



REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY



TENTH PARLIAMENT – FOURTH SESSION

THE DEPARTMENTAL COMMITTEE
ON
AGRICULTURE, LIVESTOCK AND COOPERATIVES

REPORT
ON
THE EXAMINATION OF FINANCIAL ESTIMATES FOR THE YEAR 2012/2013
YEAR

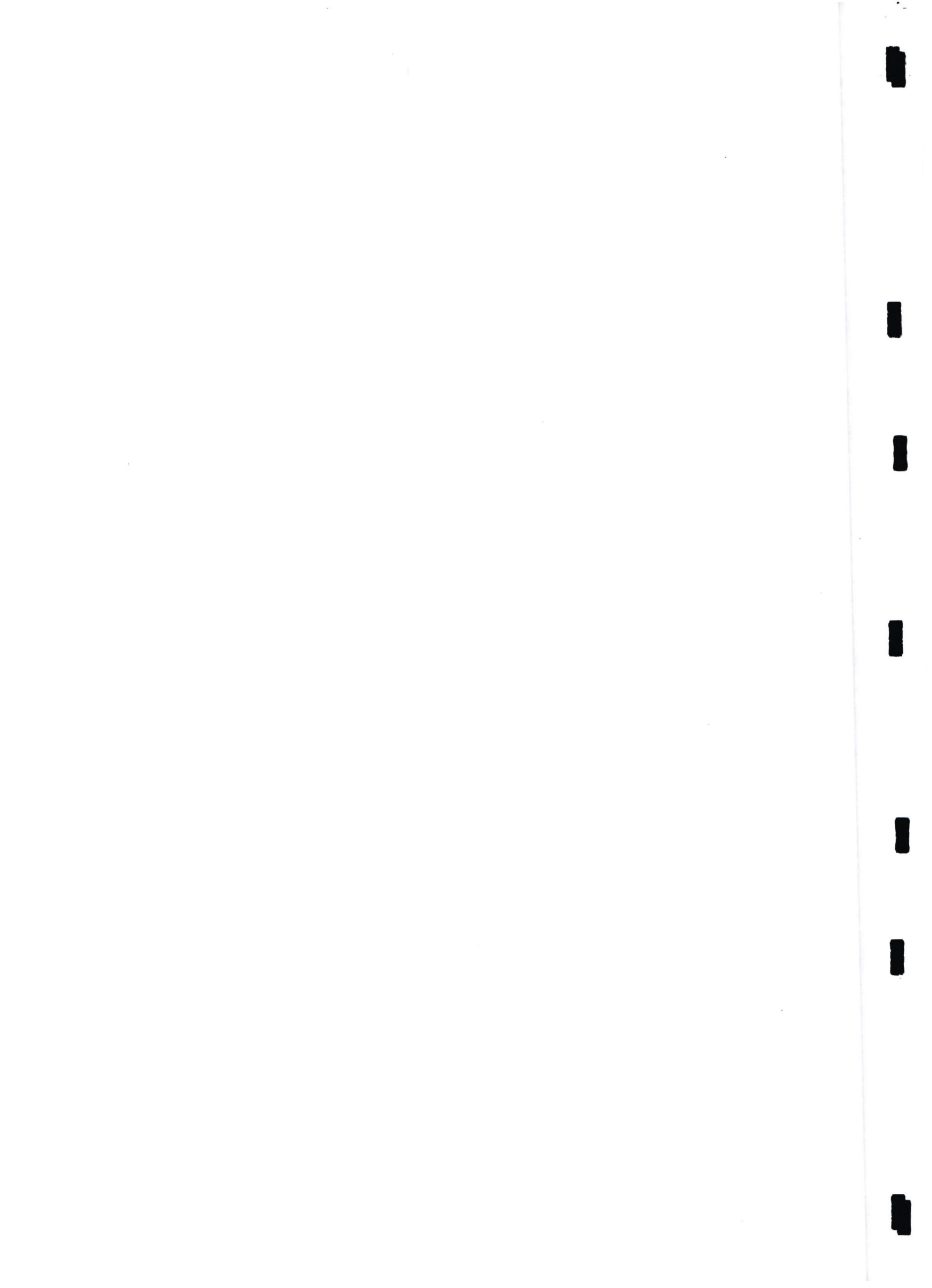
FOR
THE MINISTRIES OF:-

- 1) REGIONAL DEVELOPMENT AUTHORITIES (VOTE 109);
- 2) AGRICULTURE (VOTE 110);
- 3) LIVESTOCK DEVELOPMENT (VOTE 119);
- 4) COOPERATIVE DEVELOPMENT AND MARKETING (VOTE 122);
- 5) FISHERIES DEVELOPMENT (VOTE 156); AND
- 6) STATE FOR THE DEVELOPMENT OF NORTHERN KENYA AND OTHER ARID LANDS (VOTE 158)

PARLIAMENT BUILDINGS
NAIROBI

MAY, 2012

*paper used
by Hon. Cheptembo
on 23/5/2012 -
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PREFACE

Mr. Speaker, Sir,

The Departmental Committee on Agriculture, Livestock and Cooperatives is established under Standing Order No. 198. Its mandate pursuant to Standing Order 198(3) is:-

- a) to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- b) to study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;
- c) to study and review all legislation referred to it;
- d) to study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with its 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 or a Minister and
- f) to make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Committee comprises the following Members:-

1. The Hon. John M. Mututho, MP (Chairperson)
2. The Hon. Lucas Chepkitony, MP (Vice Chairperson)
3. The Hon. Benson Mbai, MP
4. The Hon. (Dr.) Victor Munyaka, MP
5. The Hon. John D. Pesa, MP
6. The Hon. (Dr.) Erastus Mureithi, HSC, MBS, MP
7. The Hon. (Dr.) Robert Monda, MP
8. The Hon. Evan Akula, MP
9. The Hon. Benjamin Washiali, MP
10. The Hon. Frederick Outa, MP
11. The Hon. (Dr.) Mohammad Sirat, MP

Mr. Speaker, Sir,

The Committee exercise oversight role on the work and administration of the following six Ministries and their departments:-

- 1) Ministry of Agriculture;

- 2) Ministry of Co-operative Development and Marketing;
- 3) Ministry of Regional Development;
- 4) Ministry of State for Development of Northern Kenya and other Arid Lands;
- 5) Ministry of Livestock Development; and
