of the third quarter.
The Service requests your indulgence for release of the balance amounting Ksh. 1.5B

3.5 The National Gender and Equality Commission

A schedule showing the programme and projects affected by the Supplementary Estimates II

In the Financial Year 2023/2024, the Commission had an approved budget of Kshs 473.2 (inclusive of development vote). This budget was rationalized during Supplementary Budget No.1, to Kshs. 444.8 million (a loss of KES 28.1M). This had a negative effect.

The Commission was positively affected by the Supplementary Estimates II with additional Kshs 6.8 million under Personnel Emoluments and now with your consideration and approval of our request of the reallocation of the KES 2.678M then are bound to conclude the year much happier. Our budget therefore is ***(440.2m+6. 8m=447.0 m as recurrent budget and a total of 451.6m inclusive of the development vote)***

Where money has already been withdrawn as per Article 223 of the Constitution

N/A

Justification of additional expenditure and reallocation

Additional Expenditure

Under supplementary ii, the Commission is requesting for additional Kshs. 6.8 Million under personal emoluments. The funds are meant to cater for shortfall in PE in the FY 2023/2024. Specifically meet PE costs for secondment of 2 technical officers (NGEC 6) to the Garissa Regional Office which has currently one technical officer and a cleaner, pay the statutory deductions for staff including housing level, NSSF and pensions.

Reallocation

During Budget execution FY 2023/2024, some critical activities could not be executed as planned due to budget shortfalls caused by various reasons including rationalization and inflations. Therefore, the Commission is seeking reallocation of Kshs 2,678,591.00 to support critical Commission functions. The request was made to National Treasury on time, but due to in our view exigencies in the Treasury (The times of flooding), the matter reached desk officers late. However, we request your intervention and assistance towards execution of this request which means including it in your final report and rationalized budgets.

The reallocations are to support the following;

a) Postal and courier services Kshs 181,745. Support payment of existing bills up to June 2024
b) Fuel Kshs 300,000. Support movement of Commission to critical funded activities under the matching agreements with development partners.
c) Computers Kshs 1,396,846. The Commission has a number of obsolete computers that
d) Foreign travel Kshs 800,000. The Commission in carrying out its was represented in the 77th session of the African Commission on Human Peoples Rights in Tanzania where we were seeking for affiliation status to the Commission in line to their resolution pertaining to Africa National Human Rights Agencies/Institution. Also this month, we have a representation of the Commission who shall support Ministry of Labour and Social Protection and this committee during the Open ended working group on ageing in New York. The amount is meant to cater for outstanding payments towards this activity.

The funds are being reallocated from the following votelines;

a) Internet connections Kshs 1,948,591.00. The savings are from 3 months' savings when the commission did not have internet services.

b) Purchase of Motor Vehicle Kshs 750,000. The savings was realized after the Commission purchased a cheaper vehicle.

Indicative impact of the Supplementary Estimates II on MDAs Performance targets.

The additional funds to cater for Personnel Emoluments (PE) will ensure that the Commission meets its obligations by paying staff salaries and all statutory deduction associated with Personnel Emoluments. When you consider our reallocation, then we are able within our budget to meet the deficits with have in specific line items such as courier services, replacement of obsolete computers, etc.

CONCLUSION

1. The Commission humbly requests this Committee to reinstate and ring-fence its recurrent budget to its initial allocation of **498M**. This reinstatement and ring-fencing is essential to ensure the Commission's ability to effectively discharge its mandate and address emerging issues affecting Special Interest Groups.

2. The Commission would require an additional **KES 135M** to accomplish key strategic interventions that will sustain the Bottom Up Economic Transformation Agenda, particularly accelerated economic recovery and improved livelihoods for the SIGs and with a focus to populations living in the hard-to-reach areas, unplanned settlements (slums), and in those on the streets.

PART IV

4 COMMITTEE OBSERVATIONS

1. During the engagements and deliberations between the Committee and the various Ministry, Departments and Agencies on the Supplementary II FY 2022/23, the following observations were made:

i. The Committee observed that there is inadequate consultations between the National treasury and the respective MDAs in the preparation of the proposed budget variations. The submissions revealed the great adverse impacts the proposed budget cuts portends to various votes.

ii. The Committee noted that the reduction of approximately **Ksh 1.8 billion** on the cash transfer program either points to poor budgeting and inadequate planning by the State department for Social Protection or a system that is not fraud proof despite having the database of approximately 2 million vulnerable persons. There is need to fast-track the linkage of the Social protection management information system to relevant government information system, upgrading of the single registry and enhancing of the consolidated cash transfer program management information system (CCTP-MIS).

iii. The full implementation of the Children's Act 2022 cannot be realized without a budget. The National Council for Children Services requires additional funds to develop regulations, create awareness, establish and operationalize National Children Data Base, strengthen County Children Advisory Committees (CACS) in 47 counties and 361 sub-counties and Establish Children Welfare Fund.

iv. There is need to scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in alternative family care and provision of psycho-social support by the Child Welfare Society of Kenya.

v. The committee observed that Youth development and innovation have not been given prominence despite the enormous display of talent during the annual incubation week. Given the attention and resources this can be an employment area for the youth.

PART V

5 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations/Proposed Reallocations

i. Proposed Committee reductions of the proposed Supplementary Estimates II

S/No.	Vote/State departments	Programme/Area/item	Proposed Reduction (Kshs)	Justification
1.	State department for Public Service	National Youth Service	100,000,000	The reduction is on the proposed **Kshs 500 million** recurrent allocation for the NYS re-engineering This program was also given Kshs 500 million during the Supplementary estimates I and was not fully utilized The committee will fully support the NYS re-engineering process in the coming financial year and within the medium-term but given the time left between now and the end of the financial year this fund will be partly channelled to an equally needful areas with in the sector
2.	State department for Social Protection	National Social Safety Net	10,000,000	The reduction is on the Proposed **Kshs 50 million** recurrent allocation for the Street family's rehabilitation trust fund. The committee was not fully convinced of the targets to be achieved and the realizable outputs
3.	State department for Youth Affairs & Creative Economy	General Administration, Planning & Support Services	5,440,625	The State department realized savings after settling all the Outstanding claims on gratuity to the closure of the financial yaer
4.	**Total Reductions**	**Recurrent Kshs 115,440,625**		

Proposed increments on the Supplementary Estimates II

S/No.	Vote/State departments	Programme/Area/item	Proposed Increases (Kshs)	Justification
1.	Social Protection, Senior Citizens Affairs and Special Programmes	Social Development and Children Services	55,000,000	The Child Welfare Society of Kenya needs to scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, during this time where floods have caused havoc to most urban poor. This amount is a recurrent allocation for the emergency response.
3.	State department for Youth Affairs	Youth Development Services	30,000,000	The recurrent amount will be for the Kenya National Innovation Agency to meet its operational shortfalls.
3.	Social Protection, Senior Citizens Affairs and Special Programmes	Social Development and Children Services	25,000,000	The recurrent amount will be for the National Council for Children Services to meet its operational shortfalls.
4.	State department for Youth Affairs & Creative Economy	General Administration, Planning & Support Services	5,440,625	The allocation which is a saving realized is intended to net off negative balances under foreign travel, catering services, Boards, Committees, domestic travel and temporary committees.
5.	**Total Increment**		**Recurrent Kshs 115,440,625**	

ii. Requests for Additional Funding

a) To scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in alternative family care and provision of psycho-social support during these times of difficulties caused by the marauding rains especially in the urban areas the Child Welfare Society of Kenya requires adequate funding which may not be met with the internal reallocations.

S/No.	Vote/State departments	Programme/Area/item	Proposed Increases (Kshs)	Justification
1.	Social Protection, Senior Citizens Affairs and Special Programmes	Social Development and Children Services	200,000,000	The Child Welfare Society of Kenya needs the recurrent amount to scale up the number of children reached under emergency response, during this time where floods have caused havoc to most urban poor.
4.	**Total Increment**		**Recurrent Ksh 200,000,000**	

SIGNED: ..... **DATE**.....16/05/2024.....

HON. ALICE WAMBUI NGÁNGÁ, CBS, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

DEPARTMENTAL COMMITTEE ON LABOUR



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LABOUR

.....

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES II FOR FY 2023/2024 FOR THE FOLLOWING VOTES:

VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE

VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT

VOTE 2071- PUBLIC SERVICE COMMISSION

VOTE 2081- SALARIES AND REMUNERATION COMMISSION

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

Table of Contents

ABBREVIATION 2

APPENDIX 3

PART I 4

1 PREFACE 4

1.1 Introduction 4

1.2 Mandate of the Committee 4

1.3 Committee Membership 6

1.4 Committee Secretariat 7

1.5 Overview on the Examination of the Supplementary Estimates II FY 2023/24 7

1.6 Summary of Observations and Recommendation 7

1.7 Acknowledgement 8

PART II 9

2.0 OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY ESTIMATES II FY 2023/24 9

2.1 OVERVIEW OF SUPPLEMENTARY ESTIMATES II FY 2023/24 FOR THE MINISTRIES, DEPARTMENTS AND AGENCIES AND INDEPENDENT COMMISSIONS 9

2.1.1 State Department for Labour and Skills Development 9

2.1.2 State Department for Public Service 11

2.1.3 Public Service Commission 12

2.1. 4 Salaries and Remuneration Commission 12

PART III 13

3.0 SUBMISSIONS BY STATE DEPARTMENTS AND INDEPENDENT COMMISSIONS 13

3.1 STATE DEPARTMENT FOR PUBLIC SERVICE 13

3.2 STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT 15

3.3 PUBLIC SERVICE COMMISSION 20

3.4 SALARIES AND REMUNERATION COMMISSION 22

PART IV 24

4.0 COMMITTEE OBSERVATIONS 24

PART V 26

5.0 COMMITTEE RECOMMENDATIONS 26

ABBREVIATION

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

APPENDIX

1. Adoption List
2. Minutes
3. Submissions

PART I

1 PREFACE

1.1 Introduction

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

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

1.2 Mandate of the Committee

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

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

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

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

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

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

1.3 Committee Membership

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

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

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

Members

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

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

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

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

Hon. George Aladwa Omwera,
Makadara Constituency
ODM Party

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

Hon Amina Dika Abdullahi, MP
Tana River Constituency
KANU

Hon Dorice Aburi Donya, MP
Kisii County
WDM-K

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

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

Hon Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon Leah Sopiato Sankaire, MP
Kajiado County
UDA Party

Hon Lilian Chebet Siyoi, MP
Trans Nzoia County
UDA Party

1.4 Committee Secretariat

3. The Committee is facilitated by the following secretariat:

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

Mr. Fredrick Muthengi
Deputy Director PBO

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Colletah Sigilai
Senior Legal Counsel

Ms. Josephine Osiba
Hansard reporter III

Ms. Wambui Nyachae
Research Officer III

Mr. Timothy C. Tsungulah
Research Officer III

Ms. Yasmin Hassan
Serjeant-At-Arms I

Ms. Mercylyn Kerubo
Audio Officer III

Mr. Ambrose Nguti
Media Relations Officer III

Ms. Faith Njiru
Public Communication Officer III

1.5 Overview on the Examination of the Supplementary Estimates II FY 2023/24

4. Supplementary Estimates II for FY 2023/24 were submitted to the National Assembly on the 2nd of May 2024. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

5. The Committee held meetings with the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration on 15th and 16th May 2024.

1.6 Summary of Observations and Recommendation

6. In considering the Supplementary Estimates II for FY 2023/24, the Committee made the following key observations, that: -

7. It proposes to increase the allocation for the State Department for Labour and Skills Development by **Kshs. 660.7 million**. This comprises of an increment in recurrent expenditure by **Kshs. 203.8 million** and an increment in development by **Kshs. 456.9 million.**

8. It proposes to increase the allocation for the State Department for Public Service by Kshs. **246 million**. The increment is wholly on recurrent expenditure.

9. It proposes to increase the allocation for the Public Service Commission by **Kshs. 20 million**. The increment is wholly on recurrent expenditure.

10. It proposes to decrease the allocation for the Salaries and Remuneration Commission by Kshs. 1.3 million. The reduction is wholly on recurrent expenditure.

11. The Committee recommends approval of **Kshs 246,000,000 for** the State Department for Public Service in FY 2023/24 the entire amount of **Kshs 246,000,000** being for recurrent expenditure as proposed in the Supplementary Estimates II without amendments.

12. The Committee recommends approval of **Kshs 660,673,406** for the State Department for Labour and Skills Development in FY 2023/24 comprising of **Kshs 203,753,406** for recurrent expenditure and Kshs. **456,920,000** for development expenditure as proposed in the Supplementary Estimates II without amendments.

13. The Committee recommends approval without amendments of **Kshs 20,000,000 for** the Public Service Commission in FY 2023/24, the entire amount of **Kshs 20,000,000** being for recurrent expenditure as proposed in the Supplementary Estimates II.

14. The Committee recommends approval without amendments of reduction by **Kshs 2,000,000** for the Salaries and Remuneration Commission (SRC) in the FY 2023/24 the entire amount being recurrent expenditure as proposed in the Supplementary Estimates II.

1.7 Acknowledgement

15. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Estimates II FY 2023/24.

16. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Public Service, the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission for the useful information that they provided to the Committee on the Supplementary Estimates II FY 2023/24.

17. On behalf of the Committee and Pursuant to Standing Order 243 it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

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

PART II

2.0 OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY ESTIMATES II FY 2023/24

18. Supplementary Estimates II for FY 2023/24 were submitted to the National Assembly on the 2nd of May 2024. The preparation and processing of the Supplementary Estimates is anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015 and Standing Orders No. 243 of the National Assembly.

2.1 Overview of Supplementary Estimates II FY 2023/24 for the Ministries, Departments and Agencies and Independent Commissions

2.1.1 State Department for Labour and Skills Development

19. As of 31st March 2024, the State Department had cumulative recurrent expenditure of Kshs. 3.1 billion against an approved net expenditure of Kshs. 4.2 billion indicating a budget performance rate of 75%.

20. The absorption rate is relatively good and indicates that the State Department will be able to absorb its approved allocation and also the additional Kshs. 203.8 million by the end of the financial year.

Table 1 : Impact of Changes on Recurrent Expenditure for State Department for Labour and Skills Development

Spending Entity	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	1,568.3	6.5	1,561.8	1,718.3	6.5	1,711.8	150.0	-	150.0
National Employment Authority	200.0	200.0	-	253.8	200.0	53.8	53.8	-	53.8
National Industrial Training Authority	1,751.3	1,751.3	-	1,751.3	1,751.3	-	-	-	-
Industrial Training Levy Fund	648.7	648.7	-	648.7	648.7	-	-	-	-
Total	**4,168.3**	**2,606.5**	**1,561.8**	**4,372.0**	**2,606.5**	**1,765.5**	**203.8**	**-**	**203.8**

21. The Supplementary Estimates No. 2 for FY 2023/24 proposes to increase the development expenditure for the State Department by Kshs. 456.9 million. This comprises of an increment in Donor Funding of Kshs. 155.8 million and an increment in GoK Exchequer funding by Kshs. 301.1 million. The change will impact the following projects:

i. The allocation for the 'Establishment of National Labour Market Information System (LMIS)' is proposed to increase by Kshs. 55.8 million. The increment is due to an increase in donor funding. It is noted that the project had its donor funding reduced in Supplementary Estimates No. 1 for FY 2023/24 so the current proposal is a re-allocation of the reduced funds. With the additional funding, the State Department targets 50% implementation level for the Kenya National Occupational Classification Standard (KNOCS) and completion of 1 national labour market survey by June 2024.

ii. The State Department proposes to re-introduce a project called 'Construction of National Employment Promotion Center – Kabete' which has an allocation of Kshs. 301.1 million fully financed from GoK Exchequer funding. This is an ongoing project started in March 2015 but is yet to be completed and had not been allocated any resources in FY 2023/24. As of 30th March 2024, the project was 53% completed and the State Department targets an 87% completion level by June 2024.

iii. The State Department proposes to introduce a new project called 'National Youth Opportunities Towards Advancement (NYOTA) Project' which has an allocation of Kshs. 100 million. This new project is fully financed from Donor funding. For this project, the State Department targets to have 5,000 youth assessed and certified in industrial skills and 500 master craftsmen upskilled by June 2024. Since the approval and disbursement of this funding is likely to be done in June 2023, the Committee may interrogate on whether the target is feasible.

22. As of 31st March 2024, the State Department had a cumulative expenditure of Kshs. 342.9 million against an approved expenditure of Kshs. 335.5 million indicating an absorption rate of 102%.

23. The reason for the over-absorption is from performance of the 'Establishment of National Labour Market Information System (LMIS)' project. The project had its allocation reduced during Supplementary I for FY 2023/24 yet the State Department had already been allocated all the donor funding. The current adjustment in Supplementary II is to regularize this expenditure.

Table 2 : Impact of Changes on Development Expenditure for State Department for Labour and Skills Development

Project	Approved Estimates			Revised Estimates			Difference		
	Total	Donor	GoK	Total	Donor	GoK	Total	Donor	GoK
1184100100 Construction of Meru County Labour offices	10.0	-	10.0	10.0	-	10.0	-	-	-
1184100300 Construction of Occupational Safety & Health-OSHInstitute-Phase I	206.4	-	206.4	206.4	-	206.4	-	-	-
1184100400 Rehabilitation of Safety House in Nairobi	12.0	-	12.0	12.0	-	12.0	-	-	-

1184100500 Establishment of National Labour Market Information System (LMIS)	90.1	44.2	45.9	145.9	100.0	45.9	55.8	55.8	-
1184100600 Construction of National Employment Promotion centre Kabete	-	-	-	301.1	-	301.1	301.1	-	301.1
1184100800 Upgrading of Kisumu Industrial Training Centre (KITC)	15.0	-	15.0	15.0	-	15.0	-	-	-
1184102900 National Volunteers Programme (G-United)	2.0	-	2.0	2.0	-	2.0	-	-	-
1184103000 National Youth Opportunities Towards Advancement (NYOTA) Project	-	-	-	100.0	100.0	-	100.0	100.0	-
Total	**335.5**	**44.2**	**291.3**	**792.4**	**200.0**	**592.4**	**456.9**	**155.8**	**301.1**

2.1.2 State Department for Public Service

24. The Supplementary Estimates No. 2 for FY 2023/24 proposes to increase the recurrent expenditure for the State Department by Kshs. 246 million. This comprises of an increment in AIA of Kshs. 16 million and an increment in GoK Exchequer funding by Kshs. 230 million. The change will impact the recurrent estimates of the State Department Headquarters which increases by Kshs. 147.5 million, Huduma Kenya Secretariat which increases by Kshs. 59 million and Huduma Centers which increases by Kshs. 39.5 million.

25. As of 31st March 2024, the State Department had net exchequer issues of Kshs. 4.5 billion against an approved net expenditure of Kshs. 8.0 billion indicating a budget performance rate of 56%. This rate is relatively low and this may raise concerns on whether the State Department will be able to absorb its approved allocation and also the additional Kshs. 246 million by the end of the financial year.

Table 3 : Impact of Changes on Recurrent Expenditure for State Department for Public Service

Spending Entity	Approved Estimates			Revised Estimates			Difference		
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
Headquarters	6,489.4	8.0	6,481.4	6,636.9	24.0	6,612.9	147.5	16.0	131.5
Huduma Kenya Secretariat	784.8	-	784.8	843.8	-	843.8	59.0	-	59.0
Huduma Centers	288.7	-	288.7	328.2	-	328.2	39.5	-	39.5
Human Resource Management	50.0	-	50.0	50.0	-	50.0	-	-	-

Professionals Examinations Board									
Kenya School of Government	2,210.1	1,838.6	371.5	2,210.1	1,838.6	371.5	-	-	-
Total	**9,823.0**	**1,846.6**	**7,976.4**	**10,069.0**	**1,862.6**	**8,206.4**	**246.0**	**16.0**	**230.0**

2.1.3 Public Service Commission

26. The Supplementary Estimates No. 2 for FY 2023/24 proposes to increase the recurrent expenditure for the Public Service Commission (PSC) by Kshs. 20 million. The increase is wholly due to an increment in GoK Exchequer funding. The increase is on the recurrent estimates for the Public Service Internship Programme.

27. As of 31st March 2024, the PSC had a cumulative expenditure of Kshs. 2.3 billion against an approved expenditure of Kshs. 3.6 billion indicating an absorption rate of 63%. The absorption rate is relatively low and this may raise concerns on whether the PSC will be able to absorb its approved allocation and also the additional Kshs. 20 million by the end of the financial year.

2.1. 4 Salaries and Remuneration Commission

28. The Supplementary Estimates No. 2 for FY 2023/24 proposes to reduce the recurrent expenditure for the Salaries and Remuneration Commission by **Kshs. 1.3 million**. The increase is wholly due to an increment in GoK Exchequer funding.

29. As of 30th April 2024, the SRC had a cumulative expenditure **of Kshs. 411.4** million against an approved expenditure of **Kshs. 550.2 million** indicating an absorption rate of 75%. With 2 months remaining to the end of the Financial Year and the SRC having a balance of **Kshs. 138.8 million**, the reduction of **Kshs. 1.3 million** will have a relatively small impact on the overall performance of SRC.

PART III

3.0 SUBMISSIONS BY STATE DEPARTMENTS AND INDEPENDENT COMMISSIONS

3.1 State Department for Public Service

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

Programmes and projects affected by the Supplementary Estimates II

31. The programmes and projects have been affected by supplementary II estimates as follows.

Table 4 : Summary of Programmes affected by Supplementary Estimates II Programme

	Revised Estimates (Supp I) FY 2023/24	Proposed Supplementary II Estimates FY 2023/24	Change in Estimates
	KSh. Million		
Public Service Transformation	10,238.0	10,355.9	117.9
General Administration Planning and Support Services	558.9	687.0	128.1
Total	**10,797**	**11,043**	**246**

32. The Projects in the State Department were not affected in the proposed supplementary Estimates II as shown in the table below

Table 5 : Summary of Projects Affected by Supplementary Estimates II

	Original Estimates FY 2023/24	Revised Estimates (Supp I) FY 2023/24	Proposed Supplementary II Estimates FY 2023/24	Change in Estimates
Project Name	KSh (million)			
Implementation of Huduma Service Delivery Channels	443.0	497.0	497.0	-
Construction of Tuition Complex at KSG Matuga	80.0	40.0	40.0	-

Construction of Tuition Complex at KSG Baringo	111.0	56.0	56.0	-
Construction of Hostels at KSG Embu	260.0	130.0	130.0	-
Upgrade of Government Human Resource Information System-GHRIS & IPPD	60.0	60.0	60.0	-
JDS Human Resource Development Scholarship 1	100.1	260.9	260.9	-
TOTAL FOR VOTE	**1,054.1**	**1,043.9**	**1,043.9**	**-**

Money withdrawn as per Article 223 of the Constitution:

33. The State Department had not spent any money under Article 223 of the Constitution.

Justification for additional expenditure and reallocations.

34. The additional expenditure and justification is summarised below.

Table 6 : Summary of additional expenditure and justifications

	Amount (KSh Million)	Justification
Recurrent Expenditure	246	• **KSh. 30 million** to fund shortage in personnel emoluments • The State Department proposes to Appropriation in Aid (AIA) from the current **KSh. 8 million** to **KSh. 24 million** • **KSh. 200 million** to finance critical areas affected by budget cuts in supplementary I such as rent, internet and AIEs to Huduma centres countrywide.
Development	-	• The State department did not get any additional budget in development vote in the proposed supplementary II.

35. The State Department reallocated funds in Recurrent budget to fund critical expenditures affected by heavy budget cuts in supplementary I such as Fuel.

36. Under development vote, the State Department has reallocated funds within Upgrade of GHRIS infrastructure to realign the project budget lines appropriately.

Indicative impact of the Supplementary Estimates II on MDAs performance targets.

37. The proposed supplementary shall enable the State Department finance the shortage in personnel emoluments, increase Appropriation in Aid and fund critical items affected by the austerity measures in supplementary I such as AIEs to Huduma centres and Internet connectivity. This shall result in achievement of performance targets for the financial year 2023/24.

3.2 State Department for Labour and Skills Development

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

39. A total of **Kshs. 5.17 billion** has been provided for, out of which **Kshs. 4.37 billion** is under **Recurrent Expenditure** and **Kshs. 792.42 million** is under **Development Expenditure**.

Table 7 : Summary of 2nd Supplementary Budget Estimates for FY 2023/24

Budget	Printed Estimates FY 2023/24	1st Supp FY 2023/24	2nd Supp FY 2023/24
Recurrent	4,349.52	4,169.86	4,373.61
Development	688.95	335.50	792.42
Total	**5,038.48**	**4,505.36**	**5,166.03**

Programmes and Projects affected by the Supplementary Expenditure Estimates for FY 2023/24

40. The tables below outline a summary of the programmes and projects affected by the Supplementary Estimates II;

41. An additional of **Ksh 203.75 million** has been allocated under various programmes as illustrated on the table below.

Table 8 : Actual Recurrent Supplementary Estimates II for FY 2023/24 (in Ksh Millions)

Programme	Approved Estimates FY 2023/24			Amendments	Amended Approved Estimates FY 2023/24		
	Gross	A-I-A	Net		Gross	A-I-A	Net
Programme 1: Labour, Employment and Safety services	987.95	206.50	781.45	82.55	1,070.51	206.50	864.01
Programme 2: Manpower Development, Industrial skills & Productivity	2,588.84	2,400.00	188.84	19.40	2,608.24	2,400.00	208.24

Programme	Approved Estimates FY 2023/24			Amendments	Amended Approved Estimates FY 2023/24		
	Gross	A-I-A	Net		Gross	A-I-A	Net
Management							
Programme 3: General Administration, Planning and Support Services	591.46	-	591.46	101.80	693.26	-	693.26
TOTAL	**4,168.25**	**2,606.50**	**1,561.75**	**203.75**	**4,372.01**	**2,606.50**	**1,765.51**

42. The table below illustrates the allocation per programme under the Development Expenditure Estimates of **Kshs. 456,92 million.**

Table 9 : Actual Development Supplementary Estimates II for FY 2023/24 (in Ksh Millions)

Programme	Approved Estimates FY 2023/24			Total Amendments	Amended Approved Estimates FY 2023/24		
	Gross	A-I-A	Net		Gross	A-I-A	Net
Programme 1: Labour, Employment and Safety services	228.43	-	228.43	301.12	529.55	-	529.55
Programme 2: Manpower Development, Industrial skills & Productivity Management	107.07	-	107.07	155.80	262.87	-	262.87
Programme 3: General Administration, Planning and Support Services	-	-	-	-	-	-	-
TOTAL	**335.5**	-	**335.5**	**456.92**	**792.42**	-	**792.42**

Justification for Additional Expenditure and Reallocations

43. The FY 2023/24 Supplementary Estimates I hampered the progress of the State Department in performing its duties and obligations. In light of this, the State Department has been able to secure additional funding under Supplementary Estimates II.

44. This includes **Ksh 203,753,406** under the Recurrent Budget and **Ksh 456,920,000** under the Development Budget. This is as detailed below:

Table 10 : Analysis of Recurrent Budget Justification

Recurrent Vote		
Programme	**Amount of Increase**	**Justification**
Programme 1: Labour, Employment and Safety services	82,553,406	This additional budget will be used to cater to the Labour Migration Export Program which is a BETA priority; Review and implementation of the Labour Laws i.e. the Occupational Safety and Health Policy; and to facilitate the country's participation in the International and Regional commitments i.e. International Labour Organization (ILO) conferences
Programme 2: Manpower Development, Industrial skills & Productivity Management	19,400,000	This is to cater to capacity building of Staff on Labour Market Information System Content. In addition, this will enable personnel to interact efficiently with the System as well as aid in updating the Kenya labour observatory. This is also to cater to the National online employment skill training Programme, the National innovation, talent and entrepreneurship development Programme and the National Apprenticeship and mentorship programme.
Programme 3: General Administration, Planning and Support Services	101,800,000	This is to settle outstanding payments for services offered which cannot be funded within the approved FY 2023/24 Recurrent Budget.
TOTAL	**203,753,406**	

Table 11 : Analysis of Development Budget Justification

Development Vote		
Programme	**Amount of Increase**	**Justification**
Programme 1: Labour, Employment and Safety services	301,120,000	This will be used to cater to the National Employment Promotion Centre, Kabete. This is a BETA priority which is expected to serve as a One-Stop-Shop for employment promotion activities which include: jobseekers' registration; provision of job searches and vacancy matching assistance; jobseekers' referral to employees; access to vacancy and training information tools; career, vocational and employment guidance and counselling; internship registration and placement; career seminars; career fairs and provision of labour market information.
Programme 2: Manpower Development, Industrial skills & Productivity	155,800,000	Ksh. 100 million will be used for the National Youth Opportunities Towards Advancement (NYOTA) Project. This will enable the project to operationalize the labour market information & observatory, improve youth employability and support youth savings.

Management		Ksh 55.8 million will be used to cater for the Establishment of National Labour Market Information System (LMIS)
Programme 3: General Administration, Planning and Support Services	-	-
TOTAL	**456,920,000**	

Impact of FY 2023/24 Supplementary Estimates II on Performance Targets

45. The additional budget under Supplementary Estimates II will enable the State Department in the attainment of key outputs relative to the set targets in the FY 2023/24. In summary, the impact on the key performance indicators is as detailed below;

    i. In the provision of employment services, the number of job seekers placed in gainful employment will increase.

    ii. Construction of the National Employment Promotion Center, Kabete will support the processes required to drive the BETA Government agenda on employment promotion locally as well as Labour Migration.

    iii. The National Youth Opportunities Towards Advancement (NYOTA) Project will increase the number of information products supporting demand and supply made available on the Labour Market Information System (LMIS) platform; the number of youths assessed and certified in industrial skill; the number of Master Craftsmen upskilled and; the number of youths enrolled in the Haba Haba scheme to support savings.

    iv. The Labour migration export program will be able to comply with labour laws and international labour standards and ensure that the rights of Kenyan migrant workers are protected

46. While appreciating the additional funding, the State Department highlighted shortfalls in the following areas that require further funding for optimal service delivery;

Table 12 : FY 2023/24 Supplementary II Resource gaps

AREA	AMOUNT (Millions)	ACTIVITY
Labour Migration and Skills Export Programme	38.9	Establish and maintain a centralized database for job seekers, recruitment agencies and foreign employers
		Establishing of a One stop Centre offering all labour migration services (install an integrated system, furnishing)

		Establish Kenya as a global labour market potential destination to secure employment opportunities for the youth through International Job fairs (one schedules for Germany in May 2024)
		Develop and implement pre-employment services(accreditation of skills and professional competency of workers, pre-employment orientation seminar, documentation of overseas employment and post arrival orientation seminars)
		Enhance Pre-departure training and orientation through reviewing the curriculum to incorporate emerging issues in Labour Migration
Country's participation in the International and Regional commitments:	39.7	• International Labour Organization (ILO) • African Union, • International Organization for Migration (IOM), • East Africa Common Market Protocol, • World Association of Public Employment Services (WAPES), • Pan African Productivity Association (PAPA) and • African Regional Labour Administration Centre (ARLAC) • East African Community Summit and Technical Meetings • The Common Market for Eastern and Southern Africa (COMESA)
Institutions of Social Dialogue (Local and International)	30	• Operationalization of 13 Wages Council • Establishment and operationalization of Child Labour Committees • National Council for Occupational Safety and Health (NACOSH) • National Labour Board (NLB) Alternative Dispute Resolution Mechanism (ADR)
Labour and DOSHs Field Services	29.4	Underfunding for operations to 44 County Labour Offices and 31 Occupational and Safety Offices Field stations to facilitate delivery of services
Planning Department	12.0	Investigations of Economic Disputes referred by the Employment and Labour Relations Court (on-the-spot investigations of labour disputes; analyses of labour costs, audited accounts and other economic factors; preparation of reports for submission to the Employment and Labour Relations Court within specified timelines
TOTAL	**150.0**	

3.3 Public Service commission

47. The Chairperson, Public Service Commission accompanied by the Ag. Commission Secretary/Chief Executive Officer together with other officials from the Commission appeared before the Committee and submissions as follow:

Programmes and Projects Affected by Supplementary Estimates II

48. In the proposed Supplementary Estimates II, the Commission will realize additional funding of **Kshs. 20m**. The additional funds are under the Domestic Travel and Hospitality budget lines to cater for County visits, payment of allowances for Selection Panels and mount an induction program for cohort 6 interns under the PSIP.

Money Withdrawal as per Article 223 of The Constitution

49. Withdrawal of money as per Article 223 of the Constitution does not apply to the Commission.

Justification for Additional Expenditure and Reallocations

50. During the current financial year, the Commission was allocated **Kshs. 2 billion** for the Public Service Internship Programme of which Kshs. 75m was reallocated in the Supplementary Estimates I, leaving a balance of **Kshs. 1.925 billion**. During the year, the programme had 3,902 interns under Cohort 5 whose contract ended in March 2024. In January 2024, 5,650 interns were onboarded in Group 1, and 3,000 in Group 2 under Cohort 6.

51. However, 857 Interns did not take up the positions and 297 have left the programme for other job opportunities. Due to the short time to replace those who have left, the monthly stipend provisions will realize an unutilized budget balance of Kshs. 240m by 30th June 2024.

52. Consequent upon this situation, the Commission would like to propose a budget realignment/ reallocation of **Kshs. 117.5m** within the same PSIP Budget head to support other pending activities of the programme as shown in Table 12 here below with justification notes. It is important to note that the Commission suffered budget cuts amounting to **Kshs. 155 million** in Supplementary Estimates I of FY 2023/2024. The reduction in provisions of critical areas adversely affected the Commission's annual work plan.

53. The proposed budget reallocation will avoid the Commission incurring pending bills during the FY 2023/24.

Table 13 : Justification for FY 2023/24 Budget Reallocations

BUDGET ALLOCATIONS ITEMS				
BUDGET CODE & ITEM DESCRIPTION	AMOUNT Kshs	BUDGET CODE & ITEM DESCRIPTION	AMOUNT Kshs. M	REMARKS

BUDGET ALLOCATIONS ITEMS				
BUDGET CODE & ITEM DESCRIPTION	**AMOUNT Kshs**	**BUDGET CODE & ITEM DESCRIPTION**	**AMOUNT Kshs. M**	**REMARKS**
2110200 Basic Wages - Temporary Employees	117.5	**2210200:** Communication, Supplies and Services	11.0	The funds will cater for pending payments for leased lines, data lines and direct lines.
		2210300: Domestic Travel and Subsistence, and Other Transportation Costs	22.0	The funds will be used to facilitate: the preparation of the Commission's annual workplans report for FY 2024/25; development of internship management system; preparation of the PSC Strategic Plan 2024-2029; administration of proficiency exams; and administration of county appeals.
		2210700: Training Expenses	5.4	The amount will facilitate workshops for development/review/validation/Stake holder engagement of policy documents, guidelines, regulations, frameworks and manuals relating to the core mandate of the Commission and staff training.
		2210800: Hospitality Supplies and Services	40.0	The funds will be utilized for catering services, board expenses and conference facilities for Commission's day to day operations including the ongoing RRI recruitment and selection exercise to clear the backlog of positions pending recruitment and appointment in the public service.
		2210900: Insurance Costs	4.5	The funds will be used to pay the balance of premiums for medical cover for Commissioners.
		2211100: Office and General Supplies and Services	12.6	The funds will be used for purchase of office and common user stationery items.
		2211200: Fuel Oil and Lubricants	6.0	The funds will be utilized for fuel for Commission's motor vehicles.
		2211300: Other Operating Expenses - Contracted Professional Services	10.0	The Commission is engaging the services of a consultant in conducting an evaluation of the just concluded Strategic Plan of 2019-2024. The evaluation report will inform the preparation of the Strategic Plan 2024 - 2029.
		2220100: Routine Maintenance - Vehicles and Other Transport	6.0	The funds will be used for repairs, servicing and overhaul of Commission fleet of vehicles that are serviceable.