- 6) Ministry of Fisheries Development.

In accordance with the Second Schedule of the Standing Orders, the Departmental Committee is mandated to cover subject areas relating to:-

- (i) agriculture
- (ii) livestock
- (iii) fisheries development
- (iv) co-operatives development
- (v) production and marketing

On Thursday, 26th April, 2012, the Minister for Finance laid before the House the Budget Estimates for the Financial Year 2012/2013. The estimates were thereafter committed to the Committees of the House for scrutiny and report its recommendations to the House pursuant to provisions of section 221(4) of the Constitution and the Standing Order 152.

This Report contains the deliberations of the Departmental Committee on Agriculture, Livestock and Cooperatives on the Printed Estimates which included the submissions presented by the Ministries under its purview.

In its examination of the Printed Estimates, the Committee was keen to link the key policy goals of the Agriculture sector which include:-

- i) raising agricultural productively through generation and promotion of technologies and increased resource allocations;
- ii) exploiting irrigation potential;
- iii) increased commercialization of agriculture;
- iv) undertaking a comprehensive review of the legal and policy framework for the sector;
- v) improving governance of the sector institutions;
- vi) land development and
- vii) promotion of sustainable management and the available resources for the sector in the financial year 2012/13.

The allocation reflects a decrease of 0.4 percent from the 2010/11 year and far below the critical level of 10 percent as agreed under the Maputo Protocol in 2003 by the African governments.

This continued underfunding threatens any meaningful effort being made to achieve food security and consequently our continued on expensive imports to address food deficits.

Mr. Speaker, Sir;

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

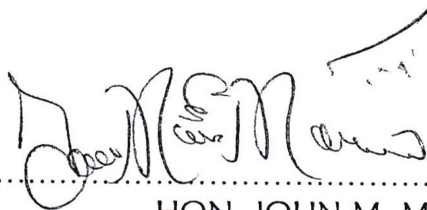
The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support and services extended to the Members to enable the Committee complete the exercise smoothly.

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

On behalf of the Committee, I now have the honour and pleasure to present this Report on the Examination of the 2012/13 to the House.

Thank You

SIGNED



HON. JOHN M. MUTUTHO, MP
(CHAIRMAN)

DATE.....

22/5/2012

1.0 INTRODUCTION

Mr. Speaker, Sir,

01. On Thursday, 26th April, 2012, the Minister for Finance laid before the House the Budget Estimates for the Financial Year 2012/2013 pursuant to the provisions of Section 221(1) of the Constitution (2010).
02. Section 221 (4) stipulates that ‘a Committee of the Assembly shall discuss and review estimates and make recommendations to the Assembly’.
03. The Standing Order 152 provides that ‘the Annual Estimates are committed to the respective Departmental Committees according to their mandates’.
04. Sections 201 (a) and 221(5) of the Constitution further provides that the Committees shall seek public participation regarding public financial matters:-
 - (i) Section 201 (a) states as one of the principles of Public Finance that ‘there shall be openness and accountability including the public participation in financial matters’;
 - (ii) Section 221 (5) states that ‘In discussing and reviewing the estimates, the Committee shall seek representations from the public and the recommendations shall be taken into account when the Committee make its recommendations to the National Assembly’.
05. The summary of the submissions from the Public Hearings and meeting with the Ministries under the purview of the Departmental Committee on Agriculture, Livestock and Co-operatives are presented here below.

2.0 THE PUBLIC HEARINGS

06. The Budget Committee together with the subject Departmental Committees conducted the Public Hearings on the 2012/2013 Financial Estimates in venues spread across the country to attract

wider participation of the public. The views were conducted from 11th to 14th May, 2012, in a total of seventeen (17) centres, as presented in the Table below.

Region	Venue	Date
1. Machakos	Machakos Municipal Hall	Friday, 11 th May, 2012
2. Nyeri	Nyeri Municipal Hall	Friday, 11 th May, 2012
3. Nakuru	Nakuru Municipal Hall	Friday, 11 th May, 2012
4. Kericho	Kericho County Hall	Friday, 11 th May, 2012
5. Kisumu	Kisumu Municipal Hall	Friday, 11 th May, 2012
6. Kisii	Kisii Municipal Hall	Friday, 11 th May, 2012
7. Kitale	Kitale Municipal Hall	Friday, 11 th May, 2012
8. Bungoma	Bungoma Municipal Hall	Friday, 11 th May, 2012
9. Malindi	Malindi Municipal Hall	Friday, 11 th May, 2012
10. Isiolo	Isiolo Municipal Hall	Friday, 11 th May, 2012
11. Meru	Meru Municipal Hall	Saturday, 12 th May, 2012
12. Kakamega	Kakamega Municipal Hall	Saturday, 12 th May, 2012
13. Wajir	Wajir Municipal Hall	Saturday, 12 th May, 2012
14. Nyandarua	Nyahururu Municipal Hall	Monday, 14 th May, 2012
15. Voi	Voi Municipal Hall	Monday, 14 th May, 2012
16. Lodwar	Lodwar Municipal Hall	Monday, 14 th May, 2012
17. Nairobi	County Hall, Parliament Buildings	Monday, 14 th May, 2012

07. The views expressed by the public were varied and diverse and reflected what they thought constituted their priorities in the 2012/13 Budget.
08. In respect of agricultural sector, the public raised diverse issues, including the following:-
- 1) The Kshs. 22.1 billion allocation to Ministry of Agriculture was too little to ensure achievement of food sufficiency in the country; explaining that the Ministry requires adequate financial resources to provide for availability affordable subsidized farm inputs, especially fertilizers and seeds, whose costs were out of reach to most farmers and faced by inefficient distribution network, delays and exploitation by middlemen.