BUDGET ALLOCATIONS ITEMS				
BUDGET CODE & ITEM DESCRIPTION	AMOUNT Kshs	BUDGET CODE & ITEM DESCRIPTION	AMOUNT Kshs. M	REMARKS
		Equipment		
Total Kshs.	**117.5**	**Total Kshs.**	**117.5**	

Indicative Impact of the Supplementary Estimates II on The Commission's Performance Targets

54. The Commission will realize additional funding of **Kshs. 20 million** that will impact Programme II and Programme V of the Commissions budget.

55. The additional funds will facilitate the delivery of outputs under the Human Resource and Management Programme specifically, payment of allowances for Selection Panels and mounting an induction program for cohort 6 interns; and outputs under Administration of Quasi Judicial Functions in terms of catering for County visits.

3.4 Salaries and Remuneration Commission

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

Schedule of the programmes and projects affected by Supplementary Estimates II

57. There are no changes to the Commission's programmes resulting from Supplementary Estimates II

Money withdrawn as per Article 223 of the Constitution

58. The Commission did **NOT** withdraw money as per Article 223 of the Constitution

Justification for additional expenditure and reallocations

59. The Commission did not get any additional funding. However, SRC sought and received approval for reallocation from the National Treasury to cater for funding shortfalls as tabulated below.

Table 14 : Summary of reallocations

No	From	Amount	To	Amount
1	Boards, Committees, and Conferences	2,364,521	Refined Fuels and Lubricants for Transport	2,000,000
2	Membership Fees, Dues, and Subscriptions to Professional	750,000	Maintenance Expenses –	1,000,000

	and Trade Bodies		Motor Vehicles	
3			Gratuity- Civil Servants	114,521
	Total	**3,114,521**		**3,114,521**

Impact of Supplementary Estimates II on SRC's Performance targets

60. There was no change in the Commission's allocation in the Supplementary Estimates II

PART IV

4.0 COMMITTEE OBSERVATIONS

61. The Committee having considered the Supplementary Estimates No. 2 for FY 2023/24 and analysed submissions from the State Department for Public Service, State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission, made the following observations ,**THAT**;

State Department for Public Service

62. The 2023/24 budget for this State Department for Public Service has been increased by **Kshs 246 million.** This brings the revised allocation for this Department to Kshs 11,043 million from an initial budget of **Kshs. 10,797 million**. Notable key increase is on account of;

i. Headquarters Administrative Services – DPM – Kshs 116.63 million
ii. Huduma Kenya Secretariat – HQ - Kshs 59 million
iii. Huduma Centres - Kshs 39.5 million

State Department for Labour and Skills Development

63. The 2023/24 budget for the State Department for Labour and Skills and Development had been increased by **Kshs 660.67 million**. Thus, the revised allocation for the Department to **Kshs 5.16 billion.**

64. The overall recurrent estimates for the Department have been increased by **Kshs. 204 million** on account of increased allocation of various agencies and departments in the State Department. Key notable increases are on account of;

i. Headquarters Administrative Services – an increment of Kshs 85 million
ii. National Employment Authority – an increment of Kshs 53.75 million

65. The overall development estimates for the Department have been increased by **Kshs. 457 million**. The increment is on account of increased allocation of 3 capital projects in the State Department.

i. Establishment of National Labour Market Information System (LMIS) - An increment of Kshs 55.8 million from initial allocation of Kshs 90.07 million;
ii. Construction of National Employment Promotion centre Kabete – An increment of Kshs 301.12 million which had no allocation;
iii. National Youth Opportunities Towards Advancement (NYOTA) Project – An increment of Kshs 100 million which had no allocation;

Public Service Commission

66. The **Kshs 20 million** increase for the Public Service Commission is on account of reallocations within the Human Resource Development programme – an increment of Kshs 20 million which is a decrement in Basic Wages - Temporary Employees by Kshs 22 91 million, an increment in domestic travel by Kshs 18 million, an increase in hospitality supplies and services by Kshs 21 million and training expenses by Kshs 3.91 million. Additionally, the Commission is seeking for a **budget realignment/ reallocation** of **Kshs. 117.5m** within the same PSIP Budget head to support other pending activities.

Salaries and Remuneration Commission

67. The overall gross allocation for SRC has been reduced by Kshs. **1,265,320** of which the net recurrent estimate has been reduced by Kshs. **2, 000,000** and the AIA has been revised upwards by **Kshs. 734,980.**

PART V

5.0 COMMITTEE RECOMMENDATIONS

State Department for Public Service

68. The Committee recommends approval of **Kshs 246,000,000** for the State Department for Public Service in FY 2023/24 the entire amount of **Kshs 246,000,000** being for recurrent expenditure as proposed in the Supplementary Estimates II without amendments.

State Department for Labour and Skill Development

69. The Committee recommends approval of **Kshs 660,673,406** for the State Department for Labour and Skills Development in FY 2023/24 comprising of **Kshs 203,753,406** for recurrent expenditure and **Kshs. 456,920,000** for development expenditure as proposed in the Supplementary Estimates II without amendments.

Public Service Commission

70. The Committee recommends approval without amendments of **Kshs 20,000,000 for** the Public Service Commission in FY 2023/24, the entire amount of **Kshs 20,000,000** being for recurrent expenditure as proposed in the Supplementary Estimates II.

Salaries and Remuneration Commission

71. The Committee recommends approval without amendments of reduction by **Kshs 2,000,000** for the Salaries and Remuneration Commission (SRC) in the FY 2023/24 the entire amount being recurrent expenditure as proposed in the Supplementary Estimates II.

SIGNED..... **DATE**.....22-05-2024

HON. ERIC MUCHANGI KAREMBA, M.P.

CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION - 2024

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND INFRASTRUCTURE ON THE CONSIDERATION OF THE FINANCIAL YEAR 2023/2024 SUPPLEMENTARY II FOR:

1. VOTE 1091 – STATE DEPARTMENT OF ROADS
2. VOTE 1092 – STATE DEPARTMENT OF TRANSPORT
3. VOTE 1093 –STATE DEPARTMENT OF SHIPPING AND MARITIME AFFAIRS

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2024

Contents

ABBREVIATIONS 4
CHAIRPERSON'S FOREWORD 5
PART I 7
1 PREFACE 7
1.1 Introduction 7
1.2 Mandate of the Committee 7
1.3 Committee Membership 9
1.4Committee Secretariat 12
PART II 13
2.0 BROAD OVERVIEW OF SUPPLEMENTARY II FOR THE FINANCIAL YEAR 2023/24 13
2.1 Review of Supplementary Estimates 1 for 2023/24 by Vote 13
3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES 16
3.1 STATE DEPARTMENT FOR ROADS 16
3.2 STATE DEPARTMENT FOR TRANSPORT 18
3.2.1 Schedule of Programmes and projects affected by the supplementary Estimates II for FY 2023/2024 19
3.2.2 Withdrawal of Money under Article 223 of the Constitution 20
3.2.3 Indicative Impact of Supplementary II on State Department's Performance Targets 20
3.3 STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS 21
PART IV 22
4.0 COMMITTEE OBSERVATIONS 22
PART V 24
5.0 COMMITTEE RECOMMENDATIONS 24

ANNEXURES

Annex I	Schedule of Wish list
Annex II	Minutes
Annexure III	Adoption list
Annexure IV	Submissions from State Departments

ABBREVIATIONS

BMA	- Bandari Maritime Academy
BPS	- Budget Policy Statement
FY	- Financial Year
GoK	- Government of Kenya
KPA	- Kenya Ports Authority
KNSL	- Kenya National Shipping Line
PS	- Principal Secretary
RMLF	- Road Maintenance Levy Fund
TVET	- Technical and Vocational Education and Training

CHAIRPERSON'S FOREWORD

This is a report on the consideration of the Financial Year 2023/24 Supplementary Estimates II by the Departmental Committee on Transport and Infrastructure. The report is as a result of deliberations between the Committee and various State Departments under its purview.

The Financial Year 2023/24 Supplementary Estimates II were submitted to the National Assembly for approval on 2nd May, 2024 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders and pursuant to Article 223 of the Constitution and section 21 of the Public Finance Management Act, 2012.

The Departmental Committee on Transport and Infrastructure held four (4) meetings to consider the Supplementary Estimates II. The Committee held meetings with the spending agencies and received their submissions in meetings that were held on 20th and 21st May, 2024Thereafter, the Committee proceeded to compile its report for submission to Budget and Appropriations Committee.

The report contains the discussions, observations and recommendations of the Committee as regards to the Financial Year 2023/24 Supplementary Estimates II for all the votes as well as SAGAs under its oversight. The Budget and Appropriations Committee is expected to consider the Committee's observations and recommendations and make part of its final consolidated report to be tabled in the House.

Following deliberations and engagements with the State Departments and Agencies, the Committee observed that the National Treasury Vide a letter Ref. ES 1/02 'K' (4) dated 14th February, 2024 sought approval from the National Assembly for Additional funding granted to Ministries, Department and Agencies pursuant to Article 223 of the Constitution and section 21 of the Public Finance Management Act, 2012. The State Department for Roads and the State Department for Transport were granted an allocation of **Kshs. 1.0 billion** and Kshs.**500 million** for road destructions caused by the first phase of El Nino rains and of Ks**hs. 500 million** to the State Department for Transport, granted as per Article 223 of the Constitution, to facilitate an oral hearing at the London Court of International Arbitration (LCIA), Arbitration No. 215185, between Kenya- Uganda (K-U) Railways Holding et al. Vs the Republic of Kenya and the Republic of Uganda, respectively.

The Committee also observed that despite huge destruction of urban roads in the urban centres across the Country, there are skewed resources allocations against the rehabilitation, maintenance and development of urban roads.

The Committee therefore approves the allocations **Kshs. 1 billion** to the State Department granted as per Article 223 of the Constitution, to address flood damage structure cut offs during the first phase of El Nino rains in December, 2023 The Committee also approves the allocation of Ksh**s. 500 million** to the State Department for Transport, granted as per Article 223 of the Constitution facilitate an oral hearing at the London Court of International Arbitration (LCIA), Arbitration No 215185, between Kenya- Uganda (K-U) Railways Holding et al Vs the Republic of Kenya and the Republic of Uganda

Additionally, **the Committee proposes an** Increase of Kshs. 1,225 **million** for maintenance and rehabilitation of damaged tarmacked roads in Urban centres

HON. G.K. GEORGE KARIUKI, M.P
CHAIRPERSON

PART I

1 PREFACE

1.1 Introduction

1. Supplementary Estimates are prepared pursuant to Article 223 and section 44 of the PFM Act, 2012 read together with regulations 40 of the PFM Act. The FY 2023/24 Supplementary Estimates II were submitted to the National Assembly for approval on 2nd May, 2024 and were subsequently committed to Departmental Committees for consideration of the programmes and policies under their purview as outlined in Standing Orders 216 & 243 of the National Assembly Standing Orders.

2. The Standing Orders assigns the Departmental Committee on Transport and Infrastructurethe mandate to consider matters in relation to *transport, including non-motorized transport, construction and maintenance of roads, rails, air and marine transport, seaports and national integrated infrastructure policies and programmes and transport safety.*

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

   i. Vote 1091: State Department for Roads
   ii. Vote 1092: State Department for Transport
   iii. Vote 1093: State Department for Shipping and Maritime Affairs

1.2 Mandate of the Committee

4. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -

   i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
   ii. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
   iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
   iv. study and review all legislation referred to it;
   v. study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

viii examine treaties, agreements and conventions;

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

x consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution, and

xi Examine any questions raised by Members on a matter within its mandate

1.3 Committee Membership

5. The Committee membership comprises: -

The Hon. G.K George Kariuki, M.P – **Chairperson**

M.P for Ndia Constituency

United Democratic Alliance Party

The Hon. Mutua Didmus Wekesa Barasa, M.P- **Vice- Chairperson**

M.P. for Kimilili Constituency

United Democratic Alliance Party

The Hon. Arama Samuel, M.P

M.P for Nakuru Town West Constituency

Jubilee Party

The Hon. Naicca, Johnson Manya, M.P

M.P for Mumias East Constituency

Orange Democratic Movement Party

The Hon. Francis, Kajwang' Tom Joseph, M.P.

M.P for RuarakaConstituency

Orange Democratic Movement Party

The Hon. Kiaraho, David Njuguna, M.P.

M.P for OlKalao Constituency

Jubilee Party

The Hon. Kiunjuri Festus Mwangi, M.P.

M.P for Laikipia East Constituency

The Service Party

The Hon. Bady, BadyTwalib, M.P.

M.P for Jomvu Constituency

Orange Democratic Movement Party

The Hon. Abdul Rahim Dawood, M.P.

M.P for North Imenti Constituency

Independent

The Hon. Elsie Muhanda, M.P.

M.P for Kakamega County

Orange Democratic Movement Party

The Hon. Chege John Kiragu, M.P.

M.P for Limuru Constituency

United Democratic Alliance Party

The Hon. Abdirahman, Husseinweytan Mohamed, M.P.

M P for Mandera East Constituency

Orange Democratic Movement Party

The Hon KomingoiKibetKirui, M.P.

M P for Bureti Constituency

United Democratic Alliance Party

The Hon. Saney Ibrahim Abdi, M P

M.P for Wajir North Constituency

United Democratic Alliance Party

The Hon JhandaZaheer, M P

M P for Nyaribari Chache Constituency

United Democratic Alliance Party

1.4Committee Secretariat

6 The Committee secretariat comprises -

Ms Tracy Chebet Koskei
Senior Clerk Assistant
Lead Clerk

Mr Mohamednur M. Abdullahi
Clerk Assistant III

Mr Eric Kariuki
Research Officer II

Mr Mabuti Mutua
Legal Counsel

Ms Faith Nkonge
Serjeant -at Arms II

Ms Clare Choper Doye
Clerk Assistant III

Mr Yusuf Moge
Fiscal Analyst II

Ms Rinha Saineye
Media Relations Officer

PART II

2.0 BROAD OVERVIEW OF SUPPLEMENTARY II FOR THE FINANCIAL YEAR 2023/24

7. The overall change in the National Government ministerial budget from the revised estimates I is a decrease of Kshs. **132.69 billion** reflecting 4% decrease. The development expenditure reduces by **Kshs. 84.84 billion** reflecting 11% decrease whereas the recurrent expenditure increases by **Kshs. 38.70 billion** reflecting 2% increase from the revised estimates I.

8. The Consolidated fund services reduce by **Kshs. 86.33 billion** from the revised estimates I for FY 2023/24 mainly on account of external debt payment as a result of strengthening shilling against foreign currencies.

2.1 Review of Supplementary Estimates 1 for 2023/24 by Vote

2.1.1 State Department for Roads

9. The Approved estimates for the State Department for Roads for the Financial Year 2023/24 have been revised downwards to **Ksh.177.11 billion** in the Supplementary estimates II from the gross approved estimates of **Kshs.232.68 billion** reflecting an overall decrease of **Kshs. 55.58 billion**. The revised estimates comprise of **Kshs. 70.30 billion** for recurrent expenditure and **Kshs. 106.80 billion** for Development expenditure.

10. The State Department for Roads implements its projects and activities through one programme, roads transport. The approved allocations have changed by -24% against the PFM threshold of 10%.

11. Table 1 below provides an analysis of the supplementary estimates for the State Department of Roads by vote and by programme

Table 1: Analysis of Supplementary estimates II for 2023/24 by Vote and by Programme Kshs. Millions

	Revised 1 for 2023/24			supplementary II 2023/24			Increases or decreases			
Programme	**current**	**capital**	**Total**	**Current**	**Capital**	**Total**	**current**	**Capital**	**Total**	**% change**
Road Transport	82,845	149,844	**232,689**	**70,307**	**106,802**	**177,109**	(12,538)	(43,042)	(55,580)	-24%
Total for Vote	**82,845**	**149,844**	**232,689**	**70,307**	**106,802**	**177,109**	**(12,538)**	**(43,042)**	**(55,580)**	**-24%**

Source: National Treasury

12. The recurrent expenditure decreases by **Kshs. 12.53 billion** from the approved allocation of **Kshs. 82,845 billion** to **Kshs. 70.30 billion** proposed through supplementary estimates II. The reductions are majorly on account of downward review of the expected collections from the fuel levy by **Kshs. 11.97 billion** meant for maintenance of National Roads across the Country.

13. The development budget on the other hand is proposed to reduce **by Kshs.43.04 billion** on account of, according to National Treasury, actual commitment and absorption capacity of loans and grants from development partners as well as rationalization of GoK funding including fuel levy (*Annuity and other development support from the levy*) on account of actual projections.

14. **The** reduction from the Net GoK majorly affects projects like the low volume sealed roads, murraming, graveling and sport improvement projects by the Kenya Rural Roads Authority. It is to be noted that most of the projects under these categories have seen their budgets reduced to zero while others have been introduced pointing poor planning and budget making on the part of the State Department.

2.1.2 State Department for Transport

15. The approved estimates for the State Department for Transport for the financial year 2023/24 have increased by **Kshs. 1.46 billion** under the Supplementary estimates II from the **Kshs. 58.15** billion in the approved estimates to **Kshs. 59.62 billion** in the proposed supplementary estimates II. The revised estimates consist of **Kshs. 16.373 billion** and **Kshs.43.25 billion** for Current and Capital expenditures respectively.

16. Table 3 below provides an analysis of the supplementary estimates for the State Department for Transport by vote and by programme

17. **The recurrent** expenditure increases by **Kshs. 2.02 billion** mainly on account of an increase of AIA collection by the Kenya Civil Aviation Authority (KCAA) amounting to **Kshs. 1.368 billion**, increase **Kshs. 39 million** for NaMATA, **Kshs. 120 million** increase for Air Transport and an Increase of **Kshs.500 million** under Headquarters for legal dues for Kenya Railways at the London Court for Internation Arbitration.

18. The development expenditure decreases by **Kshs. 554 billion** mainly on account of a reduction of **Kshs. 450 million** from Dongo Kundu Special Economic Zone which is donor funded project identified as a critical priority project under BETA. It is also noted that other projects like Rehabilitation of Nairobi - Nanyuki MGR Branch line and Nairobi Bus Rapid Transport Project that were also identified BETA projects have seen their budgets cut. Given that the projects are a priority in the development agenda the reductions may hinder their timely implementation and delay the intended benefits to the economy.

2.1.3 State Department for Shipping and Maritime Affairs

19. **The** allocation to the State Department for Shipping and Maritime Affairs has decreased by Kshs 42 million to Kshs. 3.22 billion in the FY 2023/24 Supplementary Estimates II on account of a reduction of Appropriation in Aid (A-I-A) of Kshs 17 million under the Government Clearing Agency from KShs.20 million to Kshs 3 million In addition, there is a further reduction of Kshs 25 million under Personnel Emolument (PE) in the recurrent vote to reflect, according to National Treasury, actual requirements to the end of the Financial Year

20 There is no change in the development budget for the State Department for shipping and Maritime Affairs

2.1.4 Expenditures under Article 223 of the Constitution

21. Article 223 allows the National government to spend money that has not been appropriated and seek Parliament's approval within 2 months after the first withdrawal.

22 The National Treasury Vide a letter Ref. ES 1/02 'K' (4) dated 14th February, 2024 sought approval from the National Assembly for Additional funding granted to Ministries, Department and Agencies pursuant to Article 223 of the Constitution and section 21 of the Public Finance Management Act, 2012.

23 From the above letter, the Committee noted that the State Department for Roads and the State Department for Transport have an allocation of **Kshs. 1.0 billion** and Kshs **500 million** for El Nino destructions and legal dues for Kenya Railway Corporation (KRC), respectively

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

24. The Committee held meetings with State Departments under its purview, on 20th and 21st May, 2024 with regards to the Supplementary II for the FY 2023/24. The Submissions are as follows:

3.1 STATE DEPARTMENT FOR ROADS

25. The Principal Secretary for the State Department for Roads, Eng. Joseph Mbugua CBS, while appearing before the Committee on 20th May, 2024.

26. The Principal Secretary submitted a detailed Project Schedule of the 2023/24 Supplementary II Estimates Allocations which is attached to this report.

3.1.1 Where Money has been withdrawn as per Article 223 of the Constitution

27. With regards to money that has been withdrawn as per Article 223 of the Constitution, the Principal Secretary informed the Committee that the State Department was granted **Kshs. 1 billion Approval,** to address flood damage structure cut offs during the first phase of El Nino rains in December, 2023.

3.1.2 Justification for Additional Resources and Reallocation

28. On the justification for additional resources and re-allocation, the Principal Secretary submitted that the State Department has received Additional Resources under the Supplementary II Budget as follows:

	Description	Amount (Kshs billions)	Justification
1.	Additional for MPARD Package 2 - Mwache - Tsunza - Mteza (Ndongo Kundu Bypass)	2.0	i. For payment of pending bills on the Project against the counterpart funding gap ii. To prevent the Contractor from suspending work on the flagship Project iii. To prevent under absorption of the Devt. Partner JICA Loan component and resultant charges on commitment fees
2.	Additional for Refund to Contingency Fund/Elnino Mitigation	1.0	Allocation from the Contingency Fund to address flood damage structure cut-offs under the first phase of Elnino 2023
3.	Additional for Kenya Railways Pension Scheme (Land Compensation - Nrb Expressway)	0.5	i. Additional against Outstanding bill of **Ksh.4.086 billion** as at 15th May, 2024 against total valued amount of **Ksh.7.936 billion** ii. Out of the total valued amount, an amount of **Ksh.3.850** has been paid as at 15th May, 2024.
4.	Additional for Mombasa Road (DEVKI) - Kinanie Park/Kinanie Leather Park	0.5	Multisectoral Project under the Development of Industrial Parks for Economy Recovery. The additional resources are for payment of pending bills and concerted efforts towards completion of the Project for realization of the Industrial Leather Park.
Total		**4.0**	

29. The Principal Secretary further submitted that the State Department processed reallocation amounting to **Ksh.960 million** for the benefit of the Junction *James Gichuru - Rironi Road project.* The reallocation was to enable the Contractor resume work and construct the *Gitaru Interchange.* The Road is a major and very visible highway. Completion of the Interchange will improve traffic flow on the major highway.

3.1.3 Indicative Impact of the Supplementary Estimates II on MDAs

30. On the impact of the 2nd Supplementary Budget, the Principal Secretary noted that the State Department's Performance targets will be negatively affected as the GoK allocation has been reduced by **Ksh.3 billion** to stand at **Ksh.58 billion.**
31. He further noted that inadequate budget provision viz a viz the huge portfolio of Road Projects will continue to lead to stalling of Road Projects across the Country. The Net GoK portfolio is Approximately **Ksh.700 billion** with a pending bill component of **Ksh.162.1 billion** as at 30th April, 2024.

32. The available Ksh.58 **billion** is less than one third of the provision required to pay outstanding bills on Road Projects in addition to more work that will be certified within the remaining portion of the financial year.

33. The Medium-Term Expenditure Framework (MTEF) Projections show that the yearly allocation over the medium term will average **Ksh.55 billion** of which **Ksh.50 billion** will go to Contracts. The average **Ksh.50 billion** per year provisions are likely to be replicated over the long term. This means that the outstanding portfolio of Ksh.700 billion will take a minimum of 14 years to complete without regarding any new Project additions, claims, interest and other charges that will be added due to delayed payments. The current situation of huge pending bills and inadequately funded Projects Portfolio will have a huge negative impact on Road Development and Maintenance.

34. In his concluding remarks, the State Department requested the Committee to support any initiative that will be brought by the National Treasury and the State Department of Roads in support of increased funding to the Roads Sub Sector.

3.2 STATE DEPARTMENT FOR TRANSPORT

35. **The Principal Secretary for the State Department for Transport, Mr. Mohamed Daghar appearing before the Committee on Monday, 20th May, 2024** submitted that thein the FY 2023/24 Supplementary Estimate II, the State Department has an allocation of **Kshs. 59,622 million**, out of which **Kshs. 16,373 million** is the recurrent budget and **Kshs. 43,249 million** is the Development budget.

3.2.1 Schedule of Programmes and projects affected by the supplementary Estimates II for FY 2023/2024

36. The development budget for the State Department was reduced by Kshs. 1,153 million in supplementary II. The reduction will affect the completion of programmes and projects as shown in the table below-

Schedule of Programmes and projects affected by the supplementary Estimates II for FY 2023/2024

Name of the programme	Name of the Project	Approved FY 2023/2024	Rationalised Amount	Allocation FY 2023/24 (Supplementary II ESTIMATES)
General Administration, Planning and Support Services	Nairobi Bus Rapid Transport Project - BRT	868	39	829
Air Transport	Purchase of Aircraft Accident Investigation Equipment	149	50	99
	Migori Airstrip	105.5	25	80.5
	Lanet Airport Nakuru	101.5	25	76.5
Rail Transport	Railway Metro line - Embakasi Station - Ruai	201	50	151
	Rehabilitation of The Nairobi - Nanyuki MGR Branch Line	254	50	204
Road Transport	Smart Driving Licence - Road Safety	500	50	450
	Horn of Africa Gateway Development project	492	330	162
	Safe Roads/Usalama Barabarani	281	84	197
Marine Transport	Dongo Kundu Special Economic Zone	1,085	450	635
TOTAL		**4,037**	**1,153**	**2,884**

3.2.2 Withdrawal of Money under Article 223 of the Constitution

37. With regards to withdrawal of money under Article 223 of the Constitution, the Principal Secretary submitted that, the State Department was granted an additional **Kshs. 500 million** under the recurrent budget. However, the amount been withdrawn.

38. The purpose of the additional funding was to facilitate an oral hearing at the London Court of International Arbitration (LCIA) Arbitration No. 215185 between Kenya-Uganda (KU) Railways Holding Limited et al. Vs the Republic of Kenya and the Republic of Uganda. However, the funds have not been withdrawn due to a lack of exchequer.

3.2.3 Indicative Impact of Supplementary II on State Department's Performance Targets

39. On the indicative impact of the Supplementary II on the State Department's Performance Targets, Principal Secretary submitted that the budget cuts have affected the road safety programmes, automation of motor vehicle inspection, and driver testing centre, whose target level of **completion was 75%,** has been **reduced to 60%;** the State Department will develop 2 county specific road safety action plans instead of 3 that were planned. Under marine transport, due to reallocation in the supplementary II budget, the percentage completion of berth 1 under the Dongo Kundu Special Economic Zone has reduced from a set target of **10% to 8%.**

40. Mr. Daghar appealed to the Committee to enhance the State Department's allocation in the FY2023/24 Supplementary II Budget as follows,

i. **Nairobi Metropolitan Area Transport Authority (NaMATA):** Additional funding of **Kshs.300 million** under FY2023/24 recurrent budget to facilitate operationalization of the Kenya Millennium Development Fund (KMDF).

ii. **The National Transport and Safety Authority:** Reinstatement of the GoK grant of **Kshs. 500 million** or approval of the retention of revenue from the "Transfer of Motor vehicles" revenue stream as the Authority's AIA. Approval for adjusting the AIA ceiling from the current **Kshs. 2,300million** to **Kshs. 2,800million** in both FY2023/24 Supplementary II and FY2024/25 Budget Estimates.

iii. **LAPSSET Corridor Development Authority:** Reinstatement of **Kshs. 236 million** for the Authority to cover all the cost of personnel and other non-discretionary expenditures.

iv. **State Department for Transport:** Additional funding of Kshs. **120 million** to cater to critical foreign travel, tree planting, and other operations.

3.3 STATE DEPARTMENT FOR SHIPPING AND MARITIME AFFAIRS

41. **The Principal Secretary for the State Department for Shipping and Maritime Affairs, Mr. Geoffrey Kaituko** appeared before the Committee on Tuesday, 21st May, 2024.

42 The Principal Secretary submitted that the FY 2023/24 Supplementary Estimates II allocation totals to **KSh.3.223billion** comprising of **KSh.2.473 billion** for Recurrent Estimates and **KSh.750 million** under Development Estimates. He also noted that there was a reduction in Personnel Emoluments by **Kshs.25million** to reflect actual requirements to the end of the financial year.

3.3.1 Justification for Reallocation of funds

43 As regards justification for reallocation, the Principal Secretary submitted that the State Department has a reallocation of **Kshs.15 million** under the recurrent budget to cater for the purchase of a Motor vehicle, partitioning of new office space at NSSF building and to cater for shortfall in fuel.

3.3.2 Impact of Supplementary Estimates II on Performance

44 The Principal Secretary submitted that the reduction of AIA by **Kshs 17 million** will affect the performance of the State Department headquarters operations given that in supplementary I,a reduction of **Kshs. 100 million** was effected under operations and maintenance of the headquarters.

45 He therefore requested the Committee to consider an additional funding of **Kshs.25 million** under Supplementary II to enable the state Department Headquarters run smoothly for the last quarter of the Financial Year 2023/24 Given that the recurrent budget as of today is exhausted apart from salaries.

46 The Principal Secretary in his concluding remarks proposed that funds generated in the Maritime Sector be retained to support the Sector He noted that revenues generated in the sector especially by KMA are surrendered to the National Treasury Retention of these funds will go a long way to address underfunding within the shipping and maritime sector and support shortage of funding in Bandari Maritime Academy

PART IV

4.0 COMMITTEE OBSERVATIONS

47. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

General Observations

1) **Exchequer Issues**: It is observed that the releases to the development vote of all of the State Department were far below the expected levels. This kind of subdued or no release to development projects often slow project implementation leading to cost overruns, accumulation of pending bills and eventually delays returns on investments.

2) **Budgeting for Supplementaries:** Projects, especially donor funded, are allocated huge amounts by the developments partners during the annual estimates and then reduced substantially through supplementaries. The practice of reviewing resources allocated to donor-funded projects through supplementary budgets not only undermines the principles of effective financial planning but also jeopardizes the credibility and efficiency of the projects themselves. The practice also risks eroding the trust of donors, who expect transparent and accountable management of their support to various projects across sectors.

(a) State Department for Roads

3) The approved Estimates for the State Department for Roads for the Financial Year 2023/24 have been revised downwards to **Kshs.177.11 billion** in the Supplementary Estimates II from the gross approved estimates of **Kshs.232.68 billion** reflecting an overall decrease of **Kshs. 55.58 billion**. The revised estimates comprise of **Kshs. 70.30 billion** for recurrent expenditure and **Kshs. 106.80 billion** for Development expenditure.

4) That the Recurrent expenditure decreases by **Kshs. 12.53 billion** from the approved allocation of **Kshs. 82,845 billion** to **Kshs. 70.30 billion** proposed through supplementary estimates II majorly on account of downward review of the expected collections from the Roads Maintenance Levy Fund by **Kshs. 11.97 billion** meant for maintenance of National Roads across the Country.

5) That the Development budget is proposed to reduce **by Kshs.43.04 billion** on account of actual commitment and absorption capacity of loans and grants from development partners as well as rationalization of GoK funded projects.

6) The Committee notes that, despite huge destruction of urban roads in the urban centres across the Country in the first phase of El-Nino rains, there has been no adequate resources allocations for rehabilitation, maintenance and development of urban roads.

(b) State Department for Transport

7) The approved estimates for the State Department for Transport for the Financial Year 2023/24 have increased by **Kshs. 1.46 billion** under the Supplementary Estimates II from the **Kshs. 58.15** billion in the approved estimates to **Kshs. 59.62 billion** in the proposed Supplementary II Estimates.

8) The recurrent expenditure increases by Kshs. 2.02 billion mainly on account of an increase of AIA collection by the Kenya Civil Aviation Authority (KCAA) amounting to Kshs. 1.368 billion and an increase of **Kshs. 500 million** for provisions of contingent liability as a result of a case by Rift Valley Railways and KU against the Republic of Kenya and Republic of Uganda in the London Court of International Arbitration.

9) The development expenditure decreases by **Kshs. 554 million** mainly on account of a reduction of **Kshs. 450 million** from *DongoKundu Special Economic Zone* which is donor funded project identified as a critical priority project under BETA.

(c) State Department for Shipping and Maritime Affairs

10) **The** approved allocations to the State Department for Shipping and Maritime Affairs has decreased by **Kshs. 42 million** from gross approved of **Kshs. 3,263 million** to **Kshs. 3,221 million** in the FY 2023/24 Supplementary Estimates II on account of a reduction of Appropriation in Aid (A-I-A) of **Kshs.17 million** under the Government Clearing Agency and a reduction of **Kshs. 25 million** under Personnel Emolument (PE) in the recurrent vote to reflect actual requirements to the end of the Financial Year.

PART V

5.0 COMMITTEE RECOMMENDATIONS

56. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following recommendations:

(a) State Department for Roads

(1) The Committee approves the revised Estimates of **Kshs. 177,109,797,219;**

(2) Approves the allocations **Kshs. 1 billion** to the State Department for Roads, granted as per Article 223 of the Constitution, to address flood damage structure cut offs during the first phase of El Nino rains in December, 2023.

Proposed reductions

i. Reduce Kshs. 1,225 million for expenditure rationalization

	project code and name	Approved	supplementary II - increase	Proposed Reductions – Kshs. Millions
1	1091133700 Low Volume Sealed Roads (Lvsr); Phase 1 - Batch 1A	1,612,084,260	135,000,000	-60
2	1091133900 Low Volume Seals Phase 1 Batch 2	4,288,227,078	250,000,000	-130
3	1091135400 Low Volume Seal Roads	4,061,300,993	419,500,000	-120
4	1091146200 Low Volume Seal Roads	3,411,067,140	288,830,000	-95
5	1091152800 Low Volume Seals LVSR	2,644,995,895	111,379,200	-46
6	1091165001 Mombasa Road (DEVKI) - Kinanie Park/ kinanie leather park	65,000,000	500,000,000	-200
7	1091169900 Low Volume Seals LVSR II	3,105,731,200	422,720,000	-179
8	1091172600 Low Volume Seals LVSR III	557,027,999	768,943,613	-215
9	1091174400 Low Volume Seals LVSR IV	-	564,500,000	-185
10	1091151601 Homa-bay Town Roads Phase 1	45,000,000	80,000000	-5
11	1091137458 Environmental Sustainability			-5
12	1091134139 Thwake Bridge Emergency Works	15,000,000	20,000,000	-5
13	1091126339 A104 - Old Nairobi Rd, Elgon View-Eldoret Poly, Rivatex Kipkaren -	55,000,000	50,000,000	-5
	1091161942 Karundas ◆ Gatei ◆ Kirichu	180,240,000	25,000,000	-5
	Total			**-1,225**

Proposed Increases

i. Increase **Kshs. 1,225 million** for or maintenance and rehabilitation of damaged tarmacked roads in Urban centres.

(b) State Department for Transport

(3) The Committee approves the revised Estimates of **Kshs 59,622,137,775;**

(4) Approves allocation of Ksh**s. 500 million** to the State Department for Transport, granted as per Article 223 of the Constitution, to facilitate an oral hearing at the London Court of International Arbitration (LCIA), Arbitration No. 215185, between Kenya- Uganda (K-U) Railways Holding et al. Vs the Republic of Kenya and the Republic of Uganda.

(c) State Department for Shipping and Maritime Affairs

(5) The Committee approves the revised Estimates of **Kshs. 3,221,912,776.**

SIGNED _____ **DATE** 24/05/2024

HON. G.K. GEORGE KARIUKI M.P
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

DEPARTMENTAL COMMITTEE ON FINANCE &NATIONAL PLANNING



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON:

THE SCRUTINY OF THE SUPPLEMENTARY ESTIMATES NO. 2 FOR THE 2024/25 FINANCIAL YEAR FOR THE FOLLOWING VOTES

VOTE 1071: STATE DEPARTMENT OF THE TREASURY
VOTE STATE 1095: DEPARTMENT OF ECONOMIC PLANNING
VOTE 2061: COMMISSION OF REVENUE ALLOCATION
VOTE 2121: OFFICE OF CONTROLLER OF BUDGET

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

MAY, 2024

CONTENTS

LIST OF ABBREVIATIONS AND ACRONYMS 3
ANNEXURES 4
1.0 PREFACE 5
1.1 INTRODUCTION 5
1.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE 6
1.3 COMMITTEE MEMBERSHIP 7
1.4 COMMITTEE SECRETARIAT 8
1.5 ACKNOWLEDGMENTS 9
2 BROAD OVERVIEW OF THE BUDGET ESTIMATES 10
2.1 Highlights of Proposed FY2023/24 Estimates 10
2.1.1 Vote 1071: The National Treasury 11
2.1.2 Vote 1072: State Department for Planning 11
2.1.3 Commission on Revenue Allocation 11
2.1.4 Office of Controller of Budget 11
3 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES 12
3.1 The Commission on Revenue Allocation (CRA) 12
3.2 The State Department for Economic Planning 12
3.3 The State Department of National Treasury 13
3.3.1 Expenditures under Article 223 of the Constitution 14
3.4 The Office of the Controller of Budget 16
4 COMMITTEE OBSERVATIONS 17
5 COMMITTEE RECOMMENDATIONS 20
5.1 FINANCIAL RECOMMENDATIONS 20
5.2 ARTICLE 223 COMMITTEE APPROVALS 22

LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controller of Budget
MDAs	-	Ministries, Departments and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

ANNEXURES

Annexure 1: Adoption List
Annexure 2: Minutes
Annexure 3: Invitation Letters to Ministry of National Treasury and Economic Planning
Annexure 4: Submissions from the State Department of National Treasury
Annexure 5: Submissions from the State Department of Economic Planning
Annexure 6: Submissions from the Commission of Revenue Allocation
Annexure 7: Submissions from the Office of the Controller of Budget

1.0 PREFACE

1.1 INTRODUCTION

1. Supplementary Estimates II for the financial year 2023/24 were presented to the National Assembly for approval on 2nd May 2024. The supplementary budget aims to provide additional funding for emergency priorities, approved reallocations, personnel emoluments review, Appropriation in Aid (AiA) review, and realignment of budgetary allocations to projected absorption levels. This revision includes provisions for El-Nino, drought and flood interventions, security operations, salary adjustments, and changes in development partner-funded projects, among other areas.

2. An analysis of the 2023/24 Supplementary Estimates II for the MDAs under the Finance and National Planning Committee, including the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of the Controller Budget, is intended to inform the Committee about the changes made to the approved budget and their impact on different votes within the sector and set targets. This analysis will facilitate engagement between the Committee and the relevant MDAs.

3. According to the procedural requirements outlined in the Standing Orders, the Committee reviews the Supplementary Estimates and reports its findings and recommendations to the Budget and Appropriations Committee for further consideration and processing.

4. The legal basis for the Supplementary Estimates is provided under Article 223 of the Constitution, which allows for spending in cases of insufficient initial appropriations, emerging expenditure needs without prior allocation, or withdrawals from the Contingencies/Emergency Fund.

5. Sections 43(2) and 44 of the Public Finance Management (PFM) Act, along with Regulations 40 of the PFM (National Government) Regulations 2015, detail the specifics and format of the Supplementary Budget. The PFM Act ensures that additional expenditures align with fiscal responsibility principles and government financial objectives.

1.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

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

1.3 COMMITTEE MEMBERSHIP

7. The Committee comprises the following Members.

Chairperson
Hon. CPA. Kuria Kimani , MP
Molo Constituency
UDA Party

Vice-Chairperson
Hon. Amb. CPA Benjamin Langat, CBS, MP
Ainamoi Constituency
UDA Party

Hon. (Dr.) Adan Keynan, MP
Eldas Constituency
Jubilee Party

Hon Andrew Okuome, MP
Karachuonyo Constituency
ODM Party

Hon. David Mboni, MP
Kitui Rural Constituency
Wiper Party

Hon. CPA Joseph Oyula, MP
Butula Constituency
ODM Party

Hon. Joseph Kipkoros Makilap, MP
Baringo North Constituency
UDA Party

Hon. Umul Ker Kassim, MP
Mandera County
UDM Party

Hon. CPA Julius Rutto, MP
Kesses Constituency
UDA Party

Hon. Dr. Shadrack Ithinji, MP
South Imenti Constituency
Jubilee Party

Hon. Paul Biego, MP
Chesumei Constituency
UDA Party

Hon. Joseph Munyoro, MP
Kigumo Constituency
UDA Party

Hon.(Dr.) CPA. John Ariko, MP
Turkana South Constituency
ODM Party

Hon. Mohamed Machele, MP
Mvita Constituency
ODM Party

Hon. George Sunkuya, MP
Kajiado West Constituency
UDA Party

1.4 COMMITTEE SECRETARIAT

8. The following staff facilitates the Committee

Mr. Benjamin Magut
Senior Clerk Assistant /Head of Secretariat

Ms. Jennifer Ndeto
Deputy Director Legal Services

Mr. Benson Kamande
Clerk Assistant III

Mr. Salem Lorot
Legal Counsel I

Mr. James Macharia
Media Relations Officer

Mr. George Ndenjeshe
Fiscal Analyst III

Ms. Winfred Kambua
Clerk Assistant II

Mr. Andrew Jumanne Shangarai
Principal Serjeant-At-Arms

Mr. Benson Muthuri
Assistant Serjeant-At-Arms.

Ms. Nelly W.N Ondiek
Researcher Officer

Ms. Joyce Wachera
Hansard Officer II

1.5 ACKNOWLEDGMENTS

9. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. I take this opportunity to thank all the Members of the Committee for their input.

10. The Committee wishes to record its appreciation for the services rendered by the Parliamentary Staff attached to the Committee. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Finance and National Planning, to present this Committee Report on the Scrutiny of the Supplementary Estimates 2 for FY 2023/24 to the Budget and Appropriations Pursuant to the provisions of Section 44 of the Public Finance Management Act, 2012 and Standing Order 199.

Thank You.

SIGNED.....

HON. CPA KURIA KIMANI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

2 BROAD OVERVIEW OF THE BUDGET ESTIMATES

11. Supplementary Estimates II for the financial year 2023/24 were presented to the National Assembly for approval on 2nd May 2024. The supplementary budget aims to provide additional funding for emergency priorities, approved reallocations, personnel emoluments review, Appropriation in Aid (AiA) review, and realignment of budgetary allocations to projected absorption levels. This revision includes provisions for El-Nino, drought and flood interventions, security operations, salary adjustments, and changes in development partner-funded projects, among other areas.

12. An analysis of the 2023/24 Supplementary Estimates II for the MDAs under the Finance and National Planning Committee, including the National Treasury, State Department of Economic Planning, Commission on Revenue Allocation, and Office of the Controller Budget, is intended to inform the Committee about the changes made to the approved budget and their impact on different votes within the sector and set targets. This analysis will facilitate engagement between the Committee and the relevant MDAs.

13. According to the procedural requirements outlined in the Standing Orders, the Committee reviews the Supplementary Estimates and reports its findings and recommendations to the Budget and Appropriations Committee for further consideration and processing.

14. The legal basis for the Supplementary Estimates is provided under Article 223 of the Constitution, which allows for spending in cases of insufficient initial appropriations, emerging expenditure needs without prior allocation, or withdrawals from the Contingencies/Emergency Fund.

15. Sections 43(2) and 44 of the Public Finance Management (PFM) Act, along with Regulations 40 of the PFM (National Government) Regulations 2015, detail the specifics and format of the Supplementary Budget. The PFM Act ensures that additional expenditures align with fiscal responsibility principles and government financial objectives.

2.1 Highlights of Proposed FY2023/24 Estimates

16. The overall budget in the FY2023/24 Supplementary Estimates No. II is proposed to decrease by KSh. 132 billion. However, the Ministerial Expenditure is proposed to be reduced by KSh.46 billion, or the recurrent expenditure is proposed to increase by KSh. 38 billion and development expenditure is proposed to decrease by KSh. 85 billion

Table 1: Overall Change in the FY 2023/24 Budget Estimates Amount in Ksh Billions

Expenditure Estimates	Supplementary Estimates No. I	Supplementary Estimates No. II	Gross change between Supplementary Estimates I & II	% Change of Supplementary Estimates No. II from Supplementary No. I
NG	2,464	2,418	(46)	(1.9)
1.1 Rec.	1,681	1,720	38	2.3
1.2 Dev.	783	698	(85)	(10.8)
CFS	1,132	1,045	(86)	(7.6)
Total Gross	3,596	3,464	(132)	(3.7)

Source: The National Treasury

2.1 Analysis of Proposed Changes for MDAs under Committee's Purview

2.1.1 Vote 1071: The National Treasury

17. Under Supplementary Estimates 2 for the 2023/24, the overall FY 2023/24 budget for the State Department has been increased by Kshs 12.8 billion. This increase depicts significant changes compared to Supplementary Estimates 1, showcasing notable shifts in recurrent expenditure and development allocations across various programs. The increase is attributed to KSh's 8.240 billion adjustment of the budget requirement for the Kenya Revenue Authority. 8.240 billion, with 758 million allocated for Appropriation-in-Aid and 7.482 billion GoK. The proposed allocation of KSh. 7.482 billion will be spent on the pending bills mainly arising from the non-disbursement of Kshs 5 billion in funds for FY 2022/2023 against the approved Budget, EGMS Debt.

2.1.2 Vote 1072: State Department for Planning

18. The overall FY 2023/24 budget has been increased by KSh.19 million. This brings the revised allocation to 63.872 billion from KSh. 63.853 billion. The recurrent budget has been increased by KSh. 150 million whereas the development budget has been reduced by KSh. 131 million.

2.1.3 Commission on Revenue Allocation

19. Supplementary Estimate 2 proposes to increase CRA's FY 2023/24 Budget allocation by KSh. 66 million from KSh.516 million to KSh.582 million.

2.1.4 Office of Controller of Budget

20. Supplementary Estimate 2 proposes to reduce OCOB's FY 2023/24 budget allocation from KSh.707 million to KSh. 704 million

3 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 The Commission on Revenue Allocation (CRA)

During the scrutiny of the budget estimates for FY 23/24, the Commission submitted that:

21. Supplementary Estimates 2 has increased the Commission's budget by KSh. 66 million from KSh.516 million to KSh. 582 million. Table No. 2 showcases the various sub-programs affected by the increase.

Table No 2: Summary of Supplementary Estimates No. II for FY2023/24

No.	Sub-programs	Revised Estimates	Supplementary Estimates II	Changes in Estimates
SP 1	General Administration & Support Services	493,948,410	547,185,103	53,236,693
SP 2	Equitable Sharing of Revenue	11,163,307	21,826,614	10,663,307
SP 3	Public Financial Management	9,548,000	17,648,000	8,100,000
SP 4	Transitional Equalization	2,155,360	(3,844,640)	(6,000,000)
	Total	**516,815,077**		**66,000,000**

Source: The National Treasury

22. The net increase of KSh. 66 million is occasioned by;

i. Reduction in personnel emoluments budget by KSh. 34 million due to under-expenditure. This resulted from delayed recruitment resulting from the Commission's decision. The processes for replacement and recruitment were to be put on hold until the finalization of the Strategic Plan, which would come with an ideal organogram for the Commission.
ii. Increase in operations and maintenance budget by KSh.100 million to cater to unfunded priorities.

3.2 The State Department for Economic Planning

23. The overall FY 2023/24 budget has been increased by KSh.19 million. This brings the revised allocation to 63.872 billion from KSh. 63.853 billion. The recurrent budget has been increased by KSh. 150 million whereas the development budget has been reduced by KSh. 131 million.

24. Changes in Recurrent Budget Estimates are as follows:

Increases

i. **Kshs.50 million** for the dissemination of MTP IV

ii. **Kshs.9.6 million** for rent for Bruce House, which houses the SDG Secretariat
iii. **Kshs 21.8 million** for staff Gratuity in Vision 2030 delivery Secretariat.
iv. **Kshs 200 million** Internally generated revenue (AIA) in KIPPRA that was not included in the Printed Estimates

Decreases

i. **Kshs 100 million** reduction in Personnel Emoluments to reflect actual requirements to the end of the financial year.
ii. **Kshs 31.4 million** KIPPRA's GoK funding which will affect payment of Personnel Emoluments.

25.The changes in development Estimates are as follows:

i. A reduction of **Kshs 22 million** under KIPPRA for the Young Professionals Programme
ii. A reduction of **Kshs.50 million** in support to National Government County Planning offices
iii. A decrease of **Kshs 10 million** for the ICPD Programme of Action Support implemented by NCPD
iv. Foreign-funded programmes amounting to **Kshs 31 million** under UNICEF were removed from the budget.
v. Funds under the National Development Planning & International Economic Partnership (MACRO) decreased by **Kshs.25 million**
vi. Increase of **Kshs 7 million** to support activities under the Social and economic policy programme

3.3 The State Department of National Treasury

Proposed Budget Estimates for FY 2023/2024

26.The proposed Supplementary Estimates II of FY 2023/24 has affected critical programmes including those under the BETA initiatives. Table 3 below shows the effects per Economic Classification, Programmes/Sub-Programmes and Projects.

Table 3: Summary of Supplementary Estimates II for FY 2023/24 by Economic Classification (Figures in Kshs. Million)

No.	Expenditure Classification	Approved Estimates	Supplementary Estimates II	Changes in Estimates
1)	**Recurrent Expenditure**	**61,249.97**	**73,950.46**	**12,700.48**
a	Compensation to Employees	3,979.04	3,455.55	**(523.49)**
b	Use of Goods and Services	15,983.85	15,962.22	**(21.63)**
c	Current Transfers to	41,187.34	54,353.32	**13,165.98**

No.	Expenditure Classification	Approved Estimates	Supplementary Estimates II	Changes in Estimates
	Govt. Agencies			
d	Other Recurrent	99.74	179.37	79.63
2)	**Capital Expenditure**	**50,011.28**	**50,111.70**	**100.42**
a	Acquisition of Non-Financial Assets	3,207.16	7,721.27	**4,514.11**
b	Capital Grants to Govt Agencies	29,703.68	28,300.18	**(1,403.49)**
c	Other Development	17,100.44	14,090.24	**(3,010.20)**
Total (1+2)		**111,261.26**	**124,062.16**	**12,800.90**

Source: The National Treasury

3.3.1 Expenditures under Article 223 of the Constitution

27. The National Treasury approved additional expenditures under Article 223 of the Constitution of a reviewed amount of **Kshs.8,497.07 million** to **KRA, IF-PPP** and **Global Fund**, the latter two being GoK Counter-Part Funds (CPF). However, only **Ksh 4 billion** was disbursed. The additional expenditure to KRA is to support initiatives for revenue mobilization, including settling pending bills from FY 2022/23 due to the non-release of the Exchequer. The IF-PPP is mainly donor and the funds were in the project account.

28. Under Supplementary Estimates II for FY 2023/24, TNT had two reallocations each in development and recurrent votes as follows:

Table 4: Schedule of Approved Reallocations of Funds

No.	Vote	Amount (Kshs Million)	Justification/Purpose	Status
1	Development	82,188,550	Payment for GDP Unit Office partition and fittings works at the CBK Pension Towers.	Effected
2	Development	60,846,814	Settling pending bills for IFMIS maintenance and replacement of AC units and related equipment	Effected
3	Recurrent	28,000,000	Purchase of office furniture and equipment for the GDP Unit	Effected
4	Recurrent	56,223,045	Settlement of legal fees for just concluded Euro-Bond fundraiser	Not effected
Total		**227,258,409**		

Source: The National Treasury

Indicative Impact of Supplementary Estimates II for FY 2023/24 on TNT Performance Targets

29. It is observed that Supplementary Estimates II for FY 2023/24 has had more effect on the development vote, as many projects have been affected by budget rationalization. For the recurrent vote, the estimates were affected more in Supplementary Estimates I for FY 2023/24, the effect of which is still being experienced.

30. While for the donor-supported projects, the adjustments were informed mainly by absorption capacity and fiscal framework, in the GoK-funded programmes we had some reallocations to settle outstanding payments for works already done to avoid accumulating pending bills. Some specific impacts, however, would include the following negative and/or positive:

    i. In the PFMR project, supported MDAs and activities shall receive a lesser amount for planned activities, hence triggering lesser budget support based on non-achievement of Disbursement Linked Indicators (DLIs)
    ii. Under IF-PPP projects, there will be an acceleration of projects to be brought and concluded under the PPP arrangement.
    iii. Under Equity Acquisition, Operations and Maintenance (TEAMS), outstanding arrears of subscriptions shall be settled as well as part of the African Development Bank (AfDB).
    iv. Part of the outstanding bills for IFMIS maintenance services and e-Procurement shall be settled, as the additional only addressed reinstatement of amounts lost during the Supplementary Estimates I – part of the original rationalization.
    v. In the FFLoCA project, the added sum shall support more activities in the Counties as disbursement to Counties is already ongoing. All Counties are receiving funds.
    vi. Global Fund CPF is the most hit, as amounts allocated under Article 223 were reviewed with the net effect of positive Kshs.15.7 million, meaning the year shall close with bills on medical commodities for TB, HIV and Malaria.
    vii. The Rural Kenya Financial Inclusion Facility (RK-FINFA) is picking up after being initiated in the current FY.
    viii. In the Resource Mobilization Department, the additional allocation shall support the meetings for WB and AfDB at KICC, the latter of which was successfully held in April. AfDB is coming up in the last week of May.
    ix. With Article 223 support, KRA shall be able to support part of the pending bills; however, gaps in support for revenue mobilization still exist.
    x. The increased allocation of the Directorate of Public Investment and Portfolio Management (PIPM) shall support the activities linked to Parastatal reform initiatives.

xi. Under subscriptions to International Organizations, the additional amount shall support outstanding subscriptions in addition to a flash appeal for the occupied Palestine Territory. In this area, increases are netted off under the Fund AIA.

3.4 The Office of the Controller of Budget

31. The proposed Supplementary Estimate No. 2 decreases the OCOB FY2023/24 budget allocation from KSh.707 million to KSh. 704 million

32. During the Supplementary Budget Estimate II, the office proposed requests for the following areas:

Reallocations

Description	Amount(Kshs.)	Status	Justifications
Reallocation No.1	21,000,000	Approval granted by The National Treasury	To cater for the settlement of outstanding payments and clearance of negative balances in the vote book.
Reallocation No.2	9,932,000	Approval granted by The National Treasury	To cater for the induction programme for newly recruited staff and procure courier service for the Budget Implementation Review Reports.
Reallocation No.3	8,316,160	Approval granted by The National Treasury	To cater for other office operations and maintenance.

Request for Additional funds

Description	Amount(Kshs.)	Status	Justifications
Additional funds	10,748,500	Not Approved The office was advised to review its budget to realize savings	To cater for purchasing office furniture, computers, printers, and IT equipment for the new staff.

Appropriation in Aid

Description	Amount(Kshs.)	Status	Justifications
Appropriation in Aid (AIA)	5,100,000	Approval granted	To cater for the **Purchase of Computers**- Kshs. 4,100,000. **Fuel & Oil lubricants**- Kshs. 1,000,000

4 COMMITTEE OBSERVATIONS

Having held deliberations with the MDAs under its purview, the Committee observed THAT:

The State Department of the National Treasury

33. The National Treasury lacks a practical framework to oversee the financial management of state-owned enterprises (SOE). As a result, the SOEs generate the much-required internally generated incomes, **which in most cases are under-declared, spent at source and outside the National Budget framework because the income is never recognized in the National Budget books**. An example is KIPPRA, which has been generating internal revenues for the past several years, with the projection for the current financial year being KSh. 200 million. However, KIPPRA has been spending the entire AIA collected outside the national Budget framework budget without the National Treasury reflecting this A-in-A in KIPPRA's budget in total contravention of the Constitution and PFM Act.

34. The National treasury has a pending bill of KSh. 5.174 billion concerning Misort Africa Ltd: The National Treasury entered into a contract with Misort Africa Ltd in 2009 to construct a Data Recovery Centre in Naivasha. During contract implementation, the parties had a prolonged misunderstanding leading to a claim of project abandonment and later the contractor exiting the site. The matter went to court for arbitration, and an award was granted in favor of the contractor at KSh.3.68 billion in 2022 with a simple interest of 12% per annum on the outstanding sum until payment is made in full. While the Treasury has kept the matter alive, the legal claim remains unsettled and attracts the said interest annually. In their recent letter dated 28th August 2023 and copied to Treasury, the contractor's lawyer is claiming KSh.5.174 billion inclusive of September 2023, noting that the amount continues to accrue said interest

35. The approval and monitoring of the State Owned Enterprise (SOE) budget by the National Treasury are lacking. During its scrutiny of Supplementary Estimates No. 2 for FY 2023/24 and FY 2024/25 Budget Estimates, the Committee notes many anomalies related to SOEs, for instance, the under-declaring of A-in-A, the significant variance between SOEs budget as approved by the National Treasury and what is recognized in National Budget, over budgeting within SOEs and poor or lack of reporting framework by SOEs, for instance, Insurance Regulatory Authority (IRA) with a staff compliment of seventy-two (72) staff has personnel emoluments budget provision of Ksh 827 million. The Authority internally generates Kshs 2.8 billion from levies/fees, however, it spends Ksh 1.8 billion of the Ksh 2.8 billion collected. On the other hand, despite KIPPRA's FY 2023/24 budget being Kshs 1.07 billion, the National Budget books maintain its budget as **Ksh 525 million.**.

36. A review of the Fiscal Framework for Supplementary No. II, submitted by the National Treasury to the National Assembly, indicates a glaring omission of projected revenue from the Export Promotion Levy, which is estimated at **Kshs 216 million.** This anomaly will affect the basis of the proposed Supplementary No. 2 and FY 2024/25 Budget estimates.

37. The total Budget for the National Treasury increased by **Kshs 12.8 billion,** primarily propelled by a rise in **recurrent expenditure of Kshs 12.7 billion,** particularly under the General Administration and Support program. This increase is mainly attributed to KSh's adjustment of the budget requirement for the Kenya Revenue Authority. **8.240 billion,** with 758 million allocated for Adjustments-in-Aid and 7.482 billion GoK.

38. After deliberation with the Kenya Revenue Authority, it was noted that **KSh. 4 billion** was disbursed to the Authority under Article 223, not KSh. 4.6 billion as highlighted in the budget documents submitted to the National Assembly.

39. In relation to the implementation of the Equalization Fund,

    i. The total entitlement to the Fund since inception is **KSh. 62.403 billion.** However, the total allocation to the Fund (approved by Parliament) since inception is **KSh.33.597 billion** to which **KSh. 12.4 billion** was appropriated through the Equalization Fund Appropriation Act 2018 and **KSh.10.330** billion has been appropriated through the Equalisation Fund Appropriation Act 2023 being Equalisation Fund allocation for FY2021/22(3.261 billion) and FY2022/23(7.068 billion). The outstanding balance of **KSh.10.867 billion** is currently being considered in the Equalisation Fund Appropriation Bill 2024 in the legislative process.

    ii. However, the amount appropriated in the Equalisation Fund Appropriation Act 2023 **KSh. 10.33 billion** in the Equalisation Fund allocation for FY2021/22 and FY2022/23 was not transferred to the Equalisation Fund since the allocation was reduced to zero during Supplementary I of FY2022/23. Therefore, the total arrears entitled to the Equalisation Fund amount to **KSh. 39.136 billion** (KSh. 28.806 billion-plus KSh. 10.33 billion).

    iii. The Equalization Fund Appropriation Act 2023 (KSh. 10.33 billion) is being implemented by the FY2023/24 allocation of KSh. 10.86 billion. The National Treasury is processing the disbursement of KSh. 10.8 billion FY2023/24 allocation for the Equalisation Fund for projects in 34 Counties as appropriated in the Equalisation Fund Appropriation Act 2023.

40. The Internal Auditor General office in the National Treasury was allocated **Ksh 70 million** to conduct special audits of foreign missions. However, under Supplementary Estimates No. II the amount was reduced. Therefore, the critical task of the special Auidt may not be met, jeopardizing the oversight role of public expenditures in Foreign missions.

The State Department of Economic Planning

41. The Fourth Medium Term Plan (MTP4) has been approved by the Cabinet. The review of the Third Medium Term Plan (MTP3) was necessitated by the need to align the overall country's plan with the provisions and aspirations of Kenya Kwanza manifesto dubbed the 'PLAN'. Among the key focus under the MTP4 is the need to have holistic planning by both the National and County government, therefore there is an urgent need to operationalize County Planning offices in all 47 Counties to foster collaboration between the two levels of government in the implementation of MTP4 with the County Integrated Development Plans (CIDP).

42. The overall State Department's budget for FY 2023/24 budget has been increased by **KSh.19 million.** This brings the revised allocation to **Ksh 63.872 billion** from **KSh. 63.853 billion**. The recurrent budget has been increased by **KSh. 150 million** whereas the development budget has been reduced by **KSh. 131 million**

43. The World Bank's advance of **KSh. 2.31 billion** to the Eastern Africa Regional Statistics Programme for Results was not reflected in the Supplementary II Estimates despite the funds held by the National Treasury. The project is implemented under the reimbursable framework.

44. Despite KIPPRA's request for recognition of its internally generated revenues (AinA) of **Ksh 200 million** in its budget, the National Treasury did not reflect it in Supplementary Estimates II.

Office of the Controller of Budget

45. The proposed Supplementary Estimates No. II proposed a decrease in the FY 2023/24 allocation from KSh.707 million to KSh. 704 million despite the critical function the independent office performs.

Commission on Revenue Allocation (CRA)

46. Under Supplementary Estimates No II, there is a proposal to increase the Commission's budget by **KSh. 66 million** to a total FY 2023/24 budget allocation of **KSh. 582 million**. The net increase is due to the reduction in personnel emoluments budget by KSh. 34 million due to under-expenditure arising from delayed recruitment and an increase in operations and maintenance budget by **KSh.100 million** to cater for unfunded priorities

5 COMMITTEE RECOMMENDATIONS

47.Having held deliberations with the MDAs under its purview, the Committee recommends that -

5.1 FINANCIAL RECOMMENDATIONS

48.THAT, the proposed overall allocation of KSh 124.063 billion under Vote Head 1071 for The National Treasury, Kshs 63.872 billion under Vote 1072 for the State Department of Economic Planning, KSh 582 million for Commission of Revenue Allocation (CRA) and KSh 704 million for Office of Controller of Budget **be approved subject to the amendments:**

REDUCTION

49.Under **VOTE 1071**, the State Department of the National Treasury

Recurrent Expenditure

1. **Ksh 650 million** from 1071000204 National Government Budget Process (Budget reserves) to cater for other pressing expenditure areas.

2. **Kshs 350 million** from the Resource Mobilization department for other pressing expenditure areas. to cater for other pressing expenditure areas.

3. **KSh.934 million** from the Kenya Revenue Authority to cater for other pressing expenditure areas.

50.Under **VOTE 2061** Commission on Revenue Allocation (CRA)

Recurrent Expenditure

1. Ksh 66 million under the program Inter-Governmental Transfers and Financial Matters for other pressing expenditure areas.

INCREASES

51.Under **VOTE 1071**: The State Department of the National Treasury

Recurrent Expenditure

1. **KSh. 337 million** be allocated to the National Treasury under General Administration and Support Services to support the implementation of a Single Treasury Account. This initiative is designed to enhance accountability and transparency by ensuring that all Ministries, Departments, and Agencies (MDAs), along with the National Treasury, accurately account for all Appropriations in Aid (AIA) collected. By consolidating these funds into a single account, the government aims to improve financial management,

reduce discrepancies, and ensure that public funds are used efficiently and effectively in line with national priorities.

2. **Ksh. 91 million** be allocated to the Public Procurement Regulatory Authority (PPRA) to address the shortfall in Personal Emolument (P.E) funding and to finalize ongoing recruitment processes previously approved. This funding is crucial for ensuring that the PPRA can effectively manage its staffing needs and continue its mandate of overseeing and regulating public procurement processes in Kenya. By covering the P.E shortfall and completing recruitment, the PPRA can enhance its operational capacity, improve regulatory oversight, and uphold standards of transparency and accountability in public procurement practices across the country.

3. **Ksh. 700 million** be allocated to address a pending bill that arose from a court award related to the Naivasha Data Centre-Misort Limited Company. This funding is essential to settle the outstanding debt, which includes an accrued interest rate of 12% per year. Failure to address this obligation promptly risks escalating costs, potentially doubling the financial burden annually. By allocating these funds, the aim is to mitigate further financial liabilities and ensure compliance with legal obligations, thereby safeguarding financial stability and minimizing future costs associated with the unresolved debt.

4. **Ksh 200 million** be allocated to the National Treasury under General Administration and Support Services to bolster non-tax revenues across state departments and promote self-financing among all State Agencies, Authorities, and Government-Owned Entities (SAGAs). A significant aspect of this initiative involves integrating the Ecitizen platform into the Integrated Financial Management Information System (IFMIS). This integration aims to streamline financial transactions, improve transparency, and strengthen accountability in revenue collection and expenditure management processes.

   This will enhance non-tax revenues and promote self-financing across SAGAs, the government seeks to reduce reliance on traditional tax sources and diversify its revenue streams. This approach is expected to bolster financial sustainability within government entities while ensuring that funds are utilized efficiently to support service delivery and development initiatives. The integration of Ecitizen into IFMIS further aims to modernize financial operations, enhance data accuracy, and facilitate real-time monitoring and reporting, thereby fostering a more accountable and responsive public financial management framework.

5. **KSh. 70 million** be allocated to the Internal Auditor General department under the National Treasury to conduct a special audit of Kenya's Foreign missions. This funding is designated to support comprehensive audits aimed at assessing financial management practices, operational efficiencies, and compliance with regulatory requirements across Kenya's diplomatic missions abroad. The special audit will focus on identifying areas for improvement, enhancing transparency, and ensuring prudent use of public funds allocated to these missions. By conducting rigorous audits, the Internal Auditor General department aims to strengthen oversight, promote accountability, and optimize the performance of Kenya's Foreign missions, thereby supporting the

country's diplomatic objectives and enhancing public trust in government financial management practices.

6. **KSh 370 million** has been allocated to support the finalization of the County Integrated Revenue Management system, aimed at enhancing accountability for own-source revenues across all counties and their agencies in Kenya. This funding is crucial for completing the implementation and integration of robust revenue management systems that will streamline collection processes, improve transparency, and minimize revenue leakages at the county level. This ensuring that all counties effectively manage and account for their own-source revenues, the system will contribute to fiscal discipline, sustainable development, and effective service delivery at the grassroots level. The initiative aligns with broader efforts to strengthen local governance and financial management practices, thereby promoting economic growth and enhancing the overall governance framework across Kenya's counties.

7. **Ksh 232 million** has been allocated to the State Department of Economic Planning under Monitoring and Evaluation Services to bolster the operationalization of county planning offices and enhance strategic planning capabilities at the local level. This funding will support critical initiatives such as tracking the implementation of priorities outlined in the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). Additionally, it will facilitate the re-engineering of planning systems to ensure they are more responsive and effective in meeting development objectives.

   The allocation will also support sensitization campaigns, surveys, and research activities aimed at gathering essential data and insights for informed decision-making. These efforts are vital for improving coordination between national and county governments, enhancing transparency, and aligning development strategies with local needs. By empowering county planning offices and enhancing their capacity, the State Department of Economic Planning aims to foster inclusive growth, sustainable development, and equitable distribution of resources across Kenya's counties.

5.2 ARTICLE 223 COMMITTEE APPROVALS

The Committee approves **Ksh 4 billion** disbursed to Kenya Revenue Authority (KRA) to cater for the shortfall in exchequer releases in FY 2022/23 that resulted in the following pending bill of staff medical service providers, ICT system licenses and maintenance providers, office rental leases, scanners leasing and maintenance contracts, insurance expenses, electronic seals maintenance, utilities and general supplies and partial EGMS debt.

SIGNED.....

HON. CPA KURIA KIMANI, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

DEPARTMENTAL COMMITTEE ON HEALTH

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON HEALTH

REPORT ON THE PROPOSED SUPPLEMENTARY NO. II ESTIMATES FOR FY 2023/24

Vote 1082: State Department for Medical Services

Vote 1083: State Department for Public Health and Professional Standards

Published by: **MAY, 2024**

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

Table of Contents

ACRONYMS 3

CHAPTER ONE 4

1.0 PREFACE **4**

1.1 INTRODUCTION 4

1.2 MANDATE OF THE COMMITTEE 5

1.3 COMMITTEE MEMBERSHIP 6

1.4 COMMITTEE SECRETARIAT 7

1.5 OVERVIEW ON THE EXAMINATION OF THE PROPOSED SUPPLEMENTARY NO.2 ESTIMATES FOR FY 2023/24 8

1.6 COMMITTEE OBSERVATIONS 8

1.7 ACKNOWLEDGEMENT 9

CHAPTER TWO 10

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO.2 OF FY2023/24 ...10

CHAPTER THREE 22

3.0 SUBMISSIONS BY MINISTRY OF HEALTH STATE DEPARTMENTS AND AGENCIES (MDAs) **22**

3.1 STATE DEPARTMENT OF MEDICAL SERVICES 22

1.0 INTRODUCTION 22

b. Increments in Development Budget (GoK Funded) 25

4. Conclusion 26

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS **26**

1. Introduction 26

1.1 Vision **27**

1.2 Mission **27**
1.3 Strategic Objectives for public health and professional Standards Sector **28**
1.4 Mandate/Functions of The State Department for Public Health and Professional Standards **28**
1.5 Directorates **29**
1.6 Semi-Autonomous Government Agencies (SAGAs) & Mandates **30**
1.7 State Department Programmes and Objectives **34**
2. Financial Year 2023/24 Priorities and Budget Estimates 35
2.1 State Department Priorities **35**
2.2 A schedule showing the programmes and projects affected by the Supplementary Estimates II. **35**
2.3 Where money has already been withdrawn as per Article 223 of the Constitution **37**
2.3.1The Date of the first withdrawal of the money 37
2.3.2The purpose for which the money was spent 37
2.3.3Necessary financial documents as evidence for the money spent 37
3. Justification for additional expenditure and reallocations 37
4. Impact of the Supplementary Estimates II on MDAs performance targets. 38
5. Summary of Critical Areas Which Require Additional Funding In The FY2023/24 Supplementary Estimates No.2 38
6. Conclusion 40
CHAPTER FOUR 41
4.0 COMMITTEE OBSERVATIONS **41**
Financial Recommendations ..... **Error! Bookmark not defined.**

ACRONYMS

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

CHAPTER ONE

1.0 PREFACE

1.1 INTRODUCTION

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

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

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

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

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

1.2 MANDATE OF THE COMMITTEE

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

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

6. In executing its mandate, the Committee on Health oversights the following State Departments in the Ministry of Health as delineated in Executive order No. 2 of 2023:

    a. The State Department for Medical Services
    b. The State Department for Public Health and Professional Standards.