- 2) The Budget should be agriculture-oriented as Kenya is an agricultural economy. Subsequently, they proposed that the Budget for Agriculture be up-scaled from the allocations of Kshs. 22.1 billion to at least 41.56 billion to build on initiatives that will enhance food security, explaining that investment in agriculture would create more jobs and produce raw materials for promotion of agro-based industries that are necessary for value addition and in industrial growth.
- 3) More funds be allocated to Ministry of Agriculture to make provisions for adequate funds to the National Cereals and produce Board to guarantee purchase of maize from farmers during harvest season in the year.
- 4) The prices of DAP fertilizer should be fixed at Kshs. 1600 per bag and that of CAN should have a maximum price of Kshs. 1000 per bag. However, small scale farmers should be given farm inputs (fertilizer and seeds) for free.
- 5) The Government fast tracked establishment a fertilizer factory to curb high cost of fertilizer as a result of importation, explaining that the necessary raw materials are readily available, e.g., in Counties of Bungoma and Pokot.
- 6) Sugarcane, as a source of livelihood in Western and Nyanza areas of the country, should attract debt waivers like other cash crops, such as, coffee.

Subsequently, the farmers in Western Kenya raised the issue of debt amounting to Kshs 12 million bedeviling the Nzoia Sugar Company which they needed paid through provision in the budget of the relevant Ministry of Agriculture.

- 7) The sugar levy be reverted to the former 7% after it had been reduced to 4%, to increase revenue collection, especially in respect of industrial sugar which allow sugar industries reap huge profits at the expense of consumers as the benefits are not trickling down to the consumer.
- 8) Adequate budgets be provided to strengthen agricultural extension services and improve training centres and facilities for

agricultural extension workers to gain leverage in educating farmers to enhance agricultural production through good crop husbandry.

- 9) Enhance funds for intensification of irrigation projects in ASALs, especially in the North Eastern parts of the country to enhance food security in the country.

The public proposed that the government should harmonize the irrigation process for better implementation and monitoring since it is presently being undertaken by a number of Ministries in uncoordinated manner.

- 10) Funds to establish mobile weigh bridges in sugar growing areas to facilitate farm gate weights of sugar cane and prevent farmer losses during transportation to the factories and weights undertaken at factories when farmers are out of reach.
- 11) Allocate more funds to the Ministry of Co-operative Development and Marketing to facilitate farmers' commodity marketing and value addition of produce.
- 12) Thanked the Government through the Ministries of Fisheries Development for the promotion of fish farming through construction of fish ponds in the constituencies under the ESP.

The public explained the benefits arising from creating employment and food security, and proposed that more funds be allocated in the 2012/13 budget to Ministry of Fisheries Development to up-scale the development of fish farming in the effort to reduce poverty and create more employment opportunities.

Introduction of fisheries at the Turkwell multi-purpose Dam was cited as an urgent priority to improve lives of the Turkana people

- 13) The Ministry of Livestock Development be provided with more funds in the 2012/13 budget since livestock is a livelihood of many Kenyans, especially among the pastoralist

communities. Subsequently, the public made proposals, as follows:-

- i) Monies be got from the Ministry of Finance where huge budgetary allocations have been put in the budget yet it is not a productive sector.
- ii) Additional funding to the Ministries of Fisheries and Livestock be sourced from cuts from the Ministry of Regional Development explaining it mostly duplicates activities of other ministries like agriculture.
- iii) The Government should harmonize the irrigation process for better implementation and monitoring since it is presently being undertaken by a number of Ministries.
- iv) More funding to the Ministry of Livestock for the construction of abattoirs in livestock keeping areas.

14) The Kerio Valley Development Authority (KVDA) requires funds to implement its proposed projects during the 2012/13 financial year in the region and requests. KVDA requested that the government should harmonise the irrigation process for better implementation and monitoring since it is presently being undertaken by a number of Ministries.

15) In particular, the Kenyans sought to understand how the budget provided for the following issues:-

09. In the end, the public suggested that future Public Hearings on the budget should be well publicized and time given to them so to make informed proposals on the budget.

They further suggested that their recommendations should be reflected in the report of the Committees of Parliament, and that, they be provided with the feedback on what had been achieved in the previous public hearings.

It is only in this way that the public views would not be given in vain.