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

1.3 COMMITTEE MEMBERSHIP

8. The Committee comprises of the following Members: -

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

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

Members

Hon. Owino Martin Peters, MP
Ndthiwa Constituency
ODM Party

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

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

Hon. Kipngok Reuben Kiborek , MP
Mogotio Constituency
UDA Party

Hon. Nyikal James Wambura , MP
Seme Constituency
ODM Party

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

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency
KANU

Hon. Maingi Mary, MP
Mwea Constituency
UDA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency

UDA Party

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

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

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

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency
ANC Party

1.4 COMMITTEE SECRETARIAT

9. The Committee is facilitated by the following secretariat:

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

Ms. Gladys Jepkoech Kiprotich
Clerk Assistant III

Ms. Abigael Muinde
Research Officer III

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Hiram Kimuhu
Fiscal Analyst III

Mr. Hillary Mageka
Media Relations Officer III

Sheila Chebotim
Serjeant-At-Arms III

Ms. Rahab Chepkilim
Audio Recording Officer II

1.5 OVERVIEW ON THE EXAMINATION OF THE PROPOSED SUPPLEMENTARY NO.2 ESTIMATES FOR FY 2023/24

10. The second Supplementary Estimates No.2 for FY 2023/2024 which was tabled in the National Assembly on the 2nd May, 2024 and thereafter referred to the Departmental Committees for consideration. The Committee held meetings with the Ministry of Health, State Department for Medical Services, State Department for Public Health and Professional Standards and the SAGAs within the respective State Departments on 6th and 7th October,2023.

1.6 COMMITTEE OBSERVATIONS

11. In considering the Supplementary Estimates No.2 for FY 2023/2024, the Committee made the following key observations, that:
12. The departmental Committee on Health has considered the Supplementary Estimates No. II for the year ending 30th June 2024 and makes the following observations;
13. **Under Supplementary Estimates No. II, the Approved Estimates for the Health Sector have been revised from Kshs 138.8 billion to KShs.134.8 billion**. The revised estimates for the financial year 2023/24 comprise of KShs.88.1 billion in current expenditures and KShs.46.7 billion in capital expenditures. This reflects a decrease of Kshs106million and KShs3.97 billion in Recurrent and Development expenditures, respectively, owing to budget rationalization in the two state departments. Notably, the development budget for the state departments for medical services will reduce by Kshs 4 billion.

STATE DEPARTMENT FOR MEDICAL SERVICES

14. **I**n the current financial year 2023/24 the State Department has an approved budget of **Ksh.106.1 billion** comprising of **Kshs.65.9**billion and **Kshs.40.2 billion** under recurrent and development budget respectively.
15. The Departmental Committee on Health has considered Financial Year 2023/24 Supplementary budget estimates No. II. The total budget for the State Department has reduced by Kshs.4.51 billion from the initial allocation of Kshs.110.64 billion to the current Kshs.106.13 billion. The recurrent budget has a net reduction of Kshs.500 million to Kshs.65.89 billion while the development budget has seen a net reduction of Kshs.4.01 billion to the current Kshs.40.24 billion.

16. The absorption rate for the actual expenditures as at the end of the 3rd quarter is at **75.8%** for recurrent and **67%** for Development. The State Department is fast tracking the implementation of the programmes to ensure 100% absorption rate by close of the financial year.
17. It should be noted that the slow disbursement of exchequer from July 2023 to March 2024 for the Development budget has affected the absorption rate. The State Department is

however keen to ensure that the implementation of the planned programmes shall be accomplished once the full budget has been provided.

STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL SERVICES

18. Under Supplementary Estimates No. II, the Approved Estimates have been revised from Kshs. 28.2 billion to Kshs. 28.6 billion. This includes Kshs. 6.4 billion for capital expenditures and Kshs. 22.2 billion for current expenses. This shows an increase in the current expenditure of Kshs. 394.1 million and capital expenditures of Kshs. 42.3 million, respectively. The placement of health interns is the primary reason for the increase in current spending, while the TB program's Global Fund(donor) counterpart funding and increased financial support for Kenya Medical Training Colleges are the main causes of the increase in capital expenditures.

1.7 ACKNOWLEDGEMENT

19. The Committee is grateful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its Sittings. On behalf of the Committee, it is therefore my pleasant duty and privilege, to present this report on scrutiny of the Supplementary Estimates No.2 for FY 2023/2024 for the Ministry of Health, State Department for Medical Services Vote 1082 and State Department for Public Health and Professional Standards Vote 1083, to the Budget and Appropriation Committee pursuant to the provisions of Section 39(2) of the Public Finance Management Act, No. 18 of 2012 as read with Standing Order 235(4) of the National Assembly Standing Orders.

HON. DR. ROBERT PUKOSE, CBS, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

CHAPTER TWO

2.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO.2 OF FY2023/24

2.0 INTRODUCTION

2.1 Purpose of the Brief

1. The brief presents an analysis of the second Supplementary Estimates No. II for FY 2023/2024 which were tabled in the National Assembly on the 2nd May, 2024. The supplementary estimates aim to provide funding for approved additional expenditures (both GoK and Development partners), approved reallocations and review of compensation to employees (personnel emoluments) for statutory requirements.
2. The brief seeks to apprise the Committee on the impact of the proposed changes to absorption capacity of the ministry, completion of ongoing projects as well as settling of pending bills.

1.2 Legal framework underpinning processing of supplementary estimates

3. The legal framework is provided under article 223 of the Constitution. The Constitution provides room to spend monies that have not been appropriated under the appropriation Act on account of: insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.
4. Regulations 40 of the PFM Act (2012), provide for the details and format of the Supplementary Budget and ensures that it includes a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

1.3 MDAs under the Committee's purview

5. The departmental Committee on Health oversights two state departments i.e.
   i. **Vote 1082:** State Department for Medical Services
   ii. **Vote 1083:** State Department for Public Health and Professional Standards

1.0 HIGHLIGHTS OF SUPPLEMENTARY ESTIMATES NO. II OF FY2023/24

6. The Financial Year 2023/24 Supplementary Estimates No. II focuses on the following;
   i. Additional funding for emerging priorities as well as emergencies;
   ii. Approved reallocations;
   iii. Review of compensation to employees (personnel emoluments) and gratuity
   iv. Review of Appropriation in Aid(AiA); and
   v. Realignment of budgetary allocations to projected absorption levels.

   Salary adjustments and changes in development partners funded among others.

7. The overall Ministerial cumulative expenditure in FY 2023/24 has been proposed to decrease by 1.9% (Kshs. 46.1 billion) from the approved original budget which is within the 10% allowable threshold in accordance to Article 223 of the Constitution. It focuses on approved reallocations; review of compensation to employees and gratuity; realignment of budgetary allocations to projected absorption levels; and additional funding for emerging priorities as well as emergencies.

8. Recurrent expenditures have increased by 2.3% (Kshs. 38.7 billion) whereas development expenditure fell by 10.8% (Kshs. 84.8 billion). Finally, CFS has decreased by 7.6% (Kshs. 59.1 billion).

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

Table 1: Overall Change in the FY 2023/24 Budget Estimates (Amount in Kshs. Million)

Expenditure Estimates	Approved Estimates 2023/24	Supplementary Estimates No. 1 2023/24	Supplementary Estimates No. 2 2023/24	Supp. No. 1 vs Supp. No. 2	
				Gross Change	% Chang
1.0 Ministerial National Government Estimates	**2,372,531**	**2,464,454**	**2,418,323**	**(46,131)**	**(1.9)**
1.1 Recurrent Budget Estimates	1,564,887	1,681,235	1,719,942	38,707	**2.3**
1.2 Development Budget Estimates	807,644	783,219	698,381	(84,838)	**(10.8**
2.0 Consolidated Fund Services	**986,158**	**1,131,650**	**1,045,320**	**(86,330)**	**(7.6)**
TOTAL	**3,358,689**	**3,596,104**	**3,463,643**	**(132,461)**	**(3.7)**

Source: National Treasury

2.0 PROPOSED SUPPLEMENTARY ESTIMATES No. II FOR HEALTH SECTOR

2.1 Overall changes

10. The Executive Order No 2 of 2022 created two state departments in the Ministry of Health i.e. State Department for Medical Services and State department for Public Health and Professional Standards. The table 1 below shows the overall allocation adjustments made to the Ministry of Health budget.

Table 2: Proposed changes in the Supplementary Estimates No. II of FY 2023/24(in Kshs millions)

State Department	Approved 2023/24			Revised Estimates			Proposed Change			% change Total
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	
State Department for Medical Services	66,394	44,245	**110,640**	65,894	40,235	**106,130**	(500)	(4,010)	**(4,510)**	(4.076)
State Department for Public Health and Professional Standards	21,797	6,409	**28,206**	22,191	6,452	**28,643**	394	42	**436**	1.547
Total Health Sector	**88,191**	**50,655**	**138,846**	**88,085**	**46,687**	**134,772**	**(106)**	**(3,968)**	**(4,073)**	(2.933)

Source: National Treasury

11. **Under Supplementary Estimates No. II, the Approved Estimates for the Health Sector have been revised from Kshs 138.8 billion to KShs.134.8 billion**. The revised estimates for the financial year 2023/24 comprise of KShs.88.1 billion in current

expenditures and KShs.46.7 billion in capital expenditures. This reflects a decrease of Kshs106million and KShs3.97 billion in Recurrent and Development expenditures, respectively, owing to budget rationalization in the two state departments. Notably, the development budget for the state departments for medical services will reduce by Kshs 4 billion (the proposed reductions are discussed in this brief)

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

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

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

Programmes	Approved Estimates			Revised Estimates			Changes in Estimates			%Change
	Rec.	Dev	Total	Rec.	Dev	Total	Rec.	Dev	Total	
National Referral & Specialized Services	50,243	10,714	60,958	50,207	10,161	60,368	(36)	(553)	(589)	(1.0)
Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	1,351	18,503	19,854	1,351	15,046	16,397	-	(3,457)	(3,457)	(17.4)
Health Research and Innovations	3,457	1,080	4,537	3,457	1,080	4,537	-	-	-	0.0

General Administration	11,343	13,948	25,291	10,879	13,948	24,827	(464)	-	(464)	(1.8)
Total	**66,394**	**44,245**	**110,640**	**65,894**	**40,235**	**106,130**	**(500)**	**(4,010)**	**(4,510)**	**(4.1)**

Source: National Treasury

13. As shown in the table above, the changes made to the State Department for Medical Services (Vote 1081) is a reduction of **Kshs 4.5 billion**. The decrease in Current expenditure is mainly due to reduction in personnel emoluments to reflect actual requirement for the year whereas the decrease in Capital expenditure is due to reduced donor commitments.
14. The National Referral & Specialized Services, Curative & Reproductive Maternal Newborn Child Adolescent Health, and General Administration Programs are the areas where the Financial Year 2023/24 Supplementary Estimates No. II changes.
15. Major programmatic changes are to the development budget for Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH. This is due to reduced donor c

o **3.1 Adjustment to recurrent vote**

16. As illustrated in the table above, the resultant change to the recurrent budget adjustments is a reduction of Kshs 500 million.

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

Item	Approved	Net Change	Revised	Reasons for revision
Headquarters Administrative and Technical Services		36		Personal allowances-14m reduction, Employer Contributions to Compulsory National Social Security Schemes-14m increase and Operating expenses-36m increase
		200		Training expenses-200m
Mathari National Teaching and Referral Hospital		(10)		Specialized materials and supplies-10m

Item	Approved	Net Change	Revised	Reasons for revision
		(10)		
		(16)		
Universal Health Coverage Coordination& Management Unit		(700)		UHC Health Workers – BETA Basic wages-700m

Source: National Treasury

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

i. Headquarters proposed additional budget – Supplementary no 2 proposes to allocate additional Kshs 36 million and Kshs 200 million to operating expenses and training expenses respectively. There is need to interrogate this allocation with a view of establishing that the additional funds are committed to core areas at the ministry headquarters.

ii. The reduction of Kshs 700 million basic wages for UHC Health workers. The Ministry of Health and Public Service Commission is in the process of renewing the UHC workers contracts and therefore the reduction may not be in line this commitment.

3.3 Adjustment to Development Expenditure

17. The resultant effect of adjustments made to development expenditure is a reduction of Kshs 4 billion. This therefore revises the allocation to development for the State Department from Kshs. 44 billion to Kshs 40 billion. Notably, Kshs 3.5 billion and Kshs 553million is a reduction from Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH and National Referral & Specialized Services programmes respectively.

18. The Key items affected by the adjustments are shown in table 5.

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

Head	Approved Estimates FY 2023/24	Change		Revised Estimates	Remarks
		GoK	Foreign		
Managed Equipment Service-Hire of Medical Equipment for 98 Hospital	-	1,000		1,000	Capital grants for Hire of medical equipment
			(469)		Reduction is on construction of Building
		-	(1,435)		The reduction affects construction of the building arising from decreasing donor commitment
			(152)		Capital grants to counties reduced to zero
GESDeK COVID – 19			(752)		Basic wages-(55m) Other operating expenses-(292m) Routine maintenance of assets-(210m) Purchase of equipments-(194m)
Primary Health Care in the Devolved Context		(28)	(162)		Reduced donor commitments-(162m) and GoK-(28.8m)
			100		Increase in donor commitment-100m
			19		Increase in donor commitment to purchase specialized equipment-19m
		(50)	(490)		Reduction in capital grants

Head	Approved Estimates FY 2023/24	Change		Revised Estimates	Remarks
		GoK	Foreign		
			(400)		Reduction in grants from international organizations
		(40)			Reduction affects the construction of the hospital
		40			New project
Kenya COVID-19 Emergency Response Project		-	(1,452)		Decrease in donor commitment
Vaccines Programme		750			Increase in other capital grants-750m

Source National Treasury

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

i. **Managed Equipment Services (MES).** There is a Kshs. 1 billion allocations to this project. The allocation is for payment of the project pending bills. There is a need for the Committee to ascertain the status of this project.

ii. **New projects.** The 2023/24 supplementary no II proposes to allocate Kshs 40 million to construction of **Uriri hospital.** This is a presidential directive project in the FY 2023/24. Further information needs to be provided regarding the estimated cost of the project, completion timelines and targets to be achieved by this project.

iii. **Dependency on donor funded projects.** An analysis of the supplementary budget indicate that affected projects are due to reduced donor funding/commitments. The reduction may derail the achievement of set targets. For instance, Integrated Reproductive Health Programme seeks to provide 53% of women population with family planning commodities and this target may not be achieved. GoK should increase the domestic financing of these strategic programmes.

4.0 VOTE 1083: STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

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

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

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

Programmes	Approved Estimates 2023/24			Revised Estimates			Changes in Estimates		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
Preventive and Promotive Health Service	1,670	4,479	6,149	1,835	3,971	5,806	165	(508)	(343)
Health resources development and Innovation	15,782	1,680	17,462	16,011	2,230	18,242	229	550	779
Health Policy, Standards and Regulations	3,800	250	4,050	3,800	250	4,050	-	-	-
General Administration	545	-	545	545	-	545			-
Total	**21,797**	**6,409**	**28,206**	**22,191**	**6,452**	**28,643**	**394**	**42**	**436**

Source National Treasury

20. Under Supplementary Estimates No. II, the Approved Estimates have been revised from Kshs. 28.2 billion to Kshs. 28.6 billion. This includes Kshs. 6.4 billion for capital expenditures and Kshs. 22.2 billion for current expenses. This shows an increase in the current expenditure of Kshs. 394.1 million and capital expenditures of Kshs. 42.3 million, respectively. The placement of health interns is the primary reason for the increase in current spending, while the TB program's Global Fund(donor) counterpart funding and increased financial support for Kenya Medical Training Colleges are the main causes of the increase in capital expenditures.

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

Item	Approved 2023/24	Net Change	Revised	Reasons for revision
	66	100	166	Domestic travel-11m, training expenses-8m,specialized materials and supplies-67.5m,office supplies-2.7m,fuel-4.5m,other operating expenses-6.2m
		229		Additional resources for Human Resources for Health Internship - BETA (from 3.75b to 3.98b)
	274	65	339	Increase in AIA collecting-65m

Source: National Treasury, Program Based Budget

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

i. Supplementary no II proposes to allocate additional Kshs 229 million to Professional Standards Management (for Internship programme). However, more information needs to be provided to ascertain the number of interns to be recruited/posted by the State Department.

ii. On a positive note, Kenya Nuclear Regulatory Authority (KENRA) AIA is projected to increase by Kshs 65 million. There is need to expand the Central Radioactive Waste Processing Facility (CRWPF) to increase AIA generation by KENRA.

4.3 Adjustment to Development

21. The total reductions to development expenditure in the State Department for Public Health and Professional Standards amount to Kshs Kshs.42 million. The proposed adjustments are on the following projects.

Table 8: Adjustment to development expenditure

Project	Approved Estimates	Change		Revised Estimates	Remarks
		GoK	Foreign		
Equipping of Laboratories and Classrooms at KMTC		500	-		Increase in capital grants to KMTC for equipping of KMTC labs and classrooms (list not provided)
	482	50	-	532	Funds for construction of KMTC(list not provided)
Special Global Fund Malaria Grant NFM3 - DOMC		(122)	-		Reductions in Gok counter-funding
Special Global Fund TB Grant NFM3	939	-	150		Increase in donor commitments
	-	-	-		New project-Capital grants to other levels of government (list of health centres not provided)

Source: National Treasury

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

i. Declining domestic Gok support to Global Fund strategic programmes. The supplementary no II of FY 2023/24 proposes to decrease the allocations to Global Fund Malaria programme by Kshs 122 million. This is a risk to the sustainability of these strategic programmes since domestic allocation is expected to bridge the financing gap left by donors by the year 2027.

ii. List of KMTC projects being proposed for additional funding. Supplementary No. II of 2023/24 financial year proposes additional funding (amounting to Kshs 550 million) for construction of KMTC tuition blocks and laboratories and equipping of laboratories and classrooms. However, a comprehensive list of the proposed projects has not been provided.

iii. **New Projects.** The 2023/24 financial year supplementary no II proposes to introduce a new project i.e., construction of Health Centres. The Ministry has not provided information regarding the health centres to benefit from the upgrading activities. Further the estimated project cost and completion timelines need to be provided.

CHAPTER THREE

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

3.0 The MDAs submitted as follows when they appeared before the Committee:

3.1 STATE DEPARTMENT OF MEDICAL SERVICES

4.0 Mr. Harry Kimutai, EBS, Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for medical services to present their Supplementary Estimates No. 2 for FY 2023/2024 on Tuesday, 21st May 2024. The Principal Secretary submitted as follows:

1.0 INTRODUCTION

The National Assembly is considering and appropriating the FY 2023/24 Supplementary budget estimates No. II. The total budget for the State Department has reduced by **Kshs.4.51 billion** from the initial allocation of **Kshs.110.64 billion** to the current **Kshs.106.13 billion.** The recurrent budget has a net reduction of **Kshs.500 million** to **Kshs.65.89 billion** while the development budget has seen a net reduction of **Kshs.4.01 billion** to the current **Kshs.40.24 billion.**

The following is a summary of notable increases and reductions in both the recurrent and development budgets.

I. Recurrent Budget Estimates

The recurrent budget has decreased from the initial allocation of Kshs.66.39 billion to Kshs.65.89 billion translating to a net reduction of Kshs.500 million as a result of adjustments made to the budget. The following is a summary of reductions and increments in the recurrent budget;

a) Decreases in Recurrent Budget Estimates - Kshs.736 Million

i. Mathari National Teaching and Referral Hospital has a budget cut of **Kshs.10 million** mainly touching of supply of specialized materials - (bedding and linen)

ii. Spinal Injury Hospital has a reduction of **Kshs.10 million** for purchase of motor vehicles.

iii. Kenyatta National Hospital has a reduction of **Kshs.16 million** under Government pension and retirement benefits.

iv. Universal Health Coverage programme has also seen a reduction of **Kshs.700 million** particularly under the UHC Health Care Workers.

b) Increases in Recurrent Budget Estimates – Kshs.236 Million

i. There is an additional **Kshs.36 million** for Legal Dues/fees, Arbitration and Compensation payments.

ii. Headquarters and Administrative has an increase of **Kshs.200 million** to settle claims owed to various institutions for training.

The development budget has reduced from the initial allocation of Kshs.44.25 billion to Kshs.40.24 billion which is a net reduction of Kshs.4.01 billion. There is a shift in both GoK and external funding of various projects and programmes while reductions have only affected the externally funded projects. The summary of reductions and increments are as shown below;

1. Reductions in Development Budget Estimates

The review of the budget estimates indicate that the reductions have affected the externally funded projects. The reduction is mainly attributed to low absorption rate. The summary is as shown below;

Reductions of Capital Projects Budgets

a) Reductions in Development Budget Estimates (Donor Funded)

Project Code, Title & Source of Funding	Approved Estimates FY 2023/24	Revised Estimates FY 2023/24	Variance (Reduction)
	Kshs		
1082100100 KNH Burns and Pediatrics Centre-**SFD, OPEC and BADEA (Loan AIA)**	1,711,666,667	1,242,333,334	469,333,333
1082100300 East Africa Centre of Excellence for Skills and Tertiary Education **(AFD) (Loan AIA and Loan Revenue)**	1,103,000,000	520,000,000	583,000,000
1082101700 Construction of a Cancer Centre at Kisii Level 5 Hospital **(SFD & BADEA)**	1,835,333,333	400,000,000	1,435,333,333
1082103400 Transforming Health System for Universal Care Project **(World Bank) (Grant Revenue)**	152,000,000	-	152,000,000
Kenya COVID - 19 Emergency Response Project **(World Bank) (Loan AIA & Revenue)**	3,890,000,000	2,437,961,515	1,452,038,485
1082104000 GESDEK COVID - 19 Response Project **(French) (Loan Revenue)**	797,556,949	45,000,000	752,556,949

1082104700 East Centres of Excel. for Skills & Tertiary Edu. In Biosciences **(AFD) (Loan AIA & Revenue**	550,000,000	10,000,000	540,000,000
1082104900 Integrated Reproductive Health Programme **(UNFPA) (Grant Revenue & Grant AIA**	710,000,000	310,000,000	400,000,000

Reductions of Capital Projects Budgets (GoK Funded)

b) **Reductions in Development Budget Estimates**

Project Code, Title & Source of Funding	Approved Estimates FY 2023/24	Revised Estimates FY 2023/24	Variance (Reduction)
	Kshs		
1082105700 Construction of Ugenya Hospital (**GoK**)	100,000,000	60,000,000	40,000,000

2. **Increments in Development Budget Estimates**

The Supplementary budget has captured various increments ranging from funds to finance programmes/projects related to Presidential directives, support from JICA, infrastructure improvement, DANIDA grants. The summary is shown in the table below;

a. **Increments in Development Budget (Donor Funded)**

Project Code, Title & Source of Funding	Approved Estimates FY 2023/24	Revised Estimates FY 2023/24	Variance (Increment)
	Kshs		
1082104300 Primary Health Care in the Devolved Context (**DANIDA**)	577,500,000	768,675,000	191,175,000
10821059000 Customized Ambulance for COVID 19 Response (**JICA**)	-	7,685,172	7,685,172
1082104500 Upgrading of Maternal & New Born Units Project **VAMED FINLAND**	1,100,000,000	1,200,000,000	100,000,000
1082104601 Support for Health Sector to Combat COVID - 19 Pandemic - **BADEA**	60,000,000	79,500,000	19,500,000

b. **Increments in Development Budget (GoK Funded)**

Project Code, Title & Source of Funding	Approved Estimates FY 2023/24	Revised Estimates FY 2023/24	Variance (Increment)
	Kshs		
1082100500 Managed Equipment Service - Hire of Medical Equipment for 98 Hospitals (**GoK**)	0	1,000,000,000	1,000,000,000

1082103800 Vaccines Programme (**GoK**)	1,250,000,000	2,000,000,000	750,000,000
1082105800 Construction of Uriri Hospital (**GoK**)	-	40,000,000	40,000,000

3 Request for Additional Funding for Pathology and Forensic Services in Shakahola Forest Cult Deaths- Kshs. 100,000,000

The State Department requested for additional funding of Kshs. 100,000,000 vide letter Ref: MOH/SDMS/FIN/BGT/ VOL II (48) dated 15th February 2024. These funds were to cater for the Government Pathology department which has been undertaking its work in Shakahola Death Cult since April, 2023. Further, in our letter Ref MOH/FIN/1/A VOL IV (124) dated 15th August 2023, the State Department further appealed to the National Treasury to consider the request of **Kshs. 100,000,000** to cater for Domestic Travel, Subsistence and other costs, specialized Materials and Supplies, Fuel Oil and Lubricants and other operating costs. (Copy attached).

4. Conclusion

The State Department has attached the following annexes to provide additional information to the Committee.

i. Schedule of programmes and projects affected by Supplementary II

ii. Approval for funds withdrawn under Article 223

iii. Justification for additional expenditures and reallocations

iv. Indicative impact of the Supplementary Estimates II

This is therefore to submit the approved Supplementary Estimates No II for FY 2023/24 as per your call letter Re: NA/DDC/DC-H/2024/ (072) dated 8th may, 2024.

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

5.0 Ms. Mary Muthoni Muriuki, EBS, the Principal Secretary, appeared before the Committee together with other officers from the Ministry and SAGAs under State department for Public Health and Professional Standards to present their Supplementary Estimates No. 2 for FY 2023/2024 on Tuesday, 21st May 2024 and submitted as follows:

1. Introduction

We acknowledge and appreciate your invitation to appear before you to discuss the FY 2023/24 Supplementary Estimates No. 2 for the State department for Public Health and Professional Standards. I wish also to recognize your Constitutional mandate in budget making and authority the Parliament in general has in making sure budgetary resources are allocated equitably and sustainably towards National development. This is part of your mandate as enumerated both in the Constitution of Kenya 2010 and the Public Financial Management Act 2012.

The Health Sector has made tremendous improvement in health systems strengthening. One notable thing is that the focus has been mainly on curative health and less investments continues to

be made in preventive health. This is contrary to the public views during the budget making consultations, the public insists that the Government should invest more in prevention. It is a matter of fact that "prevention is better than cure", it is also important to note that 1 USD used in preventive health saves 9 USD in curative health.

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

In the current budget period FY2023/2024, the State department is focusing on implementation of programmes/projects under the umbrella of Bottom-up Economic Transformation Agenda (BETA) to ensure quality health provision. This includes: public health management; disease surveillance and emergency response; preventive and promotive healthcare; management of health professions and enhancing capacity of the human resources for health and allied health professionals to bridge the gap of core healthcare workers per population, health policy formulation; regulation for quality assurance and provision of strategic interventions that include malaria, TB and nutrition services among other priorities.

Turning to budgetary allocations in regards to the FY 2023/24, the Health sector has a total allocation of Kshs.140.35 billion out of which Kshs.28.64 billion has been allocated to the State department for Public Health and Professional Standards which translates to 20.41% of the Sector allocation. We acknowledge the need to invest in curative health but we believe investments in preventive health needs to be increased because by reducing preventable diseases and empowering the people to take control of their health. We shall ensure a sustainable financing model of health care in this Country.

Having recognized this Committee as an important stakeholder in achieving our mandate and being cognizant of the current economic situation in the Country, I will later in my presentation make a request for your consideration to allocate an additional **Kshs.24 billion** to finance some key areas that are under/not funded in this current financial year's budget. These include: Port Health Services; Disease Surveillance; Kenya Health Professions Oversight Authority; Kenya National Public Health Institute; National Quality Control Laboratories; National Public Health Laboratories; Food safety; Neglected Tropical Diseases; Clinical Waste Disposal Systems; Health Promotion and Education; Intergovernmental Forums; and Radiation Protection Project.

The State Department comprises of five (5) Directorates namely: Preventive and Promotive; Public Health and Sanitation; Health Standards, Regulations and Quality Assurance; Health Coordination and Intergovernmental Relations; Health and Promotion and the Administration Directorate. The State Department also have Twenty Semi-Autonomous Government Agencies under it. The State Department's Vision, Mission, core values and Strategic Objectives are highlighted below;

1.1 Vision

A nation free from preventable diseases and ill health

1.2 Mission

To build a resilient, responsive and sustainable health system for accelerated achievement of Universal Health Coverage

Core Values:

1. People first
2. **Result oriented**
3. **Professionalism**
4. **Integrity**
5. **Inclusiveness**
6. **Teamwork**
7. **Equity and Equality**
8. **Accountability**

Goal

The Goal of the sector is "To attain equitable, affordable, accessible and quality health care for all."

1.3 Strategic Objectives for public health and professional Standards Sector

The Sub-Sector objectives are as stated in the health Policy (2014-2030). The policy objectives reflect the country's agenda for improving population health. They include;

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

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

Allow me share with the Committee a brief on the functions/mandate for the State Department for Public Health and Professional Standards, its Directorates and Agencies based on the Executive Order No. 2 of November 2023:

i. Public Health and Sanitation Policy;
ii. Preventive and Promotive Health Services;
iii. Policy on Human Resource Development for Health Care Workers;
iv. Health Education Management;
v. Food Quality, Hygiene and Nutrition Policy;
vi. Quarantine Administration;
vii. Radiation Policy;

viii. Administration of the legal and institutional framework for the control of the production, manufacture, sale, labeling, advertising, promotion, sponsorship and use of tobacco products;
ix. Control and Management of Tuberculosis (TB) and other lung diseases; and Malaria Control and Management; and
x. Control and Management of Leprosy

1.5 Directorates

Preventive and Promotive

The mandate of the Directorate is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks on preventive and promotive health services, prevention of communicable and non-communicable diseases, Mental health and wellness, accidents and injuries; health education and promotion in collaboration with other relevant stakeholders. This is composed of three (3) divisions namely: Communicable disease, Health and wellness promotion and Health education management.

Public health and sanitation

The mandate of the Directorate of Public Health and Sanitation is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks pertaining to provision of Public Health and Sanitation services in collaboration with other relevant stakeholders. This is composed of four (4) Divisions namely: Disease surveillance and response, Environmental health and sanitation, National laboratory services, Food safety and Port health.

Health Standards, Regulation and Quality Assurance

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

This is composed of four (4) Divisions namely: Division of Health Standards, Division of Quality Assurance, Division of Health Regulation and Legislation and Division of Professional Standards (includes HRH).

Health sector coordination and Intergovernmental Relations

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

Health Promotion and Education

The mandate of the Directorate is to formulate, oversee implementation, monitor and review policies, guidelines, standards and frameworks for Health communication, advocacy, community mobilization and engagement and supports all other directorates to communicate on health matters. The Directorate has two Divisions, Division of Health Information, Education and Communication and the Division of Health Promotion and Advocacy on Lifestyle diseases.

Administration

The functions of Administration involve the development and maintenance of internal monitoring systems and procedures, as well as the creation and implementation of annual administrative work plans and programs. Additionally, administration oversees the planning and budgeting for administrative functions, coordinates national government functions and policies, and provides strategic leadership and policy direction for effective implementation of government policies. Furthermore, administration is responsible for providing general guidance on national security coordination, coordinating the provision of agency services to other government departments and institutions, and ensuring the security of government property, assets, facilities, and inventory. This is composed of seven (10) Divisions namely: Procurement, Records management, Human Resource Management and Development, Planning, Finance and Accounts, Public Communication, ICT, Legal and Transport.

1.6 Semi-Autonomous Government Agencies (SAGAs) & Mandates

S/No.	SAGA's	Mandate
1.	Kenya Medical Training College (KMTC)	Kenya Medical Training College is a body corporate established under the provisions of the Kenya Medical Training College Act, (Cap 261) of the laws of Kenya as amended by Act No.5 of 2019). The College is mandated with the role of training of the various health disciplines, to serve Kenya and beyond. The College has a population of over 62,807 students in 74 campuses spread across 44 counties in the country. The College contributes 85% of the local mid-level healthcare workforce.
2.	Kenya Nuclear Regulatory Authority(KENRA)	The Kenya Nuclear Regulatory Authority (KENRA) is a State Corporation, established on 10th January 2020, by the Nuclear Regulatory Act, 29 of 2019.It is mandated to ensure the safe, secure and peaceful use of nuclear science and technology and provide for the protection of persons, property and the environment against the harmful effects of ionizing radiation through the establishment of a system of regulatory control.
3.	Kenya Medical Practitioners & Dentists' Council	The Kenya Medical Practitioners and Dentists Council is established under Section 3 of the Medical Practitioners and Dentists Act Cap 253 of the Laws of Kenya. The mandate of the Council is to regulate the practice of medicine, dentistry and health institutions in the country. This Act was enacted by Parliament in 1977 and came into operation on 1st January 1978.
4.	Kenya Health Human	The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017,

	Resource Advisory Council (KHHRAC)	Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country.
5.	Kenya Health Professions Oversight Authority (KHPOA)	The Kenya Health Professions Oversight Authority is a corporate body created by part VI of the Health Act no. 21 of 2017 with the mandate of providing oversight in training, registration and licensing of health professionals; coordinating joint health inspections; receiving and facilitating resolution of complaints and arbitrating disputes and conflicts; and monitoring execution of respective mandates and functions of health regulatory bodies. It has been categorized by the State Corporation Advisory Council (SCAC) as a Regulatory Corporation category PC 6.
6.	Nursing Council of Kenya (NCK)	The Nursing Council of Kenya (NCK) is a regulatory body under the Ministry of Health established on 10th June 1983 by an Act of Parliament under the Nurses Act Chapter 257 of the Laws of Kenya. It is mandated to make provision for the training, registration, enrolment and licensing of nurses and midwives: to regulate their conduct and to ensure their maximum participation in the health care of the community and for connected purposes
7.	Clinical Officers Council (COC)	The Clinical Officers Council was established under the Clinical Officers Act, Cap 260. The Act was assented on August 24, 1988 and repealed in 2017 and replaced by Act No 20 of 2017. The mandate of the Council is to make provision for the training, registration, and licensing of clinical officers, regulate their practice, and for connected purposes.
8.	Kenya Medical Laboratory Technicians & Technologist Board (KMLTTB)	The Medical Laboratory Technicians and Technologists Act was assented on January 6, 2000, and commenced on December 22, 2000. The mandate of KMLTTB is to provide for training, registration and licensing of medical laboratory technicians and technologists.
9.	Kenya Nutritionist & Dieticians Institute (KNDI)	The Kenya Nutritionists & Dieticians Institute (KNDI) was established to provide for training, registration, and licensing of nutritionists and dieticians; to provide for the registration of the standards and practice of the profession; to ensure their effective participation in matters relating to nutrition, dietetics; and for related

		purposes under the Nutritionists & Dieticians Act No. 18 of 2007.
10.	Public Health Officer & Technicians' Council	The Public Health Officers and Technician's Council is a statutory body established under the Public Health Officers (training, registration and licensing) act no. 12 of 2013 to regulate training registration and licensing of public health officers in Kenya. The mandate of the council is to; exercise general supervision and control over training, practice and employment of public health officers and technicians in Kenya and to advise the government to all aspects thereof.
11.	Pharmacy & Poisons Board (PPB)	The Pharmacy and Poisons Board (PPB) was established under Cap 244, of the Pharmacy and Poisons Act 1957 and last revised in 2009. The mandate of the Board is to: make provision for the control of the profession of pharmacy and the trade in drugs and poisons; regulate and register pharmacists Authorizing pharmacists to sell medicines and related products, as well as for remedial measures in cases of violation of professional conduct and discipline.
12.	Tobacco Control Board (TCB)	Tobacco Control Board is established under Section 5 of Tobacco Control Act 2007. Its mandate includes advising the Minister on the national policy to be adopted with regard to the production, manufacture, sale, advertising, promotion, sponsorship and use of tobacco and tobacco products.
13.	National Quality Control Laboratory (NQCL)	The National Quality Control Laboratory was established in 1992 as a body corporate, under the Pharmacy and Poisons (Amendment) Act of 1992 (Cap 244, Laws of Kenya). It was prequalified by World Health Organization (WHO) in 2008. NQCL is mandated to carry out the examination and testing of drugs and any material or substance from or with which and the manner in which drugs may be manufactured, processed or treated and ensuring the safety and quality control of drugs and medicinal substances; (b) performing chemical, biological, bio-chemical, physiological and pharmacological analysis and other pharmaceutical evaluation; and (c) testing, at the request of the Board and on behalf of the Government, of locally manufactured and imported drugs or medicinal substances with a view to determining whether such drugs or medicinal substances comply with this Act or rules made thereunder.
14.	Physiotherapist Council of Kenya	The Physiotherapist Council of Kenya is established under the Physiotherapist Act no. 20 of 2014 to regulate

		the Training, Registration, and Licensing of physiotherapists in Kenya.
15.	Health Records & Information Managers Board	Health Records and Information Managers Board is established under section 7 of the Health Records and Information Managers Act, 2016 (No. 15 of 2016) and amendments provided for in the Health Laws (Amendment) Act, 2019. The Board is mandated to regulate training, registration, licensing and practice of Health Records and Information Managers.
16.	Counsellors & Psychologist Board	The Counsellors and Psychologist Board is established under part 2 of the Counsellors and Psychologist Board Act, 2014 (No. 14 of 2014). The Act provides for the training, registration, licensing, practice and standards of Counsellors and Psychologists
17.	The Kenya National Public Health Institute	The Kenya National Public Health Institute was established under CAP 446 Laws of Kenya and came into operation under Legal Notice no.14 on 21st Jan 2022. It is mandated to establish mechanisms to facilitate quick detection of outbreaks and emergencies; Conduct vulnerability and risk assessment, and mitigate various health-threatening issues in collaboration with non-health entities including Ministries responsible for matters relating to environmental health, animal health, and trade; academic institutions and non-governmental organizations.
18.	Kenya Hospital Authority Trust Fund	The Kenya Hospital Authority Trust Fund (KHATF) was established in 1968 by the then, Minister of Health through a Trust Deed in exercise of the powers conferred upon the Minister by National Hospital Insurance Fund Act of 1966 Section 42(3). The objective of the fund as spelt out in section 1 of the Trust Deed was the "furtherance of medical education in association with the University College of Nairobi".
19.	Occupation Therapy Council of Kenya	The Occupational Therapy Council is established under the Occupational Therapists (Training, Registration and Licensing) Act No. 31 of 2017. The mandate of the Council is to regulate the training, registration, licensing and the practice of occupational therapists.
20.	Kenya Institute of Primate Research (KIPRE)	The Kenya Institute of Primate Research (KIPRE; formally, Institute of Primate Research) is a biomedical research facility which has existed since 1958. KIPRE ethically utilizes non-human primates and other experimental animals for research resulting in the production and commercialization of vaccines, drugs, therapies, medical interventions and services to improve human health. It is located in Karen with research

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

1.7 State Department Programmes and Objectives

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

Table 1: Budget Programmes

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

2. Financial Year 2023/24 Priorities and Budget Estimates

2.1 State Department Priorities

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

I. Health Commodities Security including local manufacturing
II. Human Resources for Health
III. Health Financing
IV. Integrated Health Management Information System

The priorities to implement BETA are as follows;

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

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

i. A schedule showing the programmes and projects affected by the Supplementary Estimates II
ii. Where money has already been withdrawn as per Article 223 of the Constitution:
   a) The Date of the first withdrawal of the money;
   b) The purpose for which the money was spent under each vote, programme and project;
   c) Necessary financial documents as evidence for the money spent.
iii. Justification for additional expenditure and reallocations.
iv. Indicate impact of the Supplementary Estimates II on MDAs performance targets.

2.2 A schedule showing the programmes and projects affected by the Supplementary Estimates II.

In the FY2023/24 Supplementary Estimates No. 1 the State Department was approved a total budget estimate of Kshs. 28,206,348,118 where Kshs. 21,796,956,904 and Kshs. 6,409,391,214 for recurrent and development votes respectively. Meanwhile, the National Treasury has submitted the FY2023/24 Supplementary Estimates No. 2 before the Committee for Consideration and approval amounting to Kshs. 28,642,788,118 where Kshs. 22,191,096,904 and Kshs. 6,451,691,214 for recurrent and development votes respectively. A summary of the allocations has been highlighted below as per Programmes and Sub-Programmes;

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

Programme & Sub-Programmes	Supplementary Estimates I	Supplementary Estimates II	Deviation
	FY 2023/2024	FY 2023/2024	
Programme 1: Preventive and Promotive Health Services	**6,148,884,469**	**5,806,184,469**	**(342,700,000)**
Sub-Prog 1.1: Communicable Disease Prevention and Control	3,332,801,981	3,605,101,981	272,300,000
Sub-Prog 1.2: Disease Surveillance and Response	153,899,892	153,899,892	0
Sub-Prog 1.3: Public Health Services	2,322,159,153	1,142,159,153	(1,180,000,000)
Sub-Prog 1.4: Radiation Safety and Nuclear Security	274,000,000	339,000,000	65,000,000
Sub-Prog 1.5: Primary Health Care	66,023,443	566,023,443	500,000,000
Programme 2: Health resources development and Innovation	**17,462,445,749**	**18,241,585,749**	**779,140,000**
Sub-Prog 2.1: Capacity Building and Training	10,919,000,000	11,469,000,000	550,000,000
Sub-Prog 2.2: Research and Innovation on Health	298,140,000	298,140,000	0
Sub-Prog 2.3: Health Profession Services	6,245,305,749	6,474,445,749	229,140,000
Programme 3: Health Policy, Standards and Regulations	**4,050,458,196**	**4,050,458,196**	**0**
Health Standards and Quality Assurance	3,951,913,190	3,951,913,190	0
Health Policy and Regulations	98,545,006	98,545,006	0
Programme 4: General Administration	**544,559,704**	**544,559,704**	**0**
0412010 General Administration & Human Resource Management & Development	496,734,280	496,734,280	0
0412020 Finance and Planning	47,825,424	47,825,424	0
Total Expenditure for Vote 1083 State Department for Public Health and Professional Standards	**28,206,348,118**	**28,642,788,118**	**436,440,000**

I will briefly present to you the summary of FY2023/24 Supplementary Estimates No. 2 as well as our critical budgetary requests. Detailed reports in the format in which the Committee requested information from the State Department has been provided in the annexures attached.

The State Department's budgetary allocation in the FY2023/24 Supplementary Estimates No. 2 has increased from Kshs. 28,206,348,118 to Kshs. 28,642,788,118 thus reflecting an additional funding of Kshs. 436,440,000.

2.3 Where money has already been withdrawn as per Article 223 of the Constitution.

The State Department received an approval to incur additional expenditure of Kshs. 150 million under Article 223 of the Constitution of Kenya vide Treasury Letter Ref No. DV/ES 1083/23/01 'A' (37) dated 8th April, 2024.

2.3.1 The Date of the first withdrawal of the money

The State Department has just prepared the necessary paperwork for the requisition of the exchequer on this approval to incur additional expenditure of Kshs. 150million under Article 223 of the Constitution of Kenya. This has been submitted to the National Treasury and exchequer is yet to be released to the Project Management Unit.

2.3.2 The purpose for which the money was spent

The Department for National Health Systems Strengthening (DNHSS) develops, coordinates and implements policies, strategies, and plans for strengthening health systems in the country through the cross-cutting GF-RSSH activities under six modules including health sector governance and planning, health products management systems, laboratory systems, integrated service delivery and quality improvement and health management information systems. It also builds the capacity of the health system workforce, conducts research and evaluations to identify gaps in the health system and develop evidence-based solutions to improve health outcomes. This is implemented under the Programme: - Preventive and Promotive Health Services Sub-Programme: -Communicable Disease Prevention and Control.

Overall, the mandate of the DNHSS is to strengthen health systems to ensure equitable and sustainable financing for effective delivery of essential health services to the population. The Health Strengthening System is a donor funded project which is expected to come to an end by 30th June 2023.

2.3.3 Necessary financial documents as evidence for the money spent

The State Department through the Project Management Unit has not received the exchequer to implement in the following key priority areas for the approval under Article 223 was sought; Orientation workshop on development of county strategic operational frameworks for HIV, TB and Malaria; Joint health products and commodity supportive supervision; Implement Quality Assessment for Service delivery; and Salaries for 5 GF- contracted officers.

3. Justification for additional expenditure and reallocations

Under the recurrent Vote, the additional budgetary allocations are as follows;

i. Kshs. 229,140,000 as Personnel Emoluments to cater for placement of the Medical Interns
ii. Kshs. 100,000,000 to cater for the Coordination of the Primary Health Care networks
iii. Kshs. 65,000,000 as an increment on the Projection of A-I-A by the Kenya Nuclear Regulatory Authority (KNRA)

Under the development Vote, the additional budgetary allocations are as follows;

i. Kshs. 42,300,000 as an additional financial support to Kenya Medical Training College;
ii. Kshs. 122,300,000 as an additional counterpart funds to support Malaria Programme;
iii. Kshs. 400,000,000 for the Construction of Health Centres to support the Primary Health Care Networks;
iv. Kshs. 150,000,000 as an additional support from the Donor- Global Fund to support Department of Health Systems Strengthening.

4. Impact of the Supplementary Estimates II on MDAs performance targets.

The increment/reduction in allocations will affect attainment of planned to Programmes targets for the Financial Year. Details of the changes in Programme Targets are contained in the Programme Based Budget on Annex 1.

5. Summary of Critical Areas Which Require Additional Funding in The FY2023/24 Supplementary Estimates No.2

In the Approved budget for FY 2023/24, after taking care of Personnel Emoluments, and other mandatory expenditure, the State Department has an allocation of KShs. 778,340,436 left for operations and maintenance (O&M) expenditure as shown in Table 3.

Table 3: FY 2023/24 Approved Budget by Economic Classification

Vote Details	Economic Classification	Supplementary Estimates No. 1	Supplementary Estimates No. 2	Deviation
Vote-1083	**Current Expenditure**	**21,796,956,904**	**22,191,096,904**	**394,140,000**
	Compensation to Employees	6,869,000,000	7,098,140,000	229,140,000
	Use of Goods and Services	608,207,465	708,207,465	100,000,000
	Current Transfers to Govt. Agencies	14,249,616,468	14,314,616,468	65,000,000
	Other Recurrent	70,132,971	70,132,971	-
	Capital Expenditure	**6,409,391,214**	**6,451,691,214**	**42,300,000**
	Acquisition of Non-Financial Assets	1,220,000,000	40,000,000	(1,180,000,000)
	Capital Grants to Govt. Agencies	5,189,391,214	6,411,691,214	1,222,300,000
	Total	**28,206,348,118**	**28,642,788,118**	**436,440,000**

The Use of Goods and Services (O&M) Budget has decreased by a net of KShs. 200,000,000 from the initial appropriation in the Printed Estimates which was Kshs. 908,207,465. This leaves a balance of KShs. 708,207,465 for operations within the State Department taking into considerations of the emergencies and interventions which requires the State Department to mitigate and respond to.

It is worth noting that critical core programmes areas for the State Department are grossly underfunded. After taking care of Compensation to Employees and other mandatory expenditures, core mandate areas are only allocated 8.5% and 17.02% for headquarters and technical directorates respectively.

The total resource gap for the FY 2023/24 Supplementary Estimates No. 2 is **Kshs. 12,130,258,833** where Kshs. **9,714,906,843** and **Kshs. 2,415,351,990** for recurrent and development votes respectively.

A summary of resource requirements against resource allocation by economic classification is shown in Table 4.

Table 4: Summary of Key Unfunded Areas: FY 2023/2024

S/N	Core Mandate for SD-PH&PS Programmes and Other Critical Areas	Additional Funding Required Kshs.
1	Personnel Emoluments Shortfall to pay the staff who were under Global Fund Contract (January-June 2024)	69,012,420
2	Payment of Stipends to the Community Health Promoters (For seven months)	1,887,042,500
3	Non-Issuance of Exchequer to KMTC & National Syndemic Disease Council for the last quarter of the FY2022/203	839,916,667
4	Floods Mitigation and Response	1,215,853,200
5	Establishment of 315 Primary Healthcare Networks	1,033,620,000
6	Scaling Up of Integrated Management of acute Malnutrition (IMAM) Program	500,000,000
7	Support to the State Department Administration Directorate	250,000,000
8	National Public Health Laboratories	235,000,000
9	Health Facility Census	344,054,750
10	Recruitment of Additional teaching staff at KMTC	400,000,000
11	Operationalization of Kenya Health Human Resource Advisory Council (KHHRAC)	500,000,000
12	National Quality Control Laboratories	218,000,000
13	Neglected Diseases	50,000,000
14	Coordination of Intergovernmental Consultations	70,000,000
15	Nursing Council of Kenya	100,000,000

16	Outstanding payments to Kenya School of Government on Hosting of Cuban Doctors	130,000,000
17	Support to Clinical Officers Council-GoK	557,000,000
18	Additional Budget to Pharmacy & Poisons Board-GoK	206,000,000
19	Support to Counsellors and Psychologists Board	130,000,000
20	Scaling Up of High Impact Nutrition Interventions at Primary Health Care Level	40,000,000
21	Port Health Services	460,000,000
22	Domestic Financing of Vitamin A Supplementation Program	33,483,000
23	Health Promotion and Education	445,924,306
	Sub-Total	**9,714,906,843**
	Development Vote	
1	GoK Counterpart Funds to TB Program	503,888,103
2	Completion & Operationalization of Phase I for the Central Radioactive Waste Processing Facility (CRWPF) Project at Ololua Ngong	300,000,000
3	Epuka Uchafu Linda Afya Nyumbani Project	481,463,887
4	Developing and Construction of KMTC in Kirinyaga County	200,000,000
5	Equiping of Laboratories and Classrooms--KMTC	430,000,000
6	Development of Human Vaccine at Kenya Institute of Primate Research	500,000,000
	Sub-Total	**2,415,351,990**
Total		**12,130,258,833**

The proposed budget cuts will therefore severely affect operations, planned programmes and project completion of the State Department for Public Health and Professional Standards. The State Department wishes to appeal to this Honorable Committee to favorably consider our request for additional funding on the critical underfunded areas.

6. Conclusion

Once again, I want to express my gratitude to this Honorable Committee for the cooperation you have accorded the State Department for Public Health and Professional Standards and for your continued support. The State Department will ensure resources allocated are utilized for the purpose for which these have been appropriated.

Thank You for the continued support as we seek to achieve the mandate of the State Department effectively and efficiently.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS ON SUPPLEMENTARY ESTIMATES No. II FOR THE FINANCIAL YEAR 2023/24

The above subject matter refers.

COMMITTEE OBSERVATIONS

1. The departmental Committee on Health has considered the Supplementary Estimates No.II for the year ending 30th June 2024 and makes the following observations;
2. **Under Supplementary Estimates No. II, the Approved Estimates for the Health Sector have been revised from Kshs 138.8 billion to KShs.134.8 billion**. The revised estimates for the financial year 2023/24 comprise of KShs.88.1 billion in current expenditures and KShs.46.7 billion in capital expenditures. This reflects a decrease of Kshs106million and KShs3.97 billion in Recurrent and Development expenditures, respectively, owing to budget rationalization in the two state departments. Notably, the development budget for the state departments for medical services will reduce by Kshs 4 billion.

STATE DEPARTMENT FOR MEDICAL SERVICES

3. In the current financial year 2023/24 the State Department has an approved budget of **Ksh.106.1 billion** comprising of **Kshs.65.9**billion and **Kshs.40.2 billion** under recurrent and development budget respectively.
4. The Departmental Committee on Health has considered Financial Year 2023/24 Supplementary budget estimates No. II. The total budget for the State Department has reduced by Kshs.4.51 billion from the initial allocation of Kshs.110.64 billion to the current Kshs.106.13 billion. The recurrent budget has a net reduction of Kshs.500 million to Kshs.65.89 billion while the development budget has seen a net reduction of Kshs.4.01 billion to the current Kshs.40.24 billion.

5. The absorption rate for the actual expenditures as at the end of the 3rd quarter is at **75.8%** for recurrent and **67%** for Development. The State Department is fast tracking the implementation of the programmes to ensure 100% absorption rate by close of the financial year.
6. It should be noted that the slow disbursement of exchequer from July 2023 to March 2024 for the Development budget has affected the absorption rate. The State Department is however keen to ensure that the implementation of the planned programmes shall be accomplished once the full budget has been provided.

STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL SERVICES

7. Under Supplementary Estimates No. II, the Approved Estimates have been revised from Kshs. 28.2 billion to Kshs. 28.6 billion. This includes Kshs. 6.4 billion for capital expenditures and Kshs. 22.2 billion for current expenses. This shows an increase in the current expenditure of Kshs. 394.1 million and capital expenditures of Kshs. 42.3 million, respectively. The placement of health interns is the primary reason for the increase in current spending, while the TB program's Global Fund(donor) counterpart funding and increased financial support for Kenya Medical Training Colleges are the main causes of the increase in capital expenditures.

Financial Recommendations

20. The Committee having reviewed the proposed 2023/24 FY Supplementary Estimates No. II for the two State Departments and having engaged with the Health Sector stakeholders recommends the following reallocations within the sector:

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

Programme	Sub programme	Head/Title	Proposed 2023/24 Supplementary Estimates No.II		Reduce amount by		Revised Estimates 2023/24		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
General Administration	Social Protection in Health	1082101600 Rollout of Universal Health Coverage		9,900		(1,000)		8,900	The Social Health Authority is still in the process of enlisting indigents into the social medical insurance/SHIF and therefore may not be able to absorb the entire allocation
0406000 Preventive and Promotive Health Services	0406010 Communicable Disease Prevention and Control	1083102500 Construction of Health Centres		400		(400)		-	This is a new project and therefore may not absorb the entire allocation in the FY 2023/24
Total						**(1,400)**			

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

Programme	Sub-programme	Head/Title	Proposed 2023/24 Supplementary Estimates No. II		Increase amount by		Committee Revised Estimates 2023/24		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0406000 Preventive and Promotive Health Services	0406030 Public Health Services	1083003400 Kenya National Public Health Institute	34		70		104		Funds for implementation of Kenya National Public Health Institute strategic plan
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004100 Clinical Officers Council	172		10		182		Funds for Personnel Emoluments shortfalls and operationalization of Clinical Officers Council through
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	Snake Anti-Venom Processing Plant Facility-KIPRE		-		300		300	Funds for local manufacturing of snake antivenom. Manufactured antivenom will be commercialized thus generate revenue for the SAGA. The Institute will provide antivenom for the Africa region and the world
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082000900 Kenyatta National Hospital	21,560		70		21,630		Funds for procurement of 1 backup generators at the Referral Facility

Programme	Sub-programme	Head/Title	Proposed 2023/24 Supplementary Estimates No. II		Increase amount by		Committee Revised Estimates 2023/24		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	1083100700 Construction of Tuition Blocks and Laboratories at KMTC		532		150		682	Construction of Kianyaga KMTC-Kshs 50m, Chuka KMTC-Kshs 30M and Burnt Forest KMTC-Kshs 30M Ikolomani KMTC-40M
0402010 National Referral Services	0402000 National Referral & Specialized Services	1082001400 Pathology and Forensic Services (Government Pathology)	22			100	122		These funds are to cater for the Government Pathology department which has been undertaking its work in Shakahola Death Cult since April, 2023. The Kshs.100,000,000 will cater for Domestic Travel, Subsistence and other costs, specialized Materials and Supplies, Fuel Oil and Lubricants and other operating costs.
0411000 Health Research and Innovations	0411020 Medical Research	1082101500 Construction and upgrading of KEMRI Laboratories (NBI, Kwale,Busia)		100		100		200	Additional Funds for construction of **KEMRI laboratories at Kirinyaga(Kshs 50m and KEMRI Kombewa(Kshs 50m)**

Programme	Sub-programme	Head/Title	Proposed 2023/24 Supplementary Estimates No. II		Increase amount by		Committee Revised Estimates 2023/24		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0412000 General Administration	0412010 General Administration & Human Resource Management & Development	1083003100 Headquarters Administrative Services	497		200		697		Additional funds to support implementation of approved structure by Public Service Commission at State Department for Public Health and Professional Standards.
0406000 Preventive and Promotive Health Services	0406050 Primary Health Care	1083002000 Primary Health Care	166		400		366		Additional funds for Establishment of 315 Primary Healthcare Networks
Total					**750**	**650**			

SIGNED: ..... **DATE**..... 23/5/2024

HON. DR ROBERT PUKOSE, MP

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

Annexures

Annex 1: Adoption List
Annex 2: Submissions from Agencies
Annex 3: Minutes

DEPARTMENTAL COMMITTEE ON TOURISM & WILDLIFE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

REPORT ON THE CONSIDERATION OF SUPPLEMENTARY BUDGET ESTIMATES II FOR FY 2023/24:

State Department for Tourism

State Department for Wildlife

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

May, 2024

Table of Contents

ACRONYMS 2

PART I 3

1.0 PREFACE 3

1.1 Introduction 3

1.2 Mandate of the Committee 3

1.3 Committee Membership 5

1.4 Committee Secretariat 6

1.5 Overview on the Examination of the Supplementary Budget Estimates II for FY 2023/24 7

1.6 Acknowledgement 7

PART II 8

2.0 BROAD OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2023/24 8

2.1 Overall Fiscal Framework for Supplementary Budget Estimates II FY 2023/24 8

PART III 9

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs) 9

3.1 Vote 1202: State Department for Tourism 9

3.2 Vote 1203: State Department for Wildlife 11

PART IV 14

4.0 COMMITTEE OBSERVATIONS 14

Vote 1202: State Department for Tourism 14

Vote 1203: State Department for Wildlife 14

PART V 16

5.0 COMMITTEE RECOMMENDATIONS 16

5.1 Financial Recommendations 16

ACRONYMS

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

PART I

1.0 PREFACE

1.1 Introduction

1. The second Supplementary Estimates for the financial year 2023/24 were presented to the National Assembly on 2nd May, 2024, and subsequently tabled for discussion in the House. The formulation and approval of this supplementary budget are governed by legal provisions outlined in Article 223 of the Constitution, Sections 43(2) and 44 of the Public Finance Management Act 2012, and Regulation 40 of the Public Finance Management (National Government) Regulations 2015.

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

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

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

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

1.2 Mandate of the Committee

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

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

iv. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
v. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);*
vii. *To examine treaties, agreements and conventions;*
viii. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
ix. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
x. *To examine any questions raised by Members on a matter within its mandate.*

6. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, tourism, &tourism promotion and management, tourism research and wildlife management.
7. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
    i. State Department for Tourism
    ii. State Department for Wildlife

1.3 Committee Membership

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

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

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

Members

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

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

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

Hon Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

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

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

Hon. Chebor Paul Kibet, MP
Rongai Constituency
UDA Party

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

Hon. Bedzimba Rashid Juma, MP
Kisauni Constituency
ODM Party

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

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

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

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

1.4 Committee Secretariat

9. The Committee is facilitated by the following secretariat:

Ms. Mary Lemerelle
Head of Secretariat/ Clerk Assistant I

Ms. Violet Ouma
Clerk Assistant III

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Peter Mwaore
Principal Legal Counsel

Mr. Oscar Onsongo
Research Officer III

Ms. Felistas Muiya
Public Communication Officer

Mr. Yakub Ahmed
Media Relations Officer

Mr. Bonface Mushila
Serjeant-at-Arms

Mr. Rodgers Kilungya
Audio Officer III

Mr. Amos Tindi
Hansard Reporter

1.5 Overview on the Examination of the Supplementary Budget Estimates II for FY 2023/24

10. The Budget Estimates for the FY 2023/24 were tabled in the House on **Thursday, 2nd May 2024** and thereafter referred to Departmental Committees for consideration.

11. The Committee held meetings with the State Department for Tourism and State Department for Wildlife on 14th and 15th May, 2024.

1.6 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary Budget Estimates II for the FY 2023/24.

13. I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Tourism and State Department for Wildlife for the useful information that they provided to the Committee on the Supplementary Budget Estimates II for the FY 2023/24.

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

Hon. Japhet Kareke Mbiuki, CBS, M.P
Chairperson, Departmental Committee On Tourism And Wildlife

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2023/24

15. The Supplementary Budget Estimates II for FY 2023/24 were tabled in the National Assembly on 2nd May, 2024. This Supplementary Budget aims to make room within the financial framework to address outstanding bills and carryovers from the 2022/23 fiscal year. Furthermore, it seeks to address additional funding for emerging priorities as well as emergencies, approved reallocations, review of compensation to employees, review of AIA. And realignment of budgetary allocations to projected absorption levels.
16. Additionally, it allocates resources for El-Nino, drought and floods interventions, security operations, salary adjustments and changes in development partners funded projects among others.

2.1 Overall Fiscal Framework for Supplementary Budget Estimates II FY 2023/24

17. The overall Ministerial Expenditure in the Supplementary Budget Estimates II FY 2023/24 has decreased by **KSh. 46.1 billion**, in which the original approved estimate was **KSh. 2,372.53 billion** while in the Supplementary Budget Estimates I was **KSh. 2,414.32 billion**, which reflects a **1.9 percent** change. The Recurrent Expenditure increased by **2.3 percent,** from **KSh. 1,681.24 billion** in the Supplementary Estimates I to **KSh. 1,719.94 billion** in the Supplementary Budget Estimates II. The Development Expenditure decreased by **10.8 percent,** a decrease from **KSh. 783.22 billion** in Supplementary Estimates I to **KSh. 698.38 million** in Supplementary Estimates II FY 2023/24.
18. The overall change in the Ministerial Expenditure from the original approved budget is a decrease reflected by the 1.9 percent. Additionally, the total gross change of the Ministerial Estimates, Consolidated Fund Services and County Sharable Transfer is **KSh. 132.46 billion**, which is a **3.7 percent** decrease.

Table 1: Overall Outlook of Supplementary Budget Estimates II for FY 2023/24 (KSh. Millions)

Expenditure Estimates	Approved Estimates 2023/24	Supplementary Estimates No. 1 2023/24	Supplementary Estimates No. 2 2023/24	Supp. No. 1 vs Supp. No. 2	
				Gross Change	% Change
1.0 Ministerial National Government Estimates	**2,372,531**	**2,464,454**	**2,418,323**	**(46,131)**	**(1.9)**
1.1 Recurrent Budget Estimates	1,564,887	1,681,235	1,719,942	38,707	**2.3**
1.2 Development Budget Estimates	807,644	783,219	698,381	(84,838)	**(10.8)**
2.0 Consolidated Fund Services	**986,158**	**1,131,650**	**1,045,320**	**(86,330)**	**(7.6)**
TOTAL	**3,358,689**	**3,596,104**	**3,463,643**	**(132,461)**	**(3.7)**

Source: The National Treasury

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

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

3.1 Vote 1202: State Department for Tourism

The Cabinet Secretary, Dr. Alfred N. Mutua, E.G.H. accompanied by Mr. John Ololtuaa, Principal Secretary for State Department for Tourism and the Chairpersons of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2024/25 on Tuesday, 14th May 2024. They submitted THAT:

19. The total proposed Supplementary II Estimates for the State Department is **KSh. 12,288.92 million** comprising of **KSh. 12,757.77 million** for recurrent budget and **zero allocation** for development budget. Furthermore, the recurrent budget of KSh. 12,757.77 million was distributed as follows:
    a. Compensation to employees – **KSh. 215.08 million;**
    b. Grants and other transfers – **KSh. 12,348.26 million;** and
    c. Other Recurrent – **KSh. 409.43 million.**

20. The transfer to SAGAs is further broken down as indicated in table 2 below.

Table 2: Transfer to SAGAs (KSh. Millions)

S/No.	Name of the SAGA	Net Allocation	AIA	Gross
1	Tourism Regulatory Authority	167.8	215	382.8
2	Tourism Research Institute	56.9	-	56.9
3	Kenya Tourism Board	276.7	160.7	437.3
4	Kenya Utalii College	101.3	459.1	560.4
5	Tourism Fund (TF)	-	4,750.0	4,750.0
6	Tourism Promotion Fund (TPF)	-	4,670.4	4,670.4
7	KICC	-	1,490.5	1,490.5
TOTAL		**602.7**	**11,745.6**	**12,348.3**

Source: State Department for Tourism

21. The changes in the Recurrent budget is due to:
    a. Preliminary activities to be implemented in the National Mapping and Development of Tourism Niche project, Tourism Policy and Legislative Reform Project, Establishment of National Tourism Amenities project and Coastal Beach Management programme funded by the Tourism Promotion Fund;

b. An increase in AIA to be collected by KTB that increased from **KSh. 153 million** to **KSh. 160.65 million** and KICC from **KSh. 1,121.99 million** to **KSh. 1,490.47 million;** and
c. A reduction in compensation to employees **KSh. 10 million**.

Table 3 below shows the programmes affected by the Supplementary II Estimates

Table 3: The Programmes affected by the Supplementary II Estimates (KSh. Millions)

Programme	Approved Estimate FY 2023/24	Proposed Supp II Estimates FY 2023/24	Variance	Remarks
Tourism Promotion and Marketing	971.93	1,029.60	57.67	Resulting from an increase in AIA by KSh. 7.65 million to be collected by KTB and KSh. 50 million for promotion activities Utalii Mashinani supported by TPF
Tourism Product Development and Diversification	11,107.11	11,562.15	455.04	The increase is as a result of preliminary projects activities: KSh. 155.12 million National Mapping and Development of Tourism Niche; KSh. 30 million Tourism Policy and Legislative Reforms; KSh. 30 million Establishment of National Tourism Amenities; KSh. 20 million Coastal Beach Management Programme; KSh. 50 million Tourism Promotion and Marketing funded by TP; an increase of KSh. 136.55 million to be collected by TPF; and an increase in KSh. 368.48 million AIA to be collected by KICC
General Administration, Planning and Support Services	318.17	308.17	(10.00)	The reduction is as a result of a decrease in compensation to employees earmarked for tourism officers factored in the approved budget
TOTAL	**12,397.21**	**12,899.92**	**502.71**	

Source: State Department for Tourism

22. The development vote was maintained at **KSh. 142.15 million** in the Supplementary II Estimates FY 2023/24.

3.2 Vote 1203: State Department for Wildlife

The Cabinet Secretary, Dr. Alfred N. Mutua, E.G.H. accompanied by the Conservation Secretary, Dr. John Chumo, the Chairpersons of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2024/25 on Wednesday, 15th May 2024. They submitted THAT:

23. The gross approved Estimates for the State Department for Wildlife amounted to KSh. 11.6 **billion**, with **KSh. 10.2 billion** allocated for recurrent expenditures and **KSh. 1.4 billion** for development expenditures. However, these estimates underwent upward revision to KSh. 14.9 billion under the FY 2023/24 Supplementary Estimate number 2. This adjustment saw recurrent expenditures rise to **KSh. 13.9 billion**, while development expenditures decreased to **KSh. 1.06 billion**, reflecting a significant total increase of **KSh. 3.3 billion**. The primary driver behind this increase was the recruitment of Kenya Wildlife Service Rangers, signaling a strategic effort to strengthen wildlife conservation efforts and combat threats such as poaching and illegal wildlife trade.

24. The State Department has suffered budget cuts of **Ksh.326.02 million** under the development allocation, KSh. 100 million being donor funding and **Ksh.226.03 million** being GoK funding. Details is as table 4 below.

Table 4: Projects Affected by the Supplementary Estimates II in the FY 2023/24 (KSh.)

Project	Approved Estimates FY 2023/24 (Sup 1)	Revised Budget FY 23/24(Sup 2)	Change	Remarks
1203100700Combating Wildlife Crimes in Kenya Project (CWCKP)-USAID II	155,000,000	55,000,000	100,000,000	The project implementation has been delayed by review of the workplan in line with the priorities of the State Department and now awaits donor funding disbursement.
Totals Donor	**155,000,000**	**55,000,000**	**100,000,000**	
GoK Funded Projects				
Project	**Approved Budget 2023/24**	**Revised Budget FY 23/24**	**Change**	
Modernization of Antipoaching Technology	30,000,000	30,000,000	-	Budget reduction has affected maintenance of digital radio communication equipment and acquisition of security equipment to enhance wildlife crime investigation in combating poaching and enhancing security of wildlife. KSh. 11.5 M has been released as at May 2024.

Project	Approved Estimates FY 2023/24 (Sup 1)	Revised Budget FY 23/24(Sup 2)	Change	Remarks
Human Wildlife Conflict Mitigation Programme	130,000,000	110,000,000	20,000,000	The focus has been in mitigation of human wildlife conflict in hotspot areas through construction of wildlife barriers. The reduction in funding will negatively impact planned construction of fences and water provision interventions aimed at reducing the human wildlife conflict and demarcating parks in Nairobi, Mt Kenya and Meru parks, and maintenance of 1500km of existing fences in all parks. Only KSh. 57.5 M has been released as at May 2024
Ranger housing programme	70,000,000	60,000,000	10,000,000	Reduction of the budget will impact of the planned housing interventions to for rangers. The houses condition has deteriorated with the ongoing heavy rains and urgent rehabilitation will be of critical using KSh. 25 M released, in some of the most affected parks.
Maintenance of Access Roads and Airstrips in National Parks and Conservancies	305,000,000	125,000,000	180,000,000	Rehabilitation of park roads is critical in facilitating movement within parks. A number of park roads have been washed away by the torrential rains and with limited funding the restoration of approximately 2700 km of unclassified road network in parks will be impaired thus impacting negatively on tourist experience. Also affected is the opening up of new circuits for conservation and tourism activities. Only KSh. 37.5 M has been released
Rehabilitation of Research and Training facilities at Naivasha HQ	106,000,000	101,000,000	5,000,000	The cut of 5million will result to a pending bill since the awards had been given out.
Provision of Water for Wildlife in Protected Areas -Drilling Boreholes	239,000,000	227,976,499	11,023,501	The State Department will not meet its target on construction of water pans and drilling of boreholes
Totals Gok	**850,000,000**	**623,976,499**	**226,023,501**	
Total Vote	**1,005,000,000**	**678,976,499**	**326,023,501**	

25. The State Department highlighted that the Supplementary II Estimates cuts would affect the Department's performance targets as follows:
    a. Slow down the implementation of programs and projects since we shall have to extend the earlier planned timeframes,
    b. Cause inefficiency in service delivery due to inability of acquisition of necessary inventory and specialized equipment,
    c. Pending bills will arise,
    d. Subject the government to extra costs in fines due to delay in payment for contracts,
    e. Increase in court cases due to failure of GoK in meeting its commitments,
    f. Increase in Human Wildlife Conflict cases due to reduced construction of fences and maintenance of the existing ones,
    g. Reduced revenue due to impaired access to parks resulting from destruction of park infrastructure from the torrential rains.
26. The recurrent budget was broken down as follows in table 5 below:

Table 5: Supplementary Estimates II FY 2023/24 Itemised Recurrent Budget

S/NO	DESCRIPTION	APPROVED BUDGET FY 2023/24	FY 2023/24 SUPPL I	FY 2023/24 SUPP2
1	A-I-A collections	4,586,150	5,335,000	7,529,328
2	GoK Recurrent Grants	1,860,000	1,860,000	1,860,000
3	Other income	-	-	1,457,082
TOTAL INCOME		**6,446,150**	**7,195,000**	**10,846,410**

27. The SAGAS have a gross allocation of KSh. 10, 009.27 million under their recurrent budgets distributed as in table 6 below:

Table 6:Budget Allocation to SAGAs (KSh. Millions)

	Approved Estimates	Allocation
	2023/24	2024/25
KENYA WILDLIFE SERVICE (KWS)		
Total	7,195	9,306
WILDLIFE RESEARCH AND TRAINING INSTITUTE (WRTI)		
Total	733.54	652 27
WILDLIFE CLUBS OF KENYA		
Total	49	51
Grand Total	7,977.54	10,009.27

PART IV

4.0 COMMITTEE OBSERVATIONS

After considering the submissions by the State Department for Tourism and State Department for Wildlife on the Supplementary Estimates II for FY 2023/24, the Committee observed THAT:

Vote 1202: State Department for Tourism

1. The State Department for Tourism has a proposed Supplementary II Estimates of **KSh. 12,899.92** million for the 2023/24 financial year. This includes **KSh. 12,757.77 million** for recurrent expenditure and **KSh. 142.15 million** for development expenditure.