3.0 EXAMINATION OF BUDGET ESTIMATES WITH MINISTRIES

10. The Departmental Committee on Agriculture, Livestock and Cooperatives met with the six (6) Ministries which it exercises oversight function on the 7th -10th May 2012. They are:-

- 1) Ministry of Agriculture (**Vote 110**)
- 2) Ministry of Cooperative Development and Marketing (**Vote 122**)
- 3) Ministry of Regional Development Authorities(**Vote 109**)
- 4) Ministry of Livestock Development (**Vote 119**)
- 5) Ministry of Fisheries Development (**Vote 156**)
- 6) Ministry of Development of Northern Kenya and Other Arid Lands (**Vote 158**)

11. The deliberations focused on achievements in the 2011/12 Financial Year, current allocations and whether the current allocations for Financial Year 2012/13 will ensure priority programmes are implemented.

12. The Committee was also keen to know which key priority programs required funding and were however not allocated funds in the 2012/13 estimates.

3.1 MINISTRY OF AGRICULTURE (VOTE 110)

13. The Ministry of Agriculture is mandated to promote and facilitate attainment of food security and increased incomes through enhanced food production and employment creation.

It is further mandated to formulate, implement and monitor policies and legislations, and enhance sustainable use of land resources as a basis for agricultural enterprises.

14. According to the Ministry, the overall goal of the agricultural sector, as envisaged in the Agriculture Sector Development Strategy (ASDS), is to achieve an average growth rate of 7 percent per year over the next 5 years which is above the 6 percent envisaged by Comprehensive African Agriculture Development Programme (CAADP).

15. In line with the Vision 2030, the Ministry has two flagship projects, namely:-
- 1) Enactment of a consolidated Agricultural Reform Bill, from which four (4) draft Bills have already been prepared.
 - 2) Undertake a fertilizer 3-tier cost reduction programme; A draft feasibility report has been prepared and being analyzed.
16. The Ministry has three programme based budgeting areas:-
- i) Policy, strategy and management of Agriculture;
 - ii) Crop development and management; and
 - iii) Agribusiness and Agricultural Information Management.
17. While making presentation to the Committee on Agriculture, the Minister outlined the impact of the Key interventions in 2011/12 financial year regarding:-
- i) Policy, legal and regulatory framework – include 5 legislations prepared and policies on pyrethrum and horticultural development.
 - ii) Increased agricultural productivity – led to increased yields and value of crops realized.
 - iii) Support to extension and research - millions of farmers reached and increased access to agri-technologies.
 - iv) Access to markets and inputs - thousands of farmers supported under various programmes e.g., National Accelerated Agricultural Input Access Programme (NAAIAP), Kilimo Biashara, orphan crops and subsidized fertilizer.
18. While providing the justifications for the Ministry's expenditure for the 2012/2013 financial year, the Minister explained, as follows:-
- 1) The Ministry requested Kshs 10,736,000,000 for recurrent expenditure but was allocated Kshs. 9,525,437,080 indicating a variance of negative Kshs. 1,210,562,920.

In the Development expenditure, it requested Kshs. 51,646,000,000 but was allocated Kshs. 12,573,704,599 with a whopping variance of negative Kshs. 39,072,295,401.

The total deficit in, both the recurrent and development expenditure, stands at negative Kshs. 40,282,858,321.

- 2) The Ministry's recurrent budget has been increased from Kshs. 8,845,508,639 in 2011/12 to Kshs. 9,525,437,080 in 2012/13, reflecting an increase of 679,928,441.

However, the development allocation has decreased from Kshs. 15,980,192,543 in 2011/12 Financial year to Kshs 12,573,704,599 in the 2012/13 year, indicating a decrease by Kshs. 3,406,487,944.

- 3) The following projects and programmes were not funded under the Development **Vote (D110)** as proposed by the Ministry:-

- a) Establishment of seed and fertilizer fund
- b) Establishment of smallholder irrigation schemes
- c) Purchase of Agricultural machinery
- d) Implementation of farm forestry policy (10% tree cover)
- e) Construction of water harvesting structures
- f) Post Harvest crop management (stores and driers) and;
- g) Counterpart funding and on-going programmes

- 4) The Ministry received Kshs 8,664,230,361 in the 2011/12 year and 7,329,859,154 in the 2012/13 year from donors and other development partners. An additional Kshs. 2.384 billion have been negotiated for the next financial year but which have not included in the budget.