2. The Appropriations In Aid target has been revised upwards from KSh. 11,237.94 million to KSh. 11,750.77 million, an increase of **KSh. 512 million**. This increase is due to higher target collections from the Tourism Promotion Fund (KSh. 86 million) and the Kenya International Convention Centre (KSh. 368.48 million).

3. The total pending bills as at 31st March, 2024 for the agencies in the State Department Tourism is **KSh. 2,785 million** and it comprises: State Department for Tourism – KSh. 18.1 million, Kenya Utalii College – KSh. 267.6 million, Tourism Fund – KSh. 619.4 million and Kenyatta International Convention Centre – KSh. 1,879.9 million.

4. Parliament owes **KSh. 194.54 million** of the KSh. 1,879.9 million that is outstanding to the Kenyatta International Convention Centre (KICC). This debt results from unpaid parking fines, office space rent, and meeting venue usage.

5. The development budget allocation has been maintained at **KSh. 142.15 million** in the Supplementary Estimates II for FY 2023/24.

Vote 1203: State Department for Wildlife

6. The State Department for Wildlife has a proposed Supplementary II Estimates of **KSh. 14,920.4 million** for the 2023/24 financial year. This includes KSh. 13,863.4 million for recurrent expenditure and KSh. 1,056.98 million for development expenditure.

7. The net development estimates has been proposed to reduce from KSh. 1,148 million to KSh. 921.98 million, a reduction of **KSh. 226.03 million** while the net recurrent estimates has been proposed to reduce from KSh. 4,670 million to KSh. 4,658.47 million a decrease of **KSh. 11.6 million.**

8. As of March 31, 2024, the Kenya Wildlife Service (KWS) has accumulated a total of **KSh. 3,865.99 million** in pending bills. This substantial amount is divided into two primary

categories: **KSh. 3,444.81 million** related to Human-Wildlife Conflict (HWC) cases and **KSh. 421.18 million** resulting from court awards.

9. The allocation for the Maintenance of Access Roads and Air Strips in National Parks and Conservancies has been decreased from KSh. 305 million to KSh. 125 million in the Supplementary Budget Estimates II for the financial year 2023/24, representing a reduction of **KSh. 180 million**. This reduction raises concerns about the pace of road reconstruction, particularly critical during the current rainy season, which may suffer delays or remain unaddressed.

10. The Human Wildlife Conflict mitigation project, which is a BETA project has experienced a decrease in funding from KSh. 130 million to KSh. 110 million, resulting in a reduction of KSh. **20 million**. This reduction raises concerns about the potential escalation of Human-Wildlife Conflict instances, consequently increasing the compensation costs for damages inflicted by wildlife.

PART V

5.0 COMMITTEE RECOMMENDATIONS

5.1 Financial Recommendations

Based on the review of the proposed Supplementary Estimates II for FY 2023/24 for the State Department for Tourism and State Department for Wildlife, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

1. For the **State Department for Tourism**, the proposed changes in the Supplementary Estimates II for FY 2023/24 comprising an increment in recurrent expenditure amounting to **KSh. 502 million** and a **zero change** for development expenditure **be approved without amendments.**

2. For the **State Department for Wildlife**, the proposed changes in the Supplementary Estimates II for FY 2023/24 comprising of an increment in recurrent expenditure amounting to **KSh. 3,641.81 million** and a reduction in development expenditure amounting to **KSh. KSh. 326.03 million be approved without amendments**.

5.2 Additional Request

The Committee suggests that the areas highlighted in **Schedule 1** be given consideration for resource allocation by the Budget and Appropriations Committee (BAC).

Schedule 1: Committee Additional Requests for proposed Supplementary Estimates II FY 2023/24 (KSh. Millions)

	Sub-programme	Head/Title/Delivery Unit	Supplementary II Estimates FY 2023/24		Additional Request by Committee		Total Committee Requests for Supplementary II FY 2023/24		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE									
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100200 Human wildlife mitigation programme-BETA	-	110	-	**20**	-	130	This infrastructure is essential for facilitating the smooth operation of wildlife conservation activities, tourism, and emergency response. Additionally, maintenance and rehabilitation services have already been contracted, and these funds will enable timely payments to contractors, ensuring that ongoing and future projects are not delayed due to financial constraints.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100300 Ranger Housing Programme		60	-	**10**	-	70	The constructed housing units will be particularly beneficial for the recently recruited rangers, providing them with much-needed accommodation. These facilities will support the rangers' ability to effectively carry out their duties, as stable and proximate housing ensures they can be readily available for deployment and response to wildlife conservation activities.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203100800 Maintenance of Access Roads and Airstrips in Parks & Conservancies		125	-	**180**	-	305	The funds are crucial for ensuring that the roads and airstrips in parks and conservancies are passable after the heavy rainy period that destroyed the roads. In addition, the services had been contracted for the maintenance and rehabilitations works awaiting payments
1019000 Wildlife Conservation and Management	1019020 Wildlife Research and Development	1203101600 Rehabilitation of Research & Training Facilities at Naivasha HQ	-	101	-	**5**	-	106	There is dire need for the rehabilitation of these infrastructure because of their dilapidated state and further the asbestos roof is a health risk. Furthermore, the procurement process was ongoing hence funds had been committed. Failure to get the funds would lead to pending bills.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203102400 Provision of Water for Wildlife in Protected Areas-Drilling Bor-BETA		227.98	-	**11.02**	-	239	A decreased allocation would hinder the ability to provide adequate water supply, thereby forcing animals to leave protected areas in search of water. This movement increases the likelihood of human-wildlife conflicts, as animals may encroach on human settlements and agricultural lands.
Sub-total for State Department for Wildlife						**226.02**	-		
TOTAL REQUESTS						**226.02**			

Schedule 2: Supplementary Estimates II FY 2023/24 (KSh. Millions)

Vote, Programme Code & Title	Approved Estimates FY 2023/24			Supplementary II Estimates FY 2023/24			Committee Changes			Committee Revised Amounts		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
1202 State Department for Tourism	**12,255.08**	**142.15**	**12,397.23**	**12,757.77**	**142.15**	**12,899.92**	**-**	**-**	**-**	**12,757.77**	**142.15**	**12,899.92**
0313000 Tourism Promotion and Marketing	871.95	100	971.95	929.6	100	1,029.6	-	-	-	929.6	100	1,029.6
0314000 Tourism Product Development and Diversification	11,082.11	25	11,107.11	11,537.2	25	11,562.2	-	-	-	11,537.2	25	11,562.2
0315000 General Administration, Planning and Support Services	301.02	17.15	318.17	291.0	17.2	308.2	-	-	-	291.0	17.2	308.2
1203 State Department for Wildlife	**10,221.61**	**1,383**	**11,604.61**	**13,863.4**	**1,057**	**14,920.4**	**-**	**-**	**-**	**13,863.4**	**1,057**	**14,920.4**
1019010 Wildlife Security, Conservation and Management	9,211.17	1,179	10,390.17	12,864.6	858	13,722.6	-	-	-	12,864.6	858	13,722.6
1019020 Wildlife Research and Development	734	204	938	733.5	199	932.5	-	-	-	733.5	199	932.5
1019030 Administrative Services	276.90	-	276.90	265.3	-	265.3	-	-	-	265.3	-	265.3

SIGNED: ..... **DATE**.....23/05/2024

HON. JAPHET KAREKE MBIUKI, CBS, M.P

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE) Annexures

Annex 1: Adoption List
Annex 2: Adoption Minutes
Annex 3: PBO Brief on the Supplementary Budget Estimates I for FY 2023/24
Annex 4: MDA's submissions

DEPARTMENTAL COMMITTEE ON SPORTS & CULTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

.....

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2023/2024 SUPPLEMENTARY ESTIMATES NO. II FOR THE FOLLOWING AGENCIES:

VOTE 1132:	**STATE DEPARTMENT FOR SPORTS**
VOTE 1134:	**STATE DEPARTMENT FOR CULTURE AND HERITAGE**
VOTE 1135:	**STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY**

CLERK'S CHAMBERS

DIRECTORATE OF DEPARTMENTAL COMMITTEES

PARLIAMENT BUILDINGS

NAIROBI **MAY, 2024**

PART 1 ..... **3**

1.0 PREFACE **3**

1.1 INTRODUCTION 3
1.2 ESTABLISHMENT OF THE COMMITTEE 3
1.3 SUBJECT OF THE COMMITTEE 3
1.4 COMMITTEE MEMBERSHIP 5
1.5 COMMITTEE SECRETARIAT 6
1.6 OVERVIEW OF THE EXAMINATION OF THE 2023/2024 SUPPLEMENTARY BUDGET II 7
1.7 ACKNOWLEDGEMENT 7

2.0 BROAD OVERVIEW OF THE FY 2023/2024 SUPPLEMENTARY BUDGET II **ERROR! BOOKMARK NOT DEFINED.**

PART III **10**

2.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES **10**

2.1 STATE DEPARTMENT FOR SPORTS **10**

2.2 STATE DEPARTMENT FOR CULTURE AND HERITAGE **ERROR! BOOKMARK NOT DEFINED.**

2.3 STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY **10**

PART IV **13**

3.0 COMMITTEE OBSERVATIONS **13**

PART V **14**

4.0 COMMITTEE RECOMMENDATIONS **14**

NON- FINANCIAL RECOMMENDATIONS 14
FINANCIAL RECOMMENDATIONS ..... **ERROR! BOOKMARK NOT DEFINED.**

5.0 PROPOSED ANNEXURES ..... **ERROR! BOOKMARK NOT DEFINED.**

PART I

1.0 PREFACE

1.1 Introduction

1. The Supplementary Budget is prepared in accordance with Article 223 of the Constitution and Section 44 of the Public Finance Management Act, 2012; which provide for the reasons that may occasion it. It also provides for the manner of introduction, processing, approval and granting of authority to spend under the given circumstances. Specifically, the main reasons for a Supplementary Budget are where the funds allocated and appropriated for any purpose are insufficient and when a need arises for which there is no appropriation. Approval of the National Assembly must be sought within 2 months after the first withdrawal of the funds. The supplementary budget is capped at 10% of the overall budget and at programmes level.

1.2 Establishment of the Committee

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

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

1.3 Subject of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.

4. In executing its mandate, the Committee oversees the following government Ministries, Departments and Agencies (MDAs), namely:
   i. State Department for Sports under the Ministry of Youth Affairs, Creative Economy and Sports;
   ii. State Department for Youth Affairs and Creative Economy under the Ministry of Youth Affairs, Creative Economy and Sports; and
   iii. State Department for Culture and Heritage under the Ministry of Gender, Culture, the Arts and Heritage.

1.4 Committee Membership

5. The Departmental Committee on Sports and Culture was constituted by the House on 27th October, 2022 and comprises of the following Members:

Chairperson
Hon. Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson
Hon. James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon. Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon. Mary Emaase Otucho, MP
Teso South Constituency
UDA Party

Hon. Stephen Mutinda Mule, MP
Matungulu Constituency
WDM-K Party

Hon. Chege Njuguna, MP
Kandara Constituency
UDA Party

Hon. Catherine Nakhabi Omanyo, MP
Busia County
ODM Party

Hon. Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon. BSP. (EM) Dr. Jackson Kipkemoi Kosgei, MP
Nominated
UDA Party

Hon. Samuel Gonzi Rai, MP
Kinango Constituency
PAA Party

Hon. Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM –K Party

Hon. Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon. Richard Kipkemoi Yegon, MP
Bomet East Constituency
UDA Party

Hon. Caroli Omondi
Suba South Constituency
ODM Party

Hon. Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

1.5 Committee Secretariat

6. The Committee is facilitated by the following staff:

Mr. Adan Gindicha
Principal Clerk Assistant II/Head of Secretariat

Ms. Mary Kinyunye
Clerk Assistant III

Mr. Vitus Owino
Research Officer II

Ms. Christine Odhiambo
Senior Legal Counsel

Mr. Wilson Mwangi
Fiscal Analyst III

Mr. Moses Esamai Omoit
Audio Officer III

Ms. Josephine OSaid
Hansard Reporter III

Mr. Peter Atsiaya
Media Relations Officer III

Mr. Said Wako
Assistant Serjeant-At-Arms

1.6 Overview on the Examination of the Supplementary Estimates No. II for FY 2023/24

1. The Supplementary Estimates No. II for FY 2023/24 was submitted to the National Assembly on 2nd May 2024 and subsequently referred to Departmental Committees for consideration.

2. Parliament is required to scrutinize the Supplementary Estimates and the programmes that the Ministries, Departments and Agencies are undertaking with a view of establishing whether the reallocation is necessary and in accordance with the law.

3. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministry and its agencies to consider their Supplementary Estimates No. II for FY 2023/24. The Committee held a total of four sittings to consider the Supplementary Estimates No. II for FY 2023/24.

4. The increment in allocation in the sector will cater for personnel emoluments, personal allowances and operations and maintenance at the headquarters. The board membership at KECOBO is fully established and the additional funding will cater for accrued board allowances.

5. The revision of the AIA at the Kenya Copyright Board from Kshs. 3 million to Kshs. 12 million is due to the implementation of the blank tape levy which is a nominal fee imposed on blank media and devices that carry copyright content.

1.7 Acknowledgement

6. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Supplementary Estimates No. II for FY 2023/24.

7. The Committee is thankful to the office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded during its Sittings. Further, the Committee is also thankful to the MDAs and the secretariat for availing the necessary information needed in the processing of the Second Supplementary Budget FY 2023/24.

8. Therefore, on behalf of the Committee, and pursuant to Standing Order 199(6) it is my pleasant duty and privilege, to submit this Report on the FY 2023/24 Supplementary Estimates II for the State Departments for Sports, Youth Affairs & Creative Economy, and that of Culture and Heritage.

HON. DANIEL SITATI WANYAMA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

Signature: ..... **Date:** 22nd May 2024

PART II

2.0BROAD OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. II FOR FY 2023/24

9. The State Department for Sports registered 62% exchequer releases against the approved net estimate, the State Department for Culture and Heritage, 66% and State Department for Youth Affairs and the Arts,75%.
10. Late exchequer releases in the development expenditure has affected the development of projects in the State Department for Sports such as payment of pending bills at the Kenya Academy of Sports Complex Phase 1 amounting to Kshs. 52 million and Establishment of an Automation & Digitalization System for Sports Registrar with an allocation of Kshs. 27.2 million.
11. There is no change in allocation in the State Department for Sports. However, tthere is reallocation at the Headquarters in where General Administration has an increment of Kshs. 600,000 and the Sports Registrar and the Department of Sports have a reduction of Kshs. 300,000 each.
12. Allocation in the State Department for Culture and Heritage has increased by Kshs. 18 million comprising of an increment of Kshs. 18 million for recurrent expenditure with NO change in allocation in the development expenditure.
13. Allocation in the State Department for Youth Affairs and the Arts of which the Committee oversees two programmes, The Arts and Library Services, has increased by Kshs. 62 million comprising of an increment of Kshs. 62 million for recurrent expenditure with NO change in allocation in the development expenditure.

a. State Department for Sports

14. The Supplementary II Estimates show no substantial changes to the Department's recurrent estimates, other than a reallocation of Kshs. 600,000 to headquarters from the Registrar of Sports and the Department for Sports.
15. The overall development estimates for the Department have not been affected in the Supplementary II Estimates. The Kenya Academy of Sports has an allocation of Kshs. 31 million. The allocation has not been revised in Supp II. The funds were meant to clear pending bills as the project is complete. Establishment of an Automation & Digitalization System for Sports Registrar has an allocation of Kshs. 27.2 million and SASDF an allocation of Kshs. 16 billion. The funds for Kenya Academy of Sports and the Sports Registrar have however not been released due to delays in exchequer issuance.

b. State Department for Culture and Heritage

16. The overall recurrent estimates for the Department have increased by Kshs. 18 Million. This is on account of increased allocation at the Headquarters Administrative Services (Arts & Culture) by Kshs. 10 million and increased allocation at the National Heroes Council by Kshs 8 million.
17. The increase at the Headquarters Administrative Services (Arts & Culture) by Kshs. 10 million from Kshs. 151.85 million to Kshs. 161.85 million is on account of increment at the Basic Salaries - Permanent Employees by Kshs. 2 million, Personal Allowance - Paid as Part of Salary by Kshs. I million and Rentals of Produced Assets by Kshs. 7 million. The additional allocation at NHC are meant for additional allocation for operations and maintenance.

18. The overall development estimates for the Department have not been affected in the Supplementary II Estimates. Wundanyi Youth Resource (Culture and Talent) Centre has an allocation of Kshs. 35 million, allocations for the Refurbishment of Archives offices and Professional & Scientific Training for Development of Culture Tourism with an allocation of Kshs. 13 million and Kshs. 10 million respectively have not been affected in the supplementary. Similarly, the budget for the Rehabilitation of Basic Facilities at Bomas of Kenya with an allocation of 69.7 million and Marachi Cultural Centre at Kshs. 25 million has not been revised.

c. **State Department for Youth Affairs and Creative Economy**

19. The Committee oversees two programmes, the Arts and the Library Services. The overall budget has been increased by Kshs. 62 million in the FY 2023/24 Supplementary II Estimates with no change in the development expenditures.

20. The overall recurrent estimates for the Department have increased by Kshs. 62 million. This is on account of increased allocation at the Permanent Presidential Music Commission by Kshs. 17.6 million and increased allocation at the Kenya Copyright Board by Kshs 35 million with revision of AIA from Kshs. 3 million to Kshs. 12 million.

21. The following are the key changes affected in the recurrent budget:
    i. Permanent Presidential Commission on Music – an increment of Kshs. 17.6 million to cater for operations and maintenance, domestic travel and hospitality expenses;
    ii. KECOBO – an increment of Kshs 35 million and revision of AIA targets by Kshs. 9 million. The revision of the AIA from Kshs. 3 million to Kshs. 12 million is on account of the implementation and roll out of the blank tape levy which is a nominal fee imposed on blank media and devices that can be used to make personal copies of copyright content. The increment in the net estimates will cater for personnel emoluments, payment of gratuity and board allowances.

22. The overall development estimates for the Department have not been affected in the Supplementary II Estimates. The following are the development projects in the State Department: Installation of the Library Information Management System (LIMS) has an allocation of Kshs. 13.6 million, Strengthening the Film Industry in Kenya – BETA an allocation of Kshs. 10 million, Film Location Mapping has an allocation Kshs. 20 million and Establishment of Kenya Film School has an allocation of Kshs 50 million.

PART III

2.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

2.1 State Department for Sports

1. The Principal Secretaries Eng. Peter K. Tum OGW from the State Department for Sports appeared before the Committee on 17th May, 2024 and submitted as follows:

2. The State Department programmes and projects were not affected by changes in Supplementary Estimates II.

3. The State Department has not been allocated any money in FY 2023/24 for expenditure under Article 223 of the Constitution.

4. The State Department has no additional expenditure nor re-allocations under Supplementary Estimates II.

5. The State Department programs and projects were not affected by changes in Supplementary Estimates II. The Department has maintained its targets as aligned during Supplementary Estimates I.

2.2 State Department for Culture and Heritage

6. The Cabinet Secretary for the Ministry of Gender, Culture, the Arts and Heritage, Hon. Aisha Jumwa, EGH appeared before the Committee on 6th November, 2023 together with the Principal Secretary Ms Ummi Bashi State Department for Culture, the Arts and Heritage and submitted as follows:

7. The total proposed supplementary II Estimates for the State Department is Kshs.2, 834 Million comprising of Kshs.2,682 million recurrent budget and Kshs. 152. 85 million development budgets

8. The proposed supplementary estimates II for FY 2023/2024, the State Department Budget is projected to increase by Kshs. 18,000,000.

9. No project is affected in supplementary II. The additional allocation is on recurrent items as follows;

i. Compensation to employees;	3,000,000.00
ii. Rent	7,000,000.00
iii. Current transfer to NHC	8,000,000.00
Total	**18,000,000.00**

10. The two (2) programmes affected by the changes in supplementary include 0902000 Culture/ Heritage and 0905000 General Administration, Planning and Support Services

11. The additional Kshs.18,000,000 provided for in the Supplementary Estimates is to cater for shortfall in salaries for employees in the State Department and also for payment of contractual obligation (rent). Kshs 8 million for National Heroes Council is for basic operations within the institution.

12. The supplementary changes (Kshs. 18 million) only affected salaries and contractual obligation (rent), hence there will be no much changes on programmes targets

13. The State Department for Culture, the Arts and Heritage has not withdrawn or requested for funds under the Article 223 of the Constitution

Priority Areas

14. That the following are areas of priority for additional expenditure and reallocation: -

i. Additional Kshs.18,000,000 provided for in the Supplementary Estimates is to cater for shortfall in salaries for employees in the State Department and also for payment of contractual obligation (rent). Kshs 8 million for National Heroes Council is for basic operations within the institution.
ii. Kshs. 50 million to procure of motor vehicles. The State Department has a fleet of old and unserviceable vehicles. The requested amount will be utilized to procure a 14-seater van for staff and one vehicle for CS and one for PS.
iii. Kshs. 40 million for transitioning activities of Ushanga Kenya Initiative to a state Corporate from a department/Unit in the Ministry. attached herein a letter from Head of Public Service (Copy attached).
iv. Kshs.4 million under foreign travel to offset the deficit (Negatives) in the current financial year. It is important to note that under supplementary estimates, the budget cut affected some of the items which had been spent or had commitments.
v. Kshs. 30 million for general operation- this allocation will be utilized in facilitating the office of CS which was initially domiciled within the State Department for Public Service, preparation of the 2023-2027 strategic plan, undertaking Monitoring and evaluation across the country, acquiring new equipment for archiving following the destruction of offices by heavy rains in Mombasa.
vi. Kshs. 4 million to undertake UNESCO programmes in fulfillment of international obligations. This will entail preparation of the 2005 INESCO Convection on the promotion of Diversity of Cultural Expressions 4th Quadrennial report for Kenya by June 2024. It will also include preparation and submission of the 1st Periodic report of the Rites and Practices associated with Kit Mikayi under the Safeguarding of Intangible Cultural Heritage.
vii. Kshs. 45 million under the National Heroes Council to finalize Strategic Plan, Digitize Heroes Register and Develop regulatory and policy instruments to aid implementation of the Heroes Act
viii. Kshs. 80 million for the National Museum of Kenya. The amount was cut in supplementary estimate No.1 of FY 2023/24. This amount was meant for staff welfare. The cut will adversely affect employee productivity and well-being.
ix. Kshs. 60 Million for Kenya National Library Service for renovations at Maktaba Kuu, Buruburu and Nakuru regional libraries.

2.3 State Department for Youth Affairs and Creative Economy

15. Mr. Ismail Maalim Madey from the State Department for Youth Affairs and Creative Economy appeared before the Committee on 16th May 2024 and submitted as follows:

16. The State Department Approved Estimates allocation of Kshs. 1.647 Billion consists of; Salaries KShs.81.37Million, Current Grants and Transfers Kshs 1.494 Billion while operations and maintenance are at KSh.71.65Million. The overall absorption of funds as at the end of third quarter was 99%

17. The Approved Estimates allocation for Development Budget is Kshs 93.60 Million, GoK being Kshs 83.60Million and Donor Component Kshs 10.00Million. The overall absorption of funds as at the end of third quarter was 82%

18. The proposed Supplementary Estimates II under the Sports and Culture Sector has Recurrent Budget Net additional of Kshs 49.6M while the Development Budget has no changes from the approved estimates while the proposed Supplementary II Recurrent Budget has additional funds amounting to Kshs 61.6Million

19. The Supplementary II Development Budget for Vote 1135- Youth Affairs & Creative Economy increased from Kshs 924.75Million to Kshs. 1,084.7 Million.

20. The entire increment of Kshs. 159.95 Million on donor component is under the Social Protection Sector with no changes in the Sports and Culture Sector.

21. The State Department is requesting for additional funding for KFCB-14 million being Increase in AIA

PART IV

3.0 COMMITTEE OBSERVATIONS

a) The State Department for Sports

1. **THAT,** in FY 2023/24 Printed Estimates, the State Department for Sports was allocated **Kshs. 1.53 billion** and **Kshs. 16.08 billion** under recurrent and development respectively. The overall allocation for the State Department has not been affected in the supplementary II estimates.

b) The State Department for Culture and Heritage

1. **THAT,** in FY 2023/24 Printed Estimates, the State Department for Culture and Heritage was allocated **Kshs. 2.66 billion** and **Kshs. 153 million** under recurrent and development respectively. Supplementary II has revised the recurrent budget to **Kshs. 2.68 billion** an increment of **Kshs. 18 million** while the development expenditures have not been affected.

2. **THAT,** the increment in the recurrent budget of **Kshs. 18 million** is on account of increased allocation at the headquarters by Kshs. 10 million and Kshs. 8 million at the National Heroes Council to cater for operations and maintenance.

c) The State Department for Youth Affairs and the Arts

1. **THAT** in FY 2023/24 Printed Estimates, the State Department for Youth Affairs and the Arts, of which the Committee oversees two programmes, the Arts and Library Services, was allocated **Kshs. 1.65 billion** and **Kshs. 94 million** under recurrent and development respectively. Supplementary II has revised the recurrent budget to **Kshs. 1.71 billion** an increment of **Kshs. 61.6 million** while the development expenditures have not been affected.

2. **THAT** the increment in the recurrent budget of **Kshs. 62 million** is on account of increased allocation at the Permanent Presidential Music Commission by Kshs. 17.6 million to cater for operations and maintenance and Kshs. 44 million at the Kenya Copyright Board.

3. **THAT** the Kenya Copyright Board has a net increment of Kshs. 35 million to cater for personnel emoluments and allowances while the appropriation in aid has been revised from Kshs. 3 million to Kshs. 12 million on account of roll out of the blank tape levy which is a nominal fee imposed on blank media and devices that carry out copyright content.

4. **THAT** the Kenya Film Classification Board has managed to enhance its revenue collection through adoption of technology and enhanced strategies for compliance enforcement, and anticipates to collect Kshs. 60 million from the initial projection of Kshs. 46 million.

PART V

4.0 COMMITTEE RECOMMENDATIONS

1. The Committee, having scrutinized the Supplementary Estimates No. II for FY 2023/24 t recommends as follows;

Financial Recommendation

a) That, the proposed allocations in the FY 2023/24 supplementary No. II expenditure estimates for the State Department for Sports comprising of recurrent expenditure of **Kshs. 1.533 billion** and development expenditure of **Kshs. 16.08 billion be approved without amendments**;

b) That, the proposed allocations in the FY 2023/24 supplementary No. II expenditure estimates for the State Department for Culture and Heritage, comprising of recurrent expenditure of **Kshs. 2.68 billion** and development expenditure of **Kshs. 153 million be approved with the following amendments**;

Decreases

i. Decrease the recurrent expenditure of National Museum of Kenya by **Kshs. 50 million**

Increases

i. Increase the recurrent expenditure at Ministry Headquarters by **Kshs. 15 million**

c) For the **State Department for Youth Affairs and the Arts**, the proposed allocations in the FY 2023/24 supplementary No. II expenditure estimates comprising of recurrent expenditure of **Kshs. 1.709 billion** and development expenditure of **Kshs. 94 million be approved with the following amendments**;

Increases

i. Increase the recurrent expenditure of Kenya Film School by **Kshs. 20 million**

ii. Increase the recurrent expenditure of Kenya Film Commission by **Kshs. 15 million**

1st Schedule: Proposed Committee Increases and Decreases

The committee proposes the following financial recommendations;

Proposed reductions (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	Printed Estimates		Supplementary Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0902000 Culture/ Heritage	0902010 Conservation of Heritage	National Museums of Kenya	1134000600 Museums Headquarters and Regional Museums	1,328.21	-	1,328.21	-	(50)	-	1,278.21	-	The National Museums of Kenya collects adequate appropriation in aid (A-in-A) which can facilitate its operations and maintenance for heritage site and monuments across the country.
Total				**1,328.21**	**-**	**1,328.21**	**-**	**(50)**	**-**	**1,278.21**	**-**	

Proposed Increases (Kshs. Millions)

Programme	Sub-programme	Head/SAGA	Project	Printed Estimates		Supplementary Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
0903000 The Arts	0903010 Film Services	Kenya Film School	1135002900 Kenya Film School	75	-	75	-	20	-	95	-	The additional allocation will cater for rent arrears

Programme	Sub-programme	Head/SAGA	Project	Printed Estimates		Supplementary Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	
												accumulated by the institution.
0903000 The Arts	0903010 Film Services	Kenya Film Commission	1135003100 Kenya Film Commission	343.44	-	343.44	-	15	-	358.44	-	The addition allocation will cater for operationalization of the African Audio-Vision Cinema Commission (AACC).
0905000 General Administration, Planning and Support Services	0905010 General Administration, Planning and Support Services	Ministry HQ	1134001400 Headquarters Administrative Services (Arts & Culture)	151.85	-	161.85	-	15	-	176.85	-	The additional allocation will cater for arrears in allowances and operations and maintenance at the headquarters.
Total				**570.29**	**-**	**580.29**	**-**	**50.00**	**-**	**630.29**	**-**	

HON. DANIEL SITATI WANYAMA, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

Signature: ..... **Date:** 22nd May 2024

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC WORKS

.....

REPORT ON THE CONSIDERATION ON THE SUPPLIMENTARY ESTIMATES II FOR FY 23/24 FOR;

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

2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

Contents

CHAPTER ONE 3

1.0 Introduction 3

1.1 Mandate and establishment of the Committee 3

1.2 Subjects under the Committee 3

1.3 Committee Membership 4

1.4 Committee Secretariats 5

CHPATER TWO 6

2.0 Overview of the Examination of the Supplementary Estimates II for the fiscal year 2023/2024 6

Acknowledgement 6

CHAPTER THREE 7

3.0 Broad Overview of Supplementary Estimates II for FY 2022/2023 7

3.1 Highlights of changes in the supplementary estimates 7

3.2 Impact on recurrent expenditure 8

CHAPTER FOUR 11

4.0 Committee observations and recommendations 11

CHAPTER ONE

1.0 Introduction

1) This report details the consideration by the Departmental Committee on Energy of Supplementary Estimates No. II for the FY 2023/2024 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Estimates on 14th and 15th May, 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.1 Mandate and establishment of the Committee

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

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

1.2 Subjects under the Committee

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

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

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

1.3 Committee Membership

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

Chairperson

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

Vice Chairperson

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

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

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

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

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

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

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

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

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

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

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

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

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

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

1.4 Committee Secretariats

The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Ms. Elzy Moroto
Senior Legal Counsel

Mr. James Muguna
Research Officer II

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Mr. Nelson Odida
Research Officer III

Ms. Ashley Cherono
Public Relations Officer III

Ms. Mercy Mayende
Media Relation Officer III

Ms.Mercy Ondego
Research Officer III

Mr. Mohamed Said
Sergeant-at-Arms

Mr. Meldrick Kevin Sakani
Audio Officer

CHPATER TWO

2.0 Overview of the Examination of the Supplementary Estimates II for the fiscal year 2023/2024

6) The Supplementary Estimates II for the fiscal year 2023/2024 were submitted to the National Assembly in line with Article 221 of the Constitution and section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on Thursday, 2nd May 2024. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

7) The Committee held a total of five (5) sittings scrutinizing the Supplementary II and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Tuesday 21st and Wednesday 22nd May, 2024 and made their submissions concerning the proposed Supplementary II. The Committee considered and unanimously adopted its report on the consideration of the Supplementary II Estimates for FY 23/24

Acknowledgement

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

9) On behalf of the Departmental Committee on Housing, Urban Planning and Public Works, it is my privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the Supplementary Estimates II for the fiscal year 2023/2024.

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

CHAPTER THREE

3.0 Broad Overview of Supplementary Estimates II for FY 2022/2023

10) The Second Supplementary Estimates for FY 2023/24 were tabled in the National Assembly on Thursday, 2nd May 2024. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

11) Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principles and financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

3.1 Highlights of changes in the supplementary estimates

12) The Supplementary Estimates No. 2 for FY 2023/24 has the following impact on the two MDAs under the Committee's purview:

13) It proposes to **decrease** the allocation for the **State Department for Housing and Urban Development** by Ksh. 2,376 million **(3%)** affecting only the Development expenditure with no changes in recurrent expenditure.

14) It proposes to **decrease** the allocation for the **State Department for Public Works** by Ksh. 86 million **(2 percent)** comprising a reduction of Ksh. 100 million for recurrent expenditure and a slight increase of Ksh. 14 million for development expenditure.

15) The changes in the revised total gross estimates will result in a 3 percent decrease on the approved total gross estimates for the State Department for Housing and Urban Development and a 2 percent decrease under the State Department for Public Works hence within the 10 percent threshold in accordance with regulation 40(9) of the Public Finance Management Regulations. Furthermore

3.2 Impact on recurrent expenditure

State Department for Housing and Urban Development

16) The Supplementary Estimates No. 2 for FY 2023/24 proposes no changes under recurrent expenditure for the **State Department for Housing and Urban Development**

State Department for Public Works

17) The Supplementary Estimates No. 2 for FY 2023/24, proposes a **reduction** in the recurrent expenses for the State Department for Public Works by **Ksh. 100 million**. This is due to budget rationalization, which primarily affects the allocation for compensation to employees to reflect actual requirements.

Table 1: Approved Estimates Vs Supplementary Estimates No. 2 Ksh. millions

Economic Classification	Approved Estimates 2023/24	Supplementary Estimates No.2 2023/24	Difference
Current Expenditure	**3,482**	**3,382**	**(100)**
Compensation to Employees	902	802	100
Use of Goods and Services	232	232	-
Current Transfer to Govt. Agencies	2,352	2352	-
Other recurrent	2	2	-

Source: National Treasury

State Department for Housing and Urban Development

18) The Supplementary Estimates No. 2 for FY 2023/24 proposes **a reduction of Ksh. 2,378 million** to the Approved Development expenditure. This comprises a decrease of **Ksh. 970 million** from the Housing Development and Human Settlement Programme and **Ksh. 1,408 million** from the Urban Metropolitan Development programme, as detailed in the able below.

Table 2: Summary of Changes in Development Expenditure for affected projects under the State Department for Housing and Urban Development

HEAD	Approved Estimates (Ksh Millions)			Change	Revised Estimates (Ksh. Millions)		
	Gross	AIA	Net		Gross	AIA	Net
Programme: Housing Development and Human Settlement							
Kenya Informal Settlements Improvement Project	5,470	-	5,470	1,030	6,500	-	6,500
National Housing Development Fund	66,820	63,220	3,600	(2000)	64,820	63,220	1,600
			Subtotal:	**(970)**			
Programme: Urban and Metropolitan Development							
Kenya Urban Support Program (KenUP)	908	-	908	92	1,000	-	1,000
Completion of Stalled Markets - ESP	3,000	-	3,000	(1,500)	1,500		1,500
			Subtotal	**(1,408))**			
			Total Change	**(2,378))**			

Source: National Treasury/PBO

State Department for Public Works

19) The Supplementary Estimates No. 1 for FY 2023/24 proposes to **reduce** the Development expenditure for the **State Department for Public Works** by Ksh. 14 **million** as summarized in the below table .

Table 5: Summary of Changes in Development Expenditure for affected projects under the State Department for Public Works

HEAD	Approved Estimates (Ksh Millions)			Change	Revised Estimates (Ksh. Millions)		
	Gross	AIA	Net		Gross	AIA	Net
Programme: Government Buildings							
County and Sub–County Works offices	20	-	20	(1.5)	18.5	-	18.5
Completion of Mow Sports Club	5.1	-	5.1	0.1	5.2	-	5.2
Construction of Mausoleum for the Late President Kibaki	1.6	-	1.6	35	36.5	-	36.5
			Change Subtotal	**33**			
Programme: Coastline Infrastructure and Pedestrian Access							
Construction of Ndau Seawall	20	-	20	(7)	13	-	13
Construction of New Mokowe Jetty	40	-	40	(21)	19	-	19
Rehabilitation of Mtangawanda Jetty	3.2	-	3.2	0.8	2.4	-	2.4
Construction of Kiwayu Seawall and Jetty	18	-	18	(6)	12	-	12
Construction of FootBridges	20	-	20	(6.5)	13.5	-	13.5
Construction of FootBridges - Continued-**BETA**	20	-	20	(5)	15	-	15
			Change subtotal	**(48.4)**			
Programme: Regulation and Development of the Construction Industry							
Renovation and equipping the National Building Inspectorate	15	-	15	30	45	-	45
			Subtotal	**30**			
			Total Change	**(14)**			

20) **Article 223 expenditures:** the National Treasury had granted the State Department for Public works approval under Article 223 to incur Ksh. 30 million from the contingency fund to cater for El nino related expenditure. The funds were utilized under the Regulation and Development of the Construction Industry programme to carry out inspection and audit of the buildings to ascertain their structural integrity and advise on their suitability for human habitation hence avert dangers of collapse and loss of lives.

CHAPTER FOUR

4.0 Committee observations and recommendations

State Department for Housing and Urban Development

21) The Committee made the following observations

i) The Supplementary Estimates No. 2 for FY 2023/24 propose a **Ksh. 2,378 million reduction** in the State Department's budget, affecting only Development expenditure with no changes to recurrent expenditure.

ii) The affected projects include the Completion of 182 ESP Markets, with a cut of Ksh. 1,500 million due to under absorption owing to non-viability of a number of earmarked ESP markets, and various Social and Police housing projects, with a Ksh. 2,000 million reduction in GoK funding for the National Housing Development Fund.

iii) The State Department's allocation from Donor funds sees a notable **increase** amounting to **Ksh. 1,132 million** comprising Ksh. 1,030 for the Kenya Informal Settlement Improvement Project (KISIP) Phase II and Ksh. 92 million for the Kenya Urban Support Programme (KUSUP) Phase II. The additional funds will cover the shortfall in provision for transfers to 23 counties participating in the KISIP projects to undertake infrastructure works and facilitate execution of preparatory activities/requirements for the second phase of KUSUP.

iv) As of 31st March 2024, the State Department's cumulative expenditure was Ksh. 11,467 million, comprising Ksh. 3,218 million from the GoK exchequer, Ksh. 6,111 million from Local AIA, and Ksh. 2,138 million from donor funding. The Local AIA expenditure includes Ksh. 5,492 million from the Housing Levy, which had collected Ksh. 26.7 billion before a High Court decision halted further collections. The State Department plans to invest the unabsorbed Ksh. 20 billion in Government Securities until the Affordable Housing Board is operational and can allocate funds to implementing agencies highlighted in the First schedule of the Act.

State Department for Public Works

i) The Supplementary Estimates No. 2 for FY 2023/24 propose a **Ksh. 86 million reduction** in the State Department's budget, comprising a **reduction of Ksh. 100 million** for recurrent expenditure and a slight **increase of Ksh. 14 million** for Development expenditure. The reduction in Recurrent expenditure primarily affects the allocation for Personnel Emoluments to reflect actual requirements.

ii) The affected projects include 15 Footbridges, Seawalls and Jetties funded under the Coastline infrastructure and pedestrian access programme whose allocation

was reduced by Ksh. 48.4 million. On the other hand the State Department has increased allocation for the Construction of Mausoleum for the Late President Kibaki amounting to Ksh. 35 million and Ksh. 30 million of the renovation and equipping the National Building Inspectorate.

iii) Notably, the Ksh. 30 million for the renovation and equipping of the National Building Inspectorate was spent under Article 223 of the Constitution to facilitate audit inspection and testing of buildings and footbridges affected by El Nino rains experienced across the Country.

Recommendations

Article 223 Expenditure: Vote 1095: State Department for Public Works, the withdrawal of **Ksh. 30 million** in December 2023 to facilitate audit, inspection and testing of buildings and footbridges affected by El Nino rains experienced across the Country be approved.

Financial Recommendations

Based on the review of the proposed Supplementary Estimates II for FY 2023/24 for the State Department for Housing and Urban Development and State Department for Public Works, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

i) **Vote 1094: State Department for Housing and Urban Development**, the proposed changes in the Supplementary Estimates II for FY 2023/24 comprising a decrease in development expenditure amounting to **KSh. 2,378 million** and a **zero change** for recurrent expenditure be approved without amendments.

ii) **Vote 1095:** State Department for Public Works, the proposed changes in Supplementary Estimates II for FY 2023/24 comprising a decrease in Recurrent expenditure amounting to **Ksh. 86 million** and an increment of **Ksh. 14 million** for Development expenditure be approved without amendments.

SIGNED..... DATE..24/5/24.....

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

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

	Approved Estimates FY 2023/24			Supplementary II Estimates FY 2023/24			Committee Changes			Committee Revised Amount		
	REC	DEV	Total	REC	DEV	Total	REC	DEV	Total	REC	DEV	Total
State Department for Housing and Urban Development	**1,368**	**79,194**	**80,562**	**1,367**	**76,815**	**78,815**	-	-	-	**1,367**	**76,815**	**78,815**
Housing Development and Human Settlement	883	74,069	74,952	883	73,098	73,982	-	-	-	883	73,098	73,982
Urban and Metropolitan Development	155	5,125	5,280	154	3,716	3,871	-	-	-	154	3,716	3,871
General Administration planning and support services	330	-	330	330	-	330	-	-	-	330	-	330
State Department for Public Works	**3,482**	**814**	**4,296**	**3,381**	**828**	**4,210**	-	-	-	**3,381**	**828**	**4,210**
Government Buildings	582	533	1,116	506	567	1,073	-	-	-	506	567	1,073
Coastline infrastructure and pedestrian Access	92	152	244	80	104	184	-	-	-	80	104	184
General Administration Planning and support services	367	6	373	363	6	369	-	-	-	363	6	369
Regulation and Development of the Construction Industry	2,440	122	2,562	2,430	152	2,582	-	-	-	2,430	152	2,582

DEPARTMENTAL COMMITTEE ON DEFENSE, INTELLIGENCE &FOREIGN RELATIONS

REPUBLIC OF KENYA
PARLIAMENT

Hon. Nelson Koech, MP.
Belgut Constituency
Chairperson: Defence Intelligence & Foreign Relations Committee

Parliament Buildings
P. O. Box 41842 - 00100
Nairobi, Kenya

Tel: +254 20 2221291
Mobile:+254 716 600 675
Email: nelson.kipyegon@gmail.com

20th May 2024

Hon. Ndindi Nyoro, CBS, MP
Chairperson,
The Budget and Appropriations Committee
Parliament Buildings
NAIROBI.

Dear Chairperson,

RE: SUPPLEMENTARY ESTIMATES II FOR FY 2023/24

The Departmental Committee on Defence, Intelligence and Foreign Relations met on 15th and 16th May 2024 to deliberate on the above referenced subject matter. It made the following observations and recommendations.

COMMITTEE OBSERVATIONS

The Committee, after receiving, scrutinizing, and deliberating on both the contents of FY 2023/24 Supplementary Estimates No. II and the submissions from the various MDAs under its purview, made the following observations:

State Department for East African Community (SDEAC)

1. The overall budget absorption for the first 9 months of FY 2023/24 is **74.58%,** i.e., the SDEAC has spent **KES.691.90 million** out of the total approved budget of **KES.927.71 million**.

REPUBLIC OF KENYA
PARLIAMENT

Hon. Nelson Koech, MP.
Belgut Constituency
Chairperson: Defence Intelligence & Foreign Relations Committee

Parliament Buildings
P. O. Box 41842 - 00100
Nairobi, Kenya

Tel: +254 20 2221291
Mobile:+254 716 600 675
Email: nelson.kipyegon@gmail.com

2. The gross Approved Estimates for SDEAC during FY2023/24 amounts to KES. 927.7 million for recurrent expenditure. The estimates have been revised from **KES.927.7 million** to **KES.982.7 million** in FY2023/24 Supplementary Estimates No. II. This reflects an increase of **KES 55 million** to *cater for critical activities relating to regional integration, i.e., participation in regional cooperation and integration policy dialogues.*
3. As of 31st March 2024, the SDEAC pending bills total **KES.20.04 million**. They are currently in various stages of payment processing.

State Department for Foreign Affairs (SDFA)

1. The recurrent budget absorption as at 13th May 2024 for FY 2023/24 is **87.62%** i.e., the SDFA has spent **KES.19.38 billion** out of the total approved budget of **KES.16.98 billion**.
2. The development budget absorption as at 13th May 2024 for FY 2023/24 is **91.46% i.e.**, the SDFA has spent **KES.1.07 billion** out of the total provision of **KES.1.17 billion**.
3. The gross approved Estimates for the **SDFA** for FY 2023/24 is KES.20.55 billion comprising **KES.19.18 billion** for recurrent expenditure and **KES.1.17 billion** for capital expenditure. The approved estimates have been revised from **KES.20.55 billion** to **KES.22.33 billion** under Supplementary Estimates No. II for FY 2023/24 of which recurrent expenditure is **KES.21.16** billion and capital expenditure is **KES.1.17 billion**. Therefore, the **KES.1.78** billion upward revision is only for recurrent spending comprising of GoK exchequer KES.1.75 billion and KES.32.00 million as AiA.
4. The **KES.1.75 billion** net increased in SDFA budget for FY 2023/24 is on account of the following:-
   a) General Administration, Planning & Support Services Programme:

(i) **KES.630.82 million** increase in *personnel emoluments* to address budget shortfalls in Foreign Service Allowance (FSA), gratuity, appointments for Deputy Heads of Mission, postings, and recruitments.

b) Foreign Relations & Diplomacy Programme:

(ii) **KES.1,000.00 million** increase in state visits under the Protocol Division for outbound state visits.

(iii)**KES.120.00 million** increase in State Events i.e., Hosting of the 6th United Nations Environment Assembly (UNEA-6).

5. Out of the total increase of **KES.1.75 billion, 63.97%** (KES.1.12 billion) is for State Visits and Internation Conferences & Events. These two activities account for more than 50% of the total increase is Supp. II for FY 2023/24 because of the following:
   a) Some of the State Visits are impromptu, depending on what the President as the number one diplomat intends to accomplish. Such visits are typically not included in the SDFA's initial budgeting projections. Moreover, State visits are scheduled by the Executive Office of the President, and the State Department has no alternative but to facilitate once instructed.
   b) Regarding the international conferences held in Kenya when the Heads of State of other jurisdictions decide to attend, diplomatic courtesies require the hosting country to take care of their accommodation and logistics (transport, hospitality, and security) needs.
   c) State Visits are financed on a cash basis, with no possibility of a credit facility/arrangement.
6. *The above does result in additional spending on State Visits and the International Conference budget lines by the SDFA. For example, in FY 2023/24 budget, out of the KES.1.2 billion approved budget for State Visits, KES.3.7 billion has already been spent as at 13th May 2023. Therefore, this line has an excess vote spending of KES.2.5 billion of which KES.1 billion has been provided for in Supplementary Estimates No. II of FY 2023/24 while for the balance of KES.1.5 billion, there are ongoing discussions between the SDFA and NT on how the excess vote will be supplemented.*
7. *The above spending on State Visits does pose a fiscal risk of excess vote spending exceeding what is approved due to the reasons mentioned above. Therefore, there is a need for the SDFA to liaise with the NT for additional funds under State Visits and Events to enable the State Department to settle pending payments.*
8. Out of the total pending balance of **KES.1,265.06 million** that the SDFA started with in FY 2023/24, the Department had managed to settle **KES.637.59 million** leaving them with a pending bill balance of **KES.627.47 million** as at 31st March 2024. Some of the reasons given for the pending bill balance include an inadequate budget for state visits & events, a lack of adequate funding for international conferences, and foreign exchange losses.

9. To resolve the pending bills, the SDFA is liaising with the NT for additional funding for an enhancement of state visits & international conference budget and the establishment of a foreign exchange loss assumption facility.

State Department for Diaspora Affairs (SDDA)

1. The overall budget absorption for the first 9 months of FY 2023/24 is 65.04% i.e., the SDDA has spent **KES.855.73 million** out of the total approved budget of **KES.1,315.71 million**.
2. The gross approved estimates for the **SDDA** for the FY 2023/24 is **KES.1.32 billion** comprised of only recurrent spending. The approved estimates have been revised to **KES.1.19 billion** under FY 2023/24 Supplementary Estimates No. II. This reflects a decrease of **KES.128 million** *on account of Personnel Emoluments*. In addition, *funds amounting to KES.111.2 million have been reallocated within the expenditure to cater for the Diaspora Conference and the refurbishment of office space*.
3. The State Department for Diaspora Affairs does not have any pending bills as at 31st March 2024.

Ministry of Defence (MoD)

1. The recurrent budget absorption as at 30th April 2024 for FY 2023/24 is **81.61%** i.e., the MoD has spent **KES.122.56 billion** out of the total approved budget of **KES.150.18 billion**. The development budget absorption as at 30th April 2024 for FY 2023/24 is **83.57% i.e**., the MoD has spent **KES.2.72 billion** out of the total provision of **KES.3.25 billion.** Cumulatively, the total budget absorption rate for MoD is **81.65%** i.e., the MoD has spent **KES.125.29 billion** out of the total approved budget of **KES.153.44 billion**.
2. The gross approved estimates for the **MoD** in the FY 2023/24 is KES.153.44 billion comprising of KES.150.18 billion and KES.3.25 billion for recurrent and capital expenditure respectively. The approved estimates have been revised from **KES.153.43 billion** to **KES.158.58 billion** under FY 2023/24 Supplementary Estimates No. II, reflecting a net increase of **KES.5.14 billion.** The changes pertain only to recurrent spending and are on based on the following:

Details	Amount (Millions)
Operationalization of the National Peace Support Fund	500.00
Article 223 spending utilized during the Elnino Crisis	500.00
"*Operation Maliza Uhalifu*" in North Rift	500.00
Operation and Maintenance	1,500.00
Purchase of Mine-Resistance Ambush Protected vehicle	3,000.00
Payment of O&M outstanding obligations under Gen. Admin	106.70
Rationalization Personnel Emoluments under Civilian Component	(176.70)

Reduction in KMC AiA due to low revenue collection	(780.50)
Total	**5,149.50**

3. The reduction in personnel emoluments under the civilian component is due to a recruitment that the MoD had planned to undertake but did not happen.
4. The MoD does not have any pending bills as at 30th April 2024.

National Intelligence Service (NIS)

1. The overall budget absorption for the first 9 months of FY 2023/24 is **67.82%** i.e., the NIS has spent **KES.31.09 billion** out of the total approved budget of **KES.45.85 billion**.
2. The approved estimates for FY 2023/24 have been revised from **KES.45.85 billion** to **KES.51.93 billion** under FY 2023/24 Supplementary Estimates No. II, reflecting a net increase of **KES.6.08 billion** to cater for expansion of intelligence modernization to increase the service capabilities and enhancement of counter terrorism operations (External CT Ops.) due to increased terrorism threats from Al-Shabaab due to the planned ATMIS exit from Somalia (December 2024).
3. The NIS does not have any pending bills as at 31st March 2024.

COMMITTEE RECOMMENDATIONS

The Committee, having received, scrutinized, and deliberated on both the contents of the FY 2023/24 Supplementary Budget Estimates No. II and the submissions from the various MDAs under its purview, recommends the following:

Financial Recommendations

The Committee recommends:

a) Approves **KES 500.00 million** spent under Article 223 of the Constitution by the **Ministry of Defence (MoD)** during the Elnino Crisis;
b) For the **Ministry of Defence (MoD),** the proposed allocation in Supplementary Estimates No. 1I for FY 2023/2024 comprising allocation for recurrent expenditure amounting to **KES 155,331.03 million** and allocation for development expenditure amounting to **KES 3,254.00 million** be approved as submitted;
c) For the **State Department for Foreign Affairs (SDFA),** the proposed allocation in Supplementary Estimates No. II for FY 2023/2024 comprising the allocation for recurrent expenditure amounting to **KES 21,163.64 million** and allocation for development expenditure amounting to **KES 1,171.00 million** be approved as submitted;
d) For the **State Department for Diaspora Affairs (SDDA),** the proposed allocation in Supplementary Estimates No. II for FY 2023/2024 comprising the allocation for recurrent expenditure amounting to **KES 1,187.71 million** be approved as submitted;

e) For the **State Department for East African Community (SDEAC),** the proposed allocation in Supplementary Estimates No. II for FY 2023/2024 comprising the allocation for recurrent expenditure amounting to **KES.982.71 million** be approved as submitted; and

f) For the **National Intelligence Service (NIS),** the proposed allocation in Supplementary Estimates No. II for FY 2023/2024 comprising the allocation for recurrent expenditure amounting to **KES 51,931.00 million** be approved as submitted.

Other Financial Recommendations (Additional Requests)

The Committee recommends that the Budget and Appropriations Committee (BAC) consider allocating resources for the following areas:

Table 1: Additional Requests (KES. Millions)

Vote/Programme	Recurrent	Development	Total	Justification
1053 SDFA	3,980.00	-	3,980.00	
0715000 Foreign Relation and Diplomacy	*3,980.00*	-	*3,980.00*	*To cater for KES.0.4 billion pending bills on State and Official Visits undertaken in FY 2022/23; KES.2.5 billion for additional State and Official Visits planned for this FY over and above the budgeted plan; KES.350 million for Africa Climate Summit; KES.230 million for Presidential courtesies obtained during the Africa Fertilizer and Soil Health Summit; KES.250 million for Youth Summit; and KES.250 million for IDA, Africa Head of States Summit.*
1281 NIS	4,000.00	-	4,000.00	
0804000 National Security Intelligence	*4,000.00*	-	*4,000.00*	*KES.1 billion-Internal Counter Terrorism Operations KES.3 billion-Expansion of surveillance systems through acquisition of UAV's and other equipments to increase the Service aerial surveillance capabilities*
Total	**7,980.00**	-	**7,980.00**	

Source: *FY 2023/24 Supplementary Budget Estimates No. II, MDAs Submissions and Committee Calculations*

SIGNED: ..... DATE: 22/5/24.....

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

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

.....

REPORT ON THE CONSIDERATION OF THE SUPLIMENTARY ESTIMATES II FOR FY 23/24 FOR;

1) VOTE 1036: STATE DEPARTMENT FOR ASALS AND REGIONAL DEVELOPMENT; AND

2) VOTE 1032: STATE DEPARTMENT FOR DEVOLUTION

3) VOTE 1024: STATE DEPARTMENT FOR IMMIGRATION AND CITIZEN SERVICES (REFUGEE AFFAIRS)

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2024

Contents

.....1

PART ONE.....3

1. Preface.....3

1.1 Introduction.....3

1.2 Mandate of the Committee.....3

1.3 Subjects under the Committee.....3

1.4 Committee Membership.....4

1.5 Committee Secretariats.....5

1.6 Overview of the Examination of the FY 2023/24 Budget Estimates.....5

1.7 Acknowledgment.....5

PART TWO.....7

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 2 FOR FY 2023/24.....7

2.1 Review of Supplementary II Estimates for FY 2023/24.....7

2.2.1 State Department for Devolution.....8

2.2.2 State Department for ASALS and Regional Development.....9

2.2 Article 223 Expenditures.....10

PART THREE.....12

3. COMMITTEE OBSERVATIONS.....12

3.1 State Department for Devolution.....12

3.2 State Department for ASALs & Regional Development.....12

PART FOUR.....14

4. COMMITTEE RECOMMENDATIONS.....14

Article 223 Expenditures.....14

PART ONE

1. Preface

1.1 Introduction

1. This report details the consideration by the Departmental Committee on Regional Development of Supplementary Estimates No. II for the FY 2023/2024 in line with Article 223 of the Constitution, Section 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Order 243. The Committee held meetings with the Ministries, Departments, and Agencies under its purview to interrogate the Estimates from Tuesday, 14th to Wednesday 15th May 2024. The Committee then consolidated its recommendations for submission to the Budget and Appropriations Committee, under Standing Order 207(6).

1.2 Mandate of the Committee

2. The Departmental Committee on Regional Development is one of the twenty (20) Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows: -

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

1.3 Subjects under the Committee

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

   (a) Regional development, including regional development authorities;
   (b) Refugee affairs;
   (c) Devolution;
   (d) Inclusive growth;
   (e) Arid and semi-arid areas;
   (f) Disaster risk management;
   (g) Drought, famine and disaster response; and
   (h) Post- disaster recovery and rehabilitation.

4. The Committee, in executing its mandate, oversights the State Department for ASALS and Regional Development, State Department for Devolution and the Department of Refugees Affairs (DRS).

1.4 Committee Membership

5. The Committee was constituted by the House on Thursday 27th October, 2022 and comprises of the following Hon. Members:

Chairperson

Hon Lochakapong Peter, M.P.
Sigor Constituency
United Democratic Alliance (UDA)

Vice Chairperson
Hon Njoroge Mary Wamaua Waithira, M.P
Maragwa Constituency
United Democratic Alliance (UDA)

Members

Hon. Kombe Harrison Garama, M.P.
Magarini Constituency
Orange Democratic Movement (ODM)

Hon. Kalasinga Joseph Majimbo, M.P.
Kabuchai Constituency
FORD-Kenya Party

Hon. Hon. Siyad Amina Udgoon, M.P.
Garissa County
Jubilee Party

Hon. Maina Mwago Amos, M.P.
Starehe Constituency
Jubilee Party

Hon. Tungule Charo Kazungu, M.P.
Ganze Constituency
Pamoja African Alliance (PAA)

Hon. Cherorot Joseph Kimutai, M.P.
Kipkelion East Constituency
United Democratic Alliance (UDA)

Hon. Maj (Rtd) Dekow M. Barrow, M.P.
Garissa Township Constituency
United Democratic Alliance (UDA)

Hon. Mawathe Julius Musili, M.P.
Embakasi South Constituency
Wiper Democratic Movement–Kenya

Hon. Nabulindo Peter Oscar, M.P
Matunga Constituency
Orange Democratic Movement (ODM)

Hon. Letipila Dominic Eli, M.P.
Samburu North Constituency
United Democratic Alliance (UDA)

Hon. Abdi Khamis Chome, M.P.
Voi Constituency
Wiper Democratic Movement–Kenya

Hon. Yakub Farah Salah, M.P
Fafi Constituency
United Democratic Alliance (UDA)

Hon. Paul Abour, M.P
Rongo Constituency
ODM Kenya

1.5 Committee Secretariats

6. The Committee is facilitated by the following staff:

Mr. Nebert Ikai
Clerk Assistant I/Head of Secretariat

Mr. Sisto Macharia **Clerk Assistant III**	Mr. Moses Mwariri **Legal Counsel II**
Ms. Priscilla Wangu **Fiscal Analyst III**	Ms. Rose Tabuke **Research Officer III**
Mr. Manuel Leparachau **Assistant Sergeant-at-Arm 1**	Ms. Deborah Mupusi **Media Relation Officer I**
Mr. Kelvin Lengasi **Audio Officer II**	Mr. Jared Onyancha **Public Communication Officer III**

1.6 Overview of the Examination of the FY 2023/24 Budget Estimates

7. The Supplementary Estimates 2 for the fiscal year 2023/24 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act 2012. They were subsequently tabled in the House on Thursday, 02nd May 2024. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and examination under Standing Order 235(4).

8. The Committee held a total of five (5) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview from **Tuesday 14th** and **Wednesday 15th at Bunge Tower.**

1.7 Acknowledgment

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.

10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the **FY 2023/24 supplementary No.2 estimates.**

11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Regional Development to submit its Report on the consideration of the FY 2024/25 Budget Estimates.

Hon. Lochakapong Peter, MP.
Chairperson, Departmental Committee on Regional Development

PART TWO

2.0 BROAD OVERVIEW OF SUPPLEMENTARY ESTIMATES 2 FOR FY 2023/24

12. The preparation and processing of the Supplementary Estimates are anchored in Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations40 of the PFM (National Government) Regulations 2015, and Standing Order No. 243 of the National Assembly.

13. Article 223 of the Constitution provides for the National Government to incur expenditure notappropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund. Section 44 of the PFM Act, 2012, provides that the National Government is required to submit to Parliament for approval, a supplementary budget in support of money spent under Article 223 of the Constitution. Likewise, Standing Order No. 243(2) indicates that the supplementary budget shall include a statement showing how the additional expenditure relates to the fiscal responsibility principlesand financial objectives; and a schedule showing the list of programs or projects that are affected by the proposed supplementary budget.

14. In this regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless, in special circumstances, Parliament has approved a higher percentage following a request by the National Treasury and upon recommendation of the Budget and Appropriations Committee, by resolution.

15. This report focuses on the Ministries, Departments, and Agencies (MDAs) under the purview of the Committee namely: the State Department for Environment and Climate Change; the State Department for Forestry; and the State Department for Mining.

2.1 Review of Supplementary II Estimates for FY 2023/24

16. The 2 main votes under the purview of the committee have had their budgets adjusted upwards as shown in table 1. The State Department for Devolution is proposed to increase by Kshs 78 million under its development expenditure while the State Department for ASAL and Regional Development is proposed to increase by Kshs 5,347million under its recurrent expenditure and a reduction of Kshs 688million under its development expenditure.

Table 1.1 proposed changes to MDAs under the Committee's Purview in (Kshs, Million)

S/No.	Vote	Revised Estimate Supplementary I	Proposed Net Change	Revised Estimate Supplementary I
1.	**State Department for Devolution**	**2,027**	**78**	**2,105**
	Recurrent	1,971	0	1,971
	Development	56	78	134
2.	**State Department for ASAL and Regional Development**	**24,060**	**4,659**	**28,719**
	Recurrent	14,922	5,347	20,269
	Development	9,138	-688	8,450

Source: National Treasury

2.2.1 State Department for Devolution

17. The state department will continue to implement one programme, the devolution services. The Approved Estimates have been proposed for revision by Kshs78 million under development expenditure and a reallocation under recurrent expenditure on account of finalization of transfer of assets of Defunct Local Authorities and Devolved functions provision.

Table 1.2 Summary of recurrent allocation FY 2023/24 Supplementary 2

Programme and SP.	FY 2023/24 Approved Budget	Proposed Changes	Proposed supplementary 2
Sub-Programmes			
Intergovernmental Relations	920.53	-18.2	902.33
Administrative Services	425.8	21.2	447
Central Planning and Project Monitoring Unit	19.71	-3	16.71
Total	**1,971**	**0**	1971

Source National Treasury

18. The development expenditure has been revised from **Kshs 56milion** to **Kshs 134** million on account of introduction of Kenya Devolution Support Programme II (KDSP II) which has a proposed funding of **Ksh 89 million** and reduction of Kshs 11 million under the project, Consolidating Gains &Deepening Devolution in Kenya.

Table 1.3 Summary of development allocation FY 2023/24 Supplementary 2

	Heads/projects	FY 2023/24		
S/No.		Approved FY 2023/24 Estimates	Changes	Proposed Supplementary 2
1	Consolidating Gains &Deepening Devolution in Kenya	55	-11	44
2	Market Shed at Kadongo	1	0	1
3	Kenya Devolution Support Programme II (KDSP II)	0	89	89
	Total	**56**	**78**	**134**

Source: National Treasury

19. Kenya devolution support programme aims to strengthen governance and institutional capacity with 47 counties implementing Kenya devolution conference 2 and developing I performance assessment framework.

20. The reduction of the project on Consolidating Gains &Deepening Devolution in Kenya of **Kshs 11 million** is on account of reduction on donor commitment towards the project. The main key out for the project is to cover 1 function on Policies, Laws and regulations on the devolved functions aligned to the Constitution and develop 1 framework for implementation of concurrent functions.

2.2.2 State Department for ASALS and Regional Development

21. The state department will continue to implement 3 programme as shown in table 4. The gross approved estimates for the State Department for ASAL Development and regional development in FY2023/24 amount to **Ksh24,060 million**, which constitutes **Ksh.** 14,922 **million** for current expenditures and **Ksh.** 9,138 **million** for capital expenditures.

22. Proposed supplementary 2 estimates for FY 2023/24 have been revised to Ksh. **28,719 million**, which includes **Ksh.** 20,269 **million** for current expenditures and Ksh. 8,450 **million** for capital expenditures.

23. The net increase of **Kshs 5,347 million** in recurrent expenditure is a result of an increase in allocation of **Kshs 5,400 million** towards relief and rehabilitation, a reduction of **Kshs 13.5 million** towards the Arid Resource Management Project, and a reduction of **Kshs 39.5 million** towards General Administrative Services.

24. The increase of Kshs 5,400 million is for the allocation of Kshs 5,400 million is for social support services to 2,600 beneficiaries.

Table 1.4 Summary allocation FY 2023/24 Supplementary 2 per programme

S/No.	Programme	Baseline FY2023/24	Changes	supplementary 2
1	**Accelerated ASALs Development**	**16,077**	**5,189**	**21,265**
	Recurrent	*11,651*	*5,387*	17,037
	Development	*4,426*	*(198)*	4,228
2	**Integrated Regional Development**	**7,480**	**(490)**	**6,990**
	Recurrent	*2,768*	-	2,768
	Development	*4,712*	*(490)*	4,222
3	**General Administration, Support Services and Planning**	503	(40)	464
	Total	**24,060**	**4,659**	**28,719**

Source: National Treasury

2.2 Article 223 Expenditures

25. The allocation of Kshs 5,400 represents expenditures of Kshs 4,300 million spent under Article 223 for Emergency Relief, which includes provision for food, medicine, blankets, cash grants, tents, and other necessities. This amount has already been released, with the latest disbursement occurring on 9th May 2024.

Summary of revised projects State Department for ASALS and Regional Development
In Kshs millions

Table 1.5

S/No	Project	FY2023/24	Proposed Changes	Revised supplementary 2
1	Ending Drought Emergencies: Support to Resilient Livelihood II	297	-100	197
2	Resilience and Sustainable Food Systems Programme-BETA	145	-77	68
3	Ending Drought Emergencies, Ecosystem Based Adapt in ASAL - TWENDE	263	117	380
4	Dry Land Climate Action for Community Drought Resilience	520	-100	420
5	Humanitarian Assistance for Addressing the Impact of Drough	0	25	25
6	Integrated Resilience for Sustainable Food Systems – BETA	128	-63	65
7	Ewaso Ngiro Leather Factory - BETA	53	-10	43
8	Boji Farmers Irrigation Project - BETA	15	-10	5

S/No	Project	FY2023/24	Proposed Changes	Revised supplementary 2
9	Drought Mitigation Interventions - CDA	100	-10	90
10	Kiangochi Muchungucha Irrigation Water project -TARDA	100	-30	70
11	Drought Mitigation Interventions – ENSDA	50	-10	40
12	BETA Priorities and Flood Control - KVDA	900	-220	680
13	BETA Priorities and Flood Control- ENNDA	720	-130	590
14	BETA Priorities and Flood Control – TARDA	250	-50	200
15	BETA Priorities and Flood Control – LBDA	150	-20	130
			-688	

PART THREE

3. COMMITTEE OBSERVATIONS

3.1 State Department for Devolution

a) The approved gross estimates for the State Department for devolution in FY2023/24 amount to Kshs 2,027 million, which consists of Ksh. 1,971 million for current expenditures and Ksh. 56 million for capital expenditures.

b) Proposed supplementary 2 estimates for FY 2023/24 have recommended an additional allocation of Kshs 78 million for development expenditure and a reallocation of funds under recurrent expenditure due to the finalization of the transfer of assets from Defunct Local Authorities and Devolved functions provision.

c) The IGRTC is facing challenges in conducting paperless summit meetings and finalizing programs on the transfer of functions, which are currently at an 80% completion level pending the publication of gazette notices. Additionally, the process of completing the exercise of land and building valuation is 70% complete and is yet to be undertaken in 17 counties. Therefore, they are requesting Kshs 162.5 million in this regard.

d) Pending bills remain a major concern for the State Department, with pending bills amounting to Ksh 2.881 billion, out of which Kshs. 771 million are recurrent pending bills associated with the Africities conference owed to suppliers (Caterers Ksh 127 million, audio system Ksh 131 million, Events and management Ksh 210 million, Transport Ksh 17 million, Tents and accessories Ksh 286 million). These outstanding bills have led to the closure of some businesses due to a lack of operational funds.

e) During FY 2023/24 printed estimates, the World Scout Parliamentary Union had an allocation of Kshs 67 million, which was revised to Kshs 37 million during Supplementary No. 1. This revision affected the planned implementation of their program. One of their key programs affected was the program on engaging youth and scouts in volunteerism and community service. This program was supposed to enhance the knowledge of national values, giving back to the community, digital skills, and greening Kenya through tree growing.

f) The State Department had requested Kshs 404 million, of which Kshs 289 million was from donors and Kshs 115 million was from the Government of Kenya, to support the operationalization and procurement of an independent verification agent for the Kenya Devolution Support Programme II (KDSPII). However, they were allocated only Kshs 89 million from donors, which limits the department's ability to meet the preconditions required for the effective kickoff of the project in FY2024/25.

3.2 State Department for ASALs & Regional Development

a) The gross approved estimates for the State Department for ASAL Development and regional development in FY2023/24 amount to Ksh24,060 million, which constitutes Ksh. 14,922 million for current expenditures and Ksh. 9,138 million for capital expenditures

b) Proposed supplementary 2 estimates for FY 2023/24 have been revised to Ksh. 28,719 million, which includes Ksh. 20,269 million for current expenditures and Ksh. 8,450 million for capital expenditures.

c) The net increase of Kshs 5,347 million in recurrent expenditure under the state department is a result of various changes. These include an increased allocation of Kshs 5,400 million towards relief and rehabilitation, a reduction of Kshs 13.5 million towards the Arid Resource Management Project, and a reduction of Kshs 39.5 million towards General Administrative Services.

d) There is a net reduction of Kshs 688 million in development expenditures under the state department. This is due to a reduction of Kshs 198 million under the Accelerated ASALs Development program and Kshs 490 million under the Integrated Regional Development program.

e) The state department had an approved expenditure of Kshs 5,400 million under Article 223, and as of May 9th, 2024, Kshs 4,300 million had already been disbursed. However, the committee notes that the state department has requested an additional 1 billion to support post-flood activities for the severely affected victims across the country, including the provision of food and non-food items.

PART FOUR

4. COMMITTEE RECOMMENDATIONS

4.1 Financial Recommendations

1) The Committee recommends the approval of Article 223 in the Supplementary Estimates No. 2 for FY 2023/24 for the State Department for ASALs & Regional as tabled by the National Treasury. (summary schedule No.1)

2) The committee recommends the reallocations of resources under the MDAs under its purview as summarised in schedule 2 and 3.

Article 223 Expenditures

Schedule 1 summary Article 223 Expenditures in Kshs millions

Accelerated ASALs Development Programme.	**Approved Estimates 2023/24 (Kshs. Millions)**	**Justification**	**Additional Expenditure (Kshs. Millions)**	**Amount Spent (Kshs. Millions)**	**Committee Recommendation**
Relief and rehabilitation	1482.92	Emergency Relief, to flood victims across the country. Funds for provision food, medicine, blankets, cash grants, tents, and other necessities	5,400	4,300	The committee approves the expenditure in accordance with the requirement of Article 223 of the Constitution.