19. While considering the printed estimates of the Ministry and the presentations made by the Minister, the Committee noted that:-

- 1) The total allocation to the Ministry is about 1.5% of the country's total budget which is far below the **Maputo Declaration of 2003** that Agriculture should be allocated at least 10% of the total budget. It is therefore unlikely that this

will be adhered to even after combining the budget for all other Ministries in the agricultural sector.

- 2) Allocations of funds to KARI and other research institutes such as cotton, coconut and horticulture development authorities that are for specific crops as well as coffee, tea, and sugar research foundation might lead to duplication of similar activities.
- 3) Procurement of seed and fertilizer should be adequately funded as it remains a critical input in effort to increase food production. Although this has been allocated 640 million in the 2012/13 year, this is inadequate against to high cost of food imports arising as a result of our failure to plan well and delays in planting.
- 4) The country has experienced intermittent food shortage in the recent past leading to an escalation of food prices and rising inflationary pressures. This might persist if investment in the agriculture sector is not done to promote food production.
- 5) A number of essential programmes critical in ensuring food security have not been adequately funded. These include establishment of small holder irrigation scheme, purchase of agricultural machinery, implementation of farm forestry policy (10% tree cover), construction of water harvesting structures and post harvest crop management (stores and driers).
- 6) The small holder irrigation schemes and post harvest crop management (driers and stores) are especially of priority importance. Small holder irrigations are efficient in water use management while post harvest crop management work to minimize crop losses due to poor storage.

The Committee therefore reiterates its earlier recommendation in its report of Budget Policy Statement, BPS (April 2012), that additional funding be provided in the budgets to cater for these proposals by the Ministry.

- 7) Given the meagre budgetary provisions to the agricultural sector every financial year, Kenya can not be able to make

progress in securing food security for itself and achievement of Vision 2030. This needs to be up scaled in order to increase agricultural activity as recommended in the report of Budget Committee on the BPS (April 2012).

20. Consequently, the Committee noted and recommended, as follows:-

- 1) The Committee agrees with the public that the budgetary allocations in the agriculture sector are very low compared to the total budget.

Therefore, adequate funding to the Ministry of Agriculture to-

- improve access to farm inputs, especially cover cost of quality seeds and fertilizer be provided to increase food production in the effort to achieve food security and thwart expensive food importation; and
 - to make provisions for adequate funds to the National Cereals and produce Board to guarantee purchase of maize from farmers during the year, which has also emerged during the public hearings on the budget.
- 2) The Committee proposes that monies be cut from the Kshs. 17 billion to the National Irrigation Board's in the Ministry of Water and Irrigation, and the budgets amounting to Kshs. 17 billion for purchase of 5.7 million bags of maize under the fiscal risk or pending expenditure. These monies be used to implement a pilot study of drip irrigation immediately following the commencement of the financial year in selected irrigated areas in the country.
 - 3) The budgetary allocations for the 2012/13 financial year be provided to cover the costs of on-going flagship projects which the Ministry explained had not or inadequately been funded. These projects have been explained in paragraph 18(3).
 - 4) The projects achieved by the Ministry in the 2011/12 reflected the activities which had been requested and provided in the budget. Therefore, the Committee was satisfied the monies had been used according to the plans.

5) The transfer of resources to the SAGAS under the Ministry is substantial yet these investments have not yielded commensurate returns to the public.

- Strategic SAGAS like the AFC, ADC, KFA and PBK in particular needs greater attention to make them efficient in their operations.
- The revived KFA is strategic in distribution of fertilizers and seeds in addition to the function being played by NCPB.
- A budget is required to revive the PBK for its production of pyrethrum which is in demand internationally. The committee proposes a budget of Kshs. 350 million to save the PBK.
- The ADC stop the intended selling or leasing part of Galana ranch and instead the land be used for drip irrigation of Maize production with the support from bilateral partnerships.
- In the meanwhile, the Committee congratulates the ADC for its good performance in the past year.
- The AFC needs monies to build its capacity to respond to the demand by the public to borrow credit from the corporation due to its low interest rates. This is in line with the House resolution passed in 2011 urging the government to provide an amount of Kshs. 2 billion to the Corporation towards this credit scheme.

6) As previously, the Committee reiterates its recommendations that irrigation sector, the National irrigation Board (NIB) and Strategic Grain Reserve (SGR) be reverted to the Ministry of Agriculture which is in charge food production and with the capacity to deal with irrigation matters.

Consequently the NIB's budget be re-allocated under the Ministry of Agriculture and enhanced to take on board all the small and large irrigation schemes in the country.

7) Maize importation into the country be banned and funds set aside for such imports be redirected to the food production

sectors in the agricultural sector. The monies are to be used to initiate small scale irrigation schemes utilizing the drip irrigation.

- 8) The Committee concurs with the public that prices of DAP fertilizer should not be more than Kshs. 1600 per 50-Kg bag and that of CAN should have a maximum price of Kshs. 1000 per bag, and that small scale farmers should be given farm inputs (fertilizer and seeds) for free.
 - 9) The Government fast tracked the establishment a fertilizer factory to curb high cost of fertilizer as a result of importation as proposed by the public. The Committees notes with concern that plans to construct the factory had been in the domain of the Government for long since 1970's
 - 10) The Committee is concerned that budgetary provisions have not been allocated for the consolidation of the Agricultural sector Acts which have been prepared. In particular, the committee recommends an amount of Kshs. 500 million allocated for patrol boats under the ministry of fisheries to be re-allocated to the implementation of Agriculture livestock Food and Fisheries Authority (ALFFA) in the proposed Agriculture sector Bills.
21. In all, the Committee agreed with Ministry of Agriculture that an amount not exceeding Kshs 9,525,437,080 in the Recurrent Vote (R110) and an amount not exceeding Kshs 12,573,704,599 in the Development Vote (D110) be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry.
- 3.2 MINISTRY OF REGIONAL DEVELOPMENT AUTHORITIES
(VOTE 109)
22. The development objective of the Ministry is 'to achieve an equitable national socio-economic development through sustainable utilization and management of basin-based resources in an integrated manner by each of the six Regional Development Authorities (RDAs)'.
 23. The RDAs are semi-autonomous government institutions and comprises the following:-

- 1) Ewaso Ngiro North Development Authority (EWNDA)
 - 2) Ewaso Ngiro South Development Authority (EWNDA)
 - 3) Tana and Athi Rivers Development Authority (TARDA)
 - 4) Lake Basin Development Authority (LBDA)
 - 5) Coast Development Authority (CDA)
 - 6) Kerio Valley Development Authority (KVDA)
24. According to the Ministry, it undertakes activities which are critical to:-
- 1) Poverty reduction
 - 2) Effective planning
 - 3) Development and implementation of integrated and multipurpose programmes
25. The implementation of these activities in the RDAs has contributed to balanced regional development in terms of employment creation, equitable distribution of resources, household food security and urban-rural balance.
26. The major programme being implemented by the Ministry is the Integrated Rural Development with four sub-programmes:-
- i) Regional Development Planning
 - ii) Integrated Basin Based Development
 - iii) Development of River Bank, Water Bodies and Catchment Conservation
 - iv) Community Support and Empowerment
27. While making presentation to the Committee on Agriculture, the Minister stated that the ministry has been allocated an amount of **Kshs. 819 million** in recurrent expenditure out of which an amount **Kshs. 543 million** will be transferred to the RDAs during the 2012/2013 financial year.
28. The Minister further stated that an amount of **Kshs. 5,561 million** has been allocated for development expenditure composed of **Kshs. 3,780,290,700** from GoK and **Kshs. 1,780,709,300** million from external financing. The external sources in the development funds are

appropriation-in-aid (AIA) and development partners (e.g. ADB, Italy, EDF, BADEA, Spain and GALA).