Schedule 2: summary of proposed reduction in Kshs millions

Reduction			Rec	Dev	
Vote	**programme**	**Proposed Reduction**	**Kshs**	**Kshs**	**Justification**
1036	Accelerated ASAL Development	1036000700 National Drought Management Authority (hunger and safe ty net programme)	1,722	0	NDMA was allocated Kshs 5.4 billion during FY 2023/24, but later an additional Kshs 3.8 billion was added during Supplementary No.1 to address the scale-up in case of severe drought. The State Department, following its deliberation with the Committee on the Supplementary Budget, has indicated the necessity to reallocate Kshs 1.722 billion to more pressing needs in the State Department, especially occasioned by the unprecedented flooding witnessed in the latter part of the financial year. Furthermore, these reallocations will not affect the regular cash transfers under NDMA.
		Total	**1,722**	0	

Amendment to proposed increases FY2023/24

Schedule 3: summary of proposed Increases in Kshs millions

Increases			Rec	Dev	
Vote	**programme**	**Proposed Increases**	**Kshs**	**Kshs**	**Justification**
1036	Accelerated ASAL Development	Relief and rehabilitation	843	-	Enhancement of the emergency response to the flood victims through the provision of food and non-food items to the food victims across the country.
	Integrated Regional Development	Production, operations And financial management system	120	-	Installation and migration of data to the magement system, training of employees. Elimination of revenue leaks in the rice mill, (LBDA)
	General Administration planning and support services	Recurrent HQ	136	-	Pending bills incurred due to budget cuts and increased responsibility within the State department
	Integrated Regional Development	purchase of rice paddy	200	-	Purchase of rice paddy and operationalization of the rice mill. The rice will assist in provision of relief support to the flood victims.
	Integrated Regional Development	Drought mitigation interventions		150	For undertaking critical projects in RDA
		Sub total	***1299***	***150***	
1032	Devolution services	**Devolution**			
	Devolution services	IVA (independent verification agents)		70	Support operationalization and procurement of an independent verification agent of Kenya Devolution support programme II(KDSPII)
		Africities recurrent pending bills	103		payment of Africities pending bills small traders
		Intergovernmental relations technical committee (IGRTC)	100		Paperless summit and finalization of transfer of functions to counties
		Sub total	***203***	***70***	
		Total	**1,502**	**220**	

4.2 Request for additional Resources.

1) Additional Kshs 62million to state department for devolution under the intergovernmental sub-programme to enable IGRTC be able to conduct paperless summit meetings as well as complete the finalise the transfer of functions to counties

2) Additional Kshs 20 million to world parliamentary Scout associations to allow them undertake

3) Additional Kshs 700 million towards enhancement of post flood interventions

4) Additional Kshs 800million to cater for critical projects affected by budget cut in supplementary No 2 Fy2023/24

SIGNED..... **DATE**.....29/5/2024.....

HON. LOCHAKAPONG PETER, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY & COOPERATIVES

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2024

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

.....

REPORT ON THE CONSIDERATION OF THE FY 2023/24 SUPPLEMENTARY II BUDGET ESTIMATES FOR:

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

Published by:

The Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings
NAIROBI

May 2024

Table of Contents

CHAPTER ONE *3*

1.0 PREFACE *3*

1.1 Introduction *3*

1.2 Establishment and Mandate of the Committee **5**

1.3 Committee Membership **6**

1.4 Committee Secretariat **7**

1.5 Overview of the Examination of the FY 2023/24 Supplementary II Budget Estimates **8**

1.6 Acknowledgement **8**

CHAPTER TWO *9*

2.0 BROAD OVERVIEW OF THE FY 2023/24 SUPPLEMENTARY II BUDGET ESTIMATES *9*

CHAPTER THREE *11*

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES **11**

3.1 Vote 1173: State Department for Cooperatives **11**

3.2 Vote 1174: State Department for Trade **11**

3.3 Vote 1175: State Department for Industry **12**

3.4 Vote 1176: State Department for MSMEs Development **13**

3.5 Vote 1177: State Department for Investment Promotion **14**

CHAPTER FOUR *15*

4.0 COMMITTEE OBSERVATIONS **15**

4.1 State Department for Cooperatives **15**

4.2 State Department for Trade **16**

4.3 State Department for Industry **17**

4.4 State Department for MSMEs Development **17**

4.5 State Department for Investment Promotion **17**

CHAPTER FIVE *18*

5.0 COMMITTEE RECOMMENDATIONS **18**

CHAPTER ONE

1.0 PREFACE

1.1 Introduction

1. This report details the consideration of the FY 2023/24 Supplementary II Budget Estimates for the Ministries, Departments and Agencies (MDAs) within the mandate of the Departmental Committee on Trade, Industry and Cooperatives.
2. The preparation and processing of the Supplementary Estimates is anchored on various legal provisions, including Article 223 of the Constitution, Sections 44 of the Public Finance Management (PFM) Act 2012, Regulations 40 of the PFM (National Government) Regulations 2015, and Standing Orders No. 243 of the National Assembly.
3. Article 223 of the Constitution provides that the National Government can incur expenditure not appropriated for in the annual Appropriation Act on account of insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.
4. Additionally, Section 44 of the PFM Act, 2012, provides that the National Government is required to submit a Supplementary Budget to parliament for approval, further, Standing Orders No. 243 indicates that the National Government shall submit to the National Assembly for approval a supplementary budget in support of money spent under Article 223 of the Constitution.
5. The PFM (National Government) Regulations 2015 outlines the main purpose as to why approval is sought. It can either be an unforeseen or unavoidable circumstance and where no budget provision was made or was inadequate but further clarifies that it should not include expenditures although known when finalizing the estimates of the original budget, it could not be accommodated within the allocations. It further clarifies that tariff adjustments and price increases shall not be considered as unforeseen and unavoidable circumstances.
6. Approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. Notably, the amount spent should not be more than 10 percent of the total sum appropriated by Parliament for that financial year unless in special circumstances, Parliament has approved a higher percentage.
7. In this regard, The FY 2023/24 Supplementary II Budget Estimates were submitted to the National Assembly on 2nd May, 2024 and subsequently tabled on the floor of the house.
8. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2023/2024 Supplementary 1I Budget Estimates.

The Committee considers the proposed Supplementary Budget Estimates for the State Departments that fall within its mandate. The State Departments include:

I. Vote 1173 State Department for Cooperatives;
II. Vote 1174 State Department for Trade;
III. Vote 1175 State Department for Industry;
IV. Vote 1176 State Department for MSMEs Development;
V. Vote 1177 State Department for Investment Promotion.

9. On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of the Standing Orders, it is my pleasure and privilege to present to the Budget and Appropriations Committee, the Report on the consideration of the FY 2023/24 Supplementary II Budget Estimates for the Ministries, Departments and Agencies (MDAs) that fall within the mandate of the Committee.

1.2 Establishment and Mandate of the Committee

11. The Departmental Committee on Trade, Industry and Cooperatives is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows:

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

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

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

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

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

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

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

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

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

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

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

12. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, Trade, including securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development, Micro, small & and; medium enterprise (MSMEs), and small and medium enterprise (SMEs), intellectual property, industry standards, anti-counterfeit and cooperative development.

13. In executing its mandate, the Committee oversees the Ministry of Investments, Trade and Industry and the Ministry of Cooperatives and Micro, Medium and Small Enterprises (MSMEs) Development.

1.3 Committee Membership

2 The Departmental Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday, 27th October, 2022 and comprises of the following Members of Parliament;

Chairperson
Hon. James Mwangi Gakuya, MP
Embakasi North Constituency
UDA Party

Vice-Chairperson
Hon Kitany Jebet Marianne, MP
Aldai Constituency
UDA Party

Members

Hon. Dr. Oundo Wilberforce Ojiambo, MP
Funyula Constutiency
ODM Party

Hon. Adagala Beatrice Kahai, MP
Vihiga Constituency
ANC Party

Hon. Githinji Robert Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Kamene Joyce, MP
Machakos Constituency
WDM Party

Hon. Mwalyo Joshua Mbithi, MP
Masinga Constituency
Independent Member

Hon. Oluoch Anthony, MP
Mathare Constituency
ODM Party

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU Party

Hon. Korir Adams Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Maina Mwago Amos, MP
Starehe
JP Party

Hon. Sakimba Parashina Samwel, MP
Kajiado South Constituency
ODM Party

Hon. Wanaina Antony Njoroge, MP
Kieni Constituency
UDA Party

Hon. Waithaka John Machua
Kiambu Constituency
UDA Party

1.4 Committee Secretariat

14. The Committee is facilitated by the following members of staff;

Ms. Rose Mudibo, OGW
Senior Clerk Assistant /Head of Secretariat

Mr. Ellam Omuhinda
Clerk Assistant III

Ms. Everlyne Orina
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Loice Olesia
Fiscal Analyst III

Mr. Arkan Ali Mumin
Research Officer III

Ms. Priscilla Saidi
Research Officer III

Mr, Daniel Psirmoi
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

Ms. Peris Kaburi
Senior Sergeant-At-Arms

Ms. Pauline Sifuma
Hansard Reporter

Ms. Wanja Mbuthi
Protocol Officer

1.5 Overview of the Examination of the FY 2023/24 Supplementary II Budget Estimates

15. The Supplementary Estimates II for FY 2023/24 were submitted to the House on 2nd May 2024 pursuant to Standing Order No. 243(2), thereafter committed to relevant Departmental Committees for deliberation according to their respective mandates.
16. Following the tabling of the Supplementary Estimates II for FY 2023/24, the Departmental Committee on Trade, Industry and Cooperatives held a briefing session with the Parliamentary Budget Office and subsequently held consultative meetings with the Ministries Departments and the Agencies within its mandate and on which it exercises oversight.

1.6 Acknowledgement

17. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Trade, State Department for Investment Promotion, State Department Industry, State Department for Micro Small and Medium Enterprises Development and the State Department for Cooperatives for the fruitful deliberations held with the Committee.
18. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation and commitment in the preparation of this report. It is therefore, my pleasant duty and privilege, to present this report before this Committee.

HON. JAMES GAKUYA, MP
CHAIRPERSON

(DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES)

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE FY 2023/24 SUPPLEMENTARY II BUDGET ESTIMATES

19. The FY 2023/24 Supplementary Estimates II proposes to decrease the approved budget by Kshs. 132.46 billion a 3.7 percent decrease on account of a net decrease in ministerial expenditure as well as in the Consolidated Fund Services. The gross ministerial expenditure (excluding Consolidated Fund Services and county allocation) is proposed to decrease by Kshs. 46.13 billion (-1.9 percent) from the FY 2023/24 approved Ministerial Budget Estimates as shown in table 1.
20. Recurrent expenditure has a proposed increase of Ksh. 38.70 billion (2.3%) comprising of an increase of Kshs. 63.34 billion in GOK exchequer funding and a downward adjustment in Appropriation in Aid (AiA) by Kshs. 24.63 billion. On the other hand, development expenditure has a proposed decrease of Ksh. 84.83 billion (-10.8%).
21. Consolidated Fund Services whose allocation caters for interest payments, pensions and salaries for Independent Offices and Commissions has a proposed decrease of Kshs. 86.32 billion (-7.6%). This is majorly on account of a decline in foreign interest payments, partly attributable to the shilling's appreciation majorly against the dollar. The county equitable share does not have proposed changes it remains Kshs. 385.42 billion.

Table 1: Overall supplementary changes in the FY 2023/24 Budget Estimates

	Gross Approved Estimates (Ksh. billions)	2nd Supplementary Changes (Ksh. billions)	Revised Supplementary Estimates (Ksh. billions)	Percentage Change (%)
National Government total Ministerial Expenditure	**2,464,454.4**	**(46,131.1)**	**2,418,323.3**	**(1.9)**
Recurrent	1,681,234.7	38,707.4	1,719,942.1	2.3
Development	783,219.7	(84,838.5)	698,381.2	(10.8)
o/w Parliament	40,742	250	40,992	0.6
o/w Judiciary	22,784	540	23,324	2.4
Consolidated Fund Services	**1,131,650.1**	**(86,329.8)**	**1,045,320.2**	**(7.6)**
County equitable share	**385,425**	-	**385,425**	-
Total Expenditure	**3,596,104.4**	**(132,460.9)**	**3,463,643.6**	**(3.7)**

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

22. In considering the FY 2023/24 Supplementary II Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held consultative meetings with the Ministries, State Departments and Agencies under its purview and on which it exercises oversight.

3.1 Vote 1173: State Department for Cooperatives

23. The approved recurrent budget for the State Department for Cooperatives in FY 2023/24, is Kshs. 1,788.85 million. The total allocation under Supplementary II is Kshs. 1,850.72 which translates to an additional amount of Kshs. 61.87 million. The total approved development budget for the State Department for the FY 2023/24 is KShs. 4,514.05 million. The total allocation under Supplementary II is Kshs. 5,614.05 million, translating to an additional amount of Kshs. 1.1 billion.
24. The State Department submitted that the approval for the Kshs. 1.1 billion under development expenditure, was granted under article 223. The purpose for the additional allocation is to mop up excess milk during the rainy season and convert it into milk powder. Kshs. 500 million was already spent, on 24th November 2023 under New KCC for this purpose.
25. The increase in recurrent expenditure was to facilitate the State Department to execute its mandate effectively. Kshs. 31.20 million is for renovation and refurbishment of the offices and Kshs. 14 million is to facilitate the purchase of motor vehicles which will ease the State Departments' mobility to ferry officers to fieldwork activities under the BETA value chains priorities and supervision of other projects.

3.2 Vote 1174: State Department for Trade

26. In FY 2023/24 the State Department's Approved Budget is Kshs 3,310.79 million comprising of Kshs. 3,260.79 million and Kshs. 50 million under recurrent and development expenditure respectively. In FY 2023/24 Supplementary No 2 Estimates, the

State Department's proposed budget is Kshs. 3,402.79 million of which Kshs. 3,352.79 million is in respect to recurrent budget and Kshs. 50 million is respect to development budget.

27. The increase in the recurrent budget is on account of additional funding amounting to Kshs. 104 million to support operations of the Cabinet Secretary's office as well as a reduction in personnel emoluments by Kshs. 12 million.
28. The State Department submitted that some of the SAGAs under the State Department have inadequate staff due to inadequate budgetary allocation for recruitment to the optimal levels of their approved staff establishment. The Warehouse Receipt System has a shortfall of Kshs. 1.13 million, Kenya Consumer Protection Advisory (KECOPAC) has a shortfall of Kshs. 8.2 million and a shortfall of Kshs. 5.3 million under Kenya Export Promotion and Branding Agency (KEPROBA).
29. It was further submitted that, the State Department has accrued expenditure of Kshs. 65.4 million arising from foreign exchange losses in FY 2023/24 against a nil budgetary allocation. This is arising from the support operations for the established commercial attaché offices in the seventeen (17) Foreign missions, the commercial attaches are issued with AIEs which is usually in USD. The issued AIEs has been suffering foreign exchange losses as a result of weakening Kenyan Shilling against the dollar (from initial budgeted exchange rate of Kshs. 117/USD to an exchange rate of Kshs. 157/USD).
30. The State Department has pending bills amounting to Kshs. 46.67 million and the pending bills comprise of historical bills of Kshs. 26.57 million and current bills of Kshs. 20.1 million. The historical pending bills were submitted to the National Treasury Pending Bills Verification Committee for further verification as guided by the Committee's terms of reference (TORs).

3.3 Vote 1175: State Department for Industry

31. The total gross approved budget for the State Department for Industry is proposed to decrease by Kshs. 475.69 million (-4.9%) from Kshs. 9.71 billion to Kshs. 9.63 billion. The decrease is on account of a Kshs. 789.68 million decrease in development expenditure

from Kshs. 6.73 billion to Kshs. 5.94 billion. Recurrent expenditure is proposed to increase by Kshs. 313.98 million from Kshs. 2.98 billion to Kshs. 3.30 billion.

32. the State Department got additional allocation of Kshs 30 million to support the Office of the Cabinet Secretary operations and maintenance budget. Personnel emoluments was reduced by Kshs 37.4 million based on the in post staff, occasioned by staff deployment from the Department.
33. Further, under Standards and Quality Infrastructure Programme, KIRDI was allocated additional Kshs 132.7 million to cater for staff salary and statutory deduction arrears. The State Department further submitted that there are proposed upward revisions in AiA for the following government agencies: Kshs. 5 million for KITI, Kshs. 52 million for Scrap Metal Council and Kshs. 115 million for Anti Counterfeit Authority.
34. There is a proposed decline in the donor funds for the Kenya Industry and Entrepreneurship of Kshs. 819.5 million while the CAIPs have an increase of Kshs. 29.81 million for monitoring and evaluation by the State Department.

3.4 Vote 1176: State Department for MSMEs Development

35. The total gross approved budget for the State Department for MSMEs Development is proposed to decrease by Kshs. 469.03 million (-5.5%) from Kshs. 8.52 billion to Kshs. 8.05 billion. Development expenditure is proposed to decline by Kshs. 545.43 million from Kshs. 6.65 billion to Kshs. 6.10 billion, while recurrent expenditure is proposed to increase by Kshs. 76.4 million from Kshs. 1.87 billion to Kshs. 1.94 billion.
36. Kshs.56 million was reduced under the Compensation to Employees budget and Kshs. 7.9 million under Use of Goods and Services. However, there was an addition of Kshs. 132.40 million under Current Transfers to Government Agencies on account of Appropriation-In-Aid (A.I.A) of Kshs. 120 million for Financial Inclusion Fund (Hustlers Fund) and Kshs. 12.40 million for Kenya Industrial Estates (KIE).
37. There is a total Budget reduction of Kshs. 545.43 million in the Development budget comprising of Kshs. 470.9 million under Kenya Youth Employment Opportunities Project (KYEOP)-BETA and Kshs. 175 million under Centre for Entrepreneurship Project-BETA.

In addition, there is a budget provision of Kshs. 100 million under National Youth Opportunities Towards Advancement (NYOTA) Project resulting to a net development budget change of Kshs. 445.43 million.

3.5 Vote 1177: State Department for Investment Promotion

38. The total gross approved expenditure for the State Department for Investment Promotion has a proposed decrease of Kshs. 30 million (-0.4%) from Kshs. 7.20 billion to Kshs. 7.17 billion. The decrease of Kshs. 30 million is in recurrent expenditure while there are no proposed changes in development expenditure. The decline in recurrent expenditure is on account of adjustments in personnel emoluments.
39. Further, the State Department submitted that Special Economic Zones Authority has an annual Personnel Emolument budget requirement of Kshs. 297.8 million to fill all the positions in the approved structure. In the FY 2023/24, the Authority was only allocated Kshs.120.37 million for its recurrent budget out of which Kshs. 50 million was for recruitment of staff and payment of personnel emoluments.
40. The State Department further submitted that Kenya Investment Authority (KenInvest) requires additional recurrent expenditure of Kshs. 132.5million. In the FY 2023/24, KenInvest was allocated Kshs.265.9million for recurrent expenditure specifically for obligations related to personnel emolument, rent and other contractual obligations. The additional allocation will cater for; review of Investment Promotion Act, 2004 - National Assembly and Senate Engagement; investible Projects Development and Investor Targeting; investor facilitation and aftercare program and research and policy advocacy program.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 State Department for Cooperatives

41. In the ongoing coffee reforms, the government is sourcing for coffee buyers in international markets to buy Kenyan coffee directly without the involvement of middlemen. New KPCU submitted that the agency is not well equipped to ensure the quality of the coffee as per the needs of international markets. In view of this, New KPCU submitted that it requires modern machinery and equipment to be able to effectively cater for international buyers' needs. The machinery and equipment include: electronic color sorters and generators as well as cupping laboratories. Additionally, the agency requires funding to modernize its warehouses which do not meet international standards. The budgetary allocation required is Kshs. 2.7 billion.
42. It was also noted that New KPCU does not pay the farmers directly once they deliver their coffee to the agency, however, there is a Direct Settlement System for settling the payment to farmers who deliver their coffee, this will ensure efficiency in the payment process. Notably, with regard to payment to farmers the agency has an allocation of Kshs. 4 billion in FY 2023/24, however, only Kshs. 500 million has been disbursed due to delays in exchequer releases.
43. The Committee observed that, there is public outcry from farmers who have not received payment for the milk supplied to New KCC. The agency received an allocation of Kshs. 500 million in FY 2022/23 for the mop up of excess milk and it is proposed to receive a total Kshs. 1.5 billion in FY 2023/24 out of which Kshs. 400 million was in Supplementary 1 Estimates and Kshs. 500 million has already been disbursed under Article 223 for the mop up of excess milk. The State Department submitted that during glut there is an increase in milk collection by 30% which is converted into milk powder. The powder is however stored as inventory awaiting sales, and the agency currently has stock worth up to Kshs. 1.3 billion. It was also submitted that the processing expenses incurred in conversion of milk to powder are significant, adding to its production overheads.

44. The Committee noted that there is need for New KCC to fetch for international markets for its commodities. The agency submitted that it is currently in the process of securing new markets for its products. This is due to the fact that the cost of production locally and its business model does not allow New KCC to compete favorably in the local market.
45. The Committee raised concerns on the funds allocated to conduct an inquiry into Moi University SACCO (MUSCCO). The State Department submitted that the SACCO was under liquidation with Kshs. 350 million belonging to SACCO members at stake. It was also submitted that, the inquiry emanated from a recommendation from the Senate following a petition by the County Government of Uasin Gishu. Notably, the mandate of SASRA could not be applied in this instance because the agency deals with already existing licensed SACCOs however MUSCCO is already under liquidation.

4.2 State Department for Trade

46. The Committee noted the State Department has accrued foreign exchange losses amounting to Kshs. 65.4 million in FY 2023/24 from supporting trade attaché commercial offices in the seventeen (17) countries abroad, and this is as a result of the depreciation of the Kenyan shilling. An allocation to cater for the foreign exchange losses was not budgeted for in the financial year and it has not been included in the Supplementary Estimates.
47. The State Department undertakes the negotiations of trade agreements. The Kenya EU Economic Partnership Agreement was ratified, and currently the State Department is pursuing trade agreements with USA, Indonesia and UAE. The State Department submitted that it requires Kshs. 27.63 million for the dissemination of information on trade and investment opportunities arising out of the negotiations. This is in view of the lessons learnt from AGOA, there is need for sensitization of the various preferences in the trade agreements to allow for sufficient utilization by market players.
48. That due to the delays in the approval of the County Government Additional Allocations Bill, 2023, as well as the delays in exchequer disbursement, exchequer releases for the CAIPs were disbursed in the last quarter of the FY 2023/24 and it amounted to Kshs. 1.125 billion which was divided among the 18 counties at Kshs. 62.5 million per County.

4.3 State Department for Industry

49. The Committee noted that the State Department for Industry is currently involved in distributing cotton seeds to farmers. However, it observed that the partnership between the State Department and County Governments to conduct this distribution has not been effective. The Committee advised the Principal Secretary to review the distribution process, since delays in distribution negatively affects the timely production of cotton which is a raw material for the textile industry in Kenya.

4.4 State Department for MSMEs Development

50. The Committee noted that there is need to review the regulations underpinning Uwezo Fund. Concerns were raised over the eligibility of constituencies with high default rates. Further, concerns were raised by the Committee concerning the prolonged loan processing time which can take up to 5-6 months. The Committee noted that there is need to also increase the allocation for the fund in order to raise the amount of funds allocated per constituency. The fund has an allocation of Kshs. 242 million in FY 2023/24.

4.5 State Department for Investment Promotion

51. The Committee observed that EPZ has an allocation of Kshs. 2.4 billion in FY 2023/24 to establish 6 EPZ hubs in 6 different counties namely: Sagana, Del Monte, Egerton, Nasewa, Eldoret ICDC and Samburu (Kwale) EPZ Hubs. It was observed that the 6 EPZ hubs have been gazetted but due to delays in exchequer disbursements the flagship hubs have only received an allocation of Kshs. 300 million out of the Kshs. 2.4 billion.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

5.1 Approval of Expenditures under Article 223

5.1.1 State Department for Cooperatives

52. The Committee approves the expenditure of **Kshs. 500 million** for the mop up of excess milk under New KCC, which was disbursed by the National Treasury on 14th November, 2023. The funds were withdrawn and spent by the government agency on 24th November, 2023.

5.2 Financial Recommendations

Committee reallocations

53. The Committee recommends the following reallocations with justification as per the attached schedule 1.

5.2.1 State Department for Cooperatives

54. The Committee recommends the following amendments in the FY 2023/24 Supplementary II Budget Estimates for the State Department for Cooperatives.

5.2.1.1 Increases

Recurrent expenditure

i. An increase of Kshs. 50 million to facilitate the recruitment process at New KPCU. The allocation will cater for facilities for the new staff. The agency requires furniture, office equipment and office space.

Development expenditure

i. An increase of Kshs. 350 million for the modernization of New KPCU warehouses. To implement the ongoing coffee reforms, New KPCU urgently requires to modernize its warehouses to meet international standards.
ii. An increase of Kshs. 39.846 million to settle a pending bill for supplies that have already been delivered for the Coffee Industry Revitalization Project.

5.2.1.2 Reductions

Recurrent expenditure

i. A decrease of Kshs. 17.6675 million from the allocation to Moi University Sacco's inquiry under Administrative Services.

Development expenditure

i. A decrease of Kshs. 300 million from the dairy processing of powdered milk by New KCC.
ii. A decrease of Kshs. 50 million from modernization of Cooperative Cotton Ginneries.
iii. A decrease of Kshs. 4.046 million from the Coffee Industry Revitalization project.

5.2.2 State Department for Trade

55. The Committee recommends the following amendments in the FY 2023/24 Supplementary II Budget Estimates for the State Department for Trade.

5.2.2.1 Increases

Recurrent expenditure

i. An increase of Kshs. 7.132 million as a reallocation from Foreign Trade Service to Operation and Maintenance at the Headquarters.

ii. An increase of Kshs. 150 million for Kenya Exports Promotion and Branding (KEPROBA) for preliminary setting up of prerequisite activities for readiness of Kenya's participation in the World Expo, 2025 in Osaka Japan.

5.2.2.2 Decreases

Recurrent expenditure

i. A decrease of Kshs. 7.132 million as a reallocation from Foreign Trade Service to Operation and Maintenance at the Headquarters.

5.2.3 State Department for Industry

56. The Committee recommends the following amendments in the FY 2023/24 Supplementary II Budget Estimates for the State Department for Industry.

5.2.3.1 Increases

Recurrent expenditure

i. An increase of Kshs. 8 million for Numerical Machine Complex as a reallocation from development expenditure to recurrent expenditure.

ii. An increase of 20 million for Operation and Maintenance at the headquarters. The allocation will cater for public participation towards finalization of the State Department's Strategic plan as well monitoring and evaluation expenses.

5.2.3.2 Decreases

Recurrent expenditure

i. A decrease of Kshs. 50 million from the recurrent expenditure allocation for KIRDI.

Development expenditure

i. A decrease of Kshs. 8 million from Numerical Machine Complex as a reallocation from development expenditure to recurrent expenditure.
ii. A decrease of Kshs.189.846 million from the construction of industrial research laboratories in KIRDI South B.

5.2.4 State Department for MSMEs Development

57. The Committee recommends the following amendments in the FY 2023/24 Supplementary II Budget Estimates for the State Department for MSMEs Development.

5.2.4.1 Increases

Recurrent expenditure

i. An increase of Kshs. 156 million to cater for recurrent expenditure for the facilitation of the Constituencies Uwezo Fund Management Committees operations.

Development expenditure

i. An increase of Kshs. 100 million to Micro Small Enterprise Authority (MSEA) to cater for pending bills in the construction and equipping of Constituency Industrial Development Centers (CIDCs).

5.2.4.2 Decreases

Development expenditure

i. A decrease of Kshs. 120 million from the Youth Enterprise Development Fund.
ii. A decrease of Kshs. 156 million from the development expenditure of Uwezo Fund, as a reallocation to its recurrent expenditure.

5.2.5 State Department for Investment Promotion

58. The Committee recommends the following amendments in the FY 2023/24 Supplementary II Budget Estimates for the State Department for Investment Promotion.

5.2.5.1 Increases

Recurrent expenditure

i. An increase of Kshs. 15 million as a reallocation within its Operation and Maintenance budget at the Headquarters.
ii. An increase of Kshs. 86.1735 million for Keninvest to cater for investor attraction and facilitation services.
iii. An increase of Kshs. 125 million for the establishment of the staff structure, office space and equipment and for shortfalls in personnel emoluments at Special Economic Zones Authority.

5.2.5.2 Decreases

Recurrent expenditure

i. A decrease of Kshs. 15 million as a reallocation within its Operation and Maintenance budget at the Headquarters.
ii. A decrease of Kshs. 64.46 million from recurrent expenditure for the Export Processing Zones Authority (EPZA).
iii. A decrease of Kshs. 125 million from development expenditure to recurrent expenditure for Special Economic Zones Authority on account of low absorption.

Request for additional Funding

State Department for Cooperatives

i. Request for additional funding of Kshs. 600 million for the modernization of New KPCU in view of the ongoing coffee reforms.

Schedule 1: Committee Reallocations

Committee Increases in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	New KPCU	445.2		**50**		495.2		New KPCU has a planned recruitment process. The allocation will cater for facilities for the new staff. The agency requires furniture, office equipment and office space.
	New KPCU		4,000		**350**		4,350	An increase of Kshs. 350 million for the modernization of New KPCU warehouses. To implement the ongoing coffee reforms, New KPCU urgently requires to modernize its warehouses to meet international standards. The tenders have already been advertised.
	Coffee Industry Revitalization		4.046		**39.846**		43.892	An increase of Kshs. 39.846 million to settle a pending bill for supplies that have already been delivered for the Coffee Industry Revitalization project.
Vote 1174: State Department for Trade								
General Administration, Planning and Support Services	Headquarters Administrative Services	627.24		**7.132**		634.37		An increase of Kshs. 7.132 million as a reallocation from Foreign Trade Service to Operation and Maintenance at the Headquarters.
International Trade	KEPROBA	566.6		**150**		716.6		An increase of Kshs. 150 million for Kenya Exports Promotion and Branding (KEPROBA) for preliminary setting up of

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Development and Promotion								prerequisite activities for readiness of Kenya's participation in the World Expo, 2025 in Osaka Japan.
Vote 1175: State Department for Industry								
Industrial Promotion and Development	Numerical Machine Complex	476.03		**8**		484.03		An increase of Kshs. 8 million for Numerical Machine Complex as a reallocation from development expenditure to recurrent expenditure.
General Administration Planning and Support Services	General Administration and Planning	396.81		**20**		416.81		An increase of 20 million for Operation and Maintenance at the headquarters. The allocation will cater for public participation towards finalization of the State Department's Strategic plan as well monitoring and evaluation expenses.
State Department for MSMEs Development								
Promotion and Development of MSMEs	Micro Small Enterprise Authority (MSEA)		232.90		**100**		332.90	An increase of Kshs. 100 million to Micro Small Enterprise Authority (MSEA) to cater for pending bills in the construction and equipping of Constituency Industrial Development Centers (CIDCs).
Digitization and Financial Inclusion for MSMEs	Youth Employment and Enterprise Initiative) Uwezo Fund	153.7		**156**		309.7		An increase of Kshs. 156 million to cater for recurrent expenditure for the facilitation of the Constituencies Uwezo Fund Management Committees operations.
State Department for Investment Promotion								

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Budget Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Investment Development and Promotion	General Administration and Planning	272.94		**15**		287.94		An increase of Kshs. 15 million as a reallocation within its Operation and Maintenance budget at the Headquarters.
	Kenivest	323.41		**86.1735**		409.5835		An increase of Kshs. 86.1735 million for Keninvest to cater for investor attraction and facilitation services.
	Special Economic Zones Authority	120.37		**125**		245.37		An increase of Kshs. 125 million for the establishment of the staff structure, office space and equipment and for shortfalls in personnel emoluments at Special Economic Zones Authority.
Total Committee Increases				**617.3055**	**489.846**			

Committee Reductions in Kshs. Millions

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Vote 1173: State Department for Cooperatives								
Cooperative Development and Management	Administrative Services	305.83		**(17.6675)**		288.16		A decrease of Kshs. 17.6675 million from the MUSCCO inquiry. The Committee recommends that the Inquiry into the collapse of Moi University SACCO should be conducted using resources from the allocated O&M recurrent budget at the Headquarters.
	New KCC		1,500		**(300)**		1,200	A decrease of Kshs. 300 million from New KCC. The agency has already received disbursement of Kshs. 900 million for the mop up of excess milk from farmers in FY 2023/24. An additional Kshs. 300 million to mop up excess milk will be sufficient before the close of the financial year.
	Modernization of Cooperative Cotton Gineries		100		**(50)**		50	A decrease of Kshs. 50 million from the Modernization of Cooperative Cotton Ginneries. The allocation of Kshs. 100 million was for the modernization of Pavi Cotton Ginnery. The State Department is yet to receive the certificates from the State Department for Public Works. The project will not be able to absorb the funds and complete the works before the close of the financial year.
	Coffee Industry Revitalization		4.046		**(4.046)**		0	A decrease of Kshs. 4.046 million from the Coffee Industry Revitalization project. The allocation is minimal and it is therefore insufficient to cater for the modernization of coffee factories.
Vote 1174: State Department for Trade								

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
International Trade Development and Promotion	Foreign Trade Services	300.15		**(7.132)**		293.018		A decrease of Kshs. 7.132 million as a reallocation from Foreign Trade Service to Operation and Maintenance at the Headquarters.
Vote 1175: State Department for Industry								
Industrial Promotion and Development	Numerical Machine Complex	40.22		**(8)**		32.22		A decrease of Kshs. 8 million from Numerical Machine Complex as a reallocation from development expenditure to recurrent expenditure.
Standards & Quality Infrastructure & Research	KIRDI	776.14		**(50)**		726.14		A decrease of Kshs. 50 million from the recurrent expenditure allocation for KIRDI. KIRDI received an allocation of Kshs. 132 million to cater for pending bills in recurrent expenditure. The State Department submitted that the pending bill as at 31st March 2024 amounted to Kshs. 59.1 million.
Standards & Quality Infrastructure & Research	KIRDI		262.79		**(189.846)**		72.944	A decrease of Kshs.189.846 million from the construction of industrial research laboratories in KIRDI South B.
State Department for MSMEs Development								
Digitization and Financial	Youth Enterprise		145		**(120)**		25	A decrease of Kshs. 120 million from the Youth Enterprise Development Fund.

Programme	Head/ Delivery Unit	FY 2023/24 Supplementary II Budget Estimates		Proposed Committee Changes		Committee Revised FY 2023/24 Estimates		Justification
		Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	
Inclusion for MSMEs	Development Fund (YEDF)							
Digitization and Financial Inclusion for MSMEs	Youth Employment and Enterprise Initiative) Uwezo Fund		242		**(156)**		86	A decrease of Kshs. 156 million from the development expenditure of Uwezo Fund, as a reallocation to its recurrent expenditure.
State Department for Investment Promotion								
Investment Development and Promotion	General Administration and Planning	272.94		**(15)**		257.94		A decrease of Kshs. 15 million as a reallocation within its Operation and Maintenance budget at the Headquarters.
	Export Processing Zones Authority	639.46		**(64.46)**		575		A decrease of Kshs. 64.46 million from recurrent expenditure for the Export Processing Zones Authority (EPZA).
	Special Economic Zones Authority		**430**		**(125)**		**305**	A decrease of Kshs. 125 million from development expenditure to recurrent expenditure for Special Economic Zones Authority on account of low absorption.
Total Committee Reductions				**(162.2595)**	**(944.892)**			