29. The total budgetary allocations to the Ministry in the 2012/13 year amounting to **Kshs. 6,380.6 million** reflects a reduction of **10.1 percent** compared to **Kshs. 7,127 million** in the 2011/12 year.
30. The Minister justified expenditures in the 2011/2012 year to include completion of feasibility studies and engineering designs in the:-
 - i) High Grand fall multi-purpose Dam project
 - ii) Magwagwa integrated development project
 - iii) Nandi multipurpose Dam project.
31. The Ministry is therefore requesting for funds amounting to **Kshs. 10 billion** being the estimated expenditure to cover cost of compensation and land acquisition, resettlement and initial construction cost in implementing these projects.
32. The Ministry is also requesting from Treasury an amount of **Kshs. 1.4 billion** to finance the feasibility and engineering designs in the following:-
 - i) Mwache river integrated multipurpose Dam project
 - ii) Arror multipurpose dam project
 - iii) Lower Ewaso Nyiro integrated project
 - iv) Olkejuado integrated project
33. The Minister informed the Committee that restructuring of all the RDAs to enhance performance and increase efficiency in resource utilization has been completed and funds are being requested in recurrent expenditure to cater for their salaries and operations.
34. According to the Minister, the priority flagship projects proposed for implementation in the RDAs and especially covering all counties in line with devolution agenda under the Constitution of Kenya (2010) will be adversely affected due to inadequate budgets being allocated.

35. In fact, comparative figures show the budgets to the RDAs have remained unchanged compared to the previous years.
36. This underfunding in the RDAs continues to render inability to make progress towards realizing their mandates. This is despite having dam assets amounting to billions of shilling but which are being exploited by other agencies such as KENGEN in the generation, supply and sale of power.
37. According to the Ministry, KENGEN owes TARDA and KVDA debts amounting to **Kshs. 8.86 billion** and **Kshs. 4.44 billion, plus accrued interest**, respectively, which remained unpaid yet KENGEN have continued to reap profits from power sales and use of the Assets after take over from the two bodies in the late 1990's.
38. The Minister explained that the RDAs play critical role in food security in the country. Subsequently, a number of irrigation schemes had been earmarked for implementation in several RDA during the 2012/13 financial year and targeted at food production.
39. These include:-
- 1) Coast Development Authority:-
 - Galana Irrigation Project; which it requested **Kshs. 1.0 billion** to irrigate 100,000 acres of maize production but has been allocated **Kshs. 48.8 million** to cover only 4,000 acres due budget reduction.
 - Flagship project at Lake Challa Water Resources Development; which is to irrigate 2,120 hectares and supply an estimated 607,500 m³ of water. The CDA has been allocated **Kshs. 2 million** against requested amount of **Kshs. 500 million** in the 2012/13 financial year.
 - Fish port project which it requested **Kshs. 1.5 billion** to undertake feasibility project.

The committee notes that the amount of Kshs. 1.5 billion for feasibility studies is very high and proposes that this

be cut to Kshs 500million and the balance Kshs. 1.0 billion be re-allocated to Galana irrigation project so that the cost of the proposed project amounts to Kshs 2.0 billion and utilize the drip irrigation.

2) Ewaso Ngiro South Development Authority:-

- Olkiramatian Irrigation Project; planned to irrigate 1000 acres with an output of 18000 metric tonnes of maize and employment to 1,000 people, but which has been allocated Kshs. 80 million out of requested budget of Kshs. 150 million.

3) Tana and Athi River Development Authority:-

- Implementing Irrigation projects which include:-
 - ✓ Tana Delta Rice Project at Kshs. 767.132 million
 - ✓ Tana Sugar project at Kshs. 369.042 million
 - ✓ Masinga Irrigation Project at Kshs. 50 million
 - ✓ Kibwezi Irrigation Project at Kshs. 48 million
 - ✓ Kiambere Irrigation Project at Kshs. 60 million
 - ✓ Livestock development programme budgeted at Kshs. 40.4 million
 - ✓ Kitui Honey Production and Marketing at Kshs. 9 million

The committee notes with concern that the amount allocated to Masinga and Kibwezi irrigation projects are too low and propose that these allocations be up scaled to Kshs 250 million and Kshs 148million respectively. This additional funding is to be sourced from the payment of debts by KENGEN amounting to Kshs 420 million being owed to TARDA. The committee also proposes that irrigation and livestock programmes being proposed be domiciled to the relevant government ministries i.e. Ministry of Agriculture and Ministry of livestock development

4) Lake Basin Development Authority:-

- Proposal of machineries for enhanced rice and soya beans production, irrigation development for food

production, fish fingerling production in the lake basin region and production of 15 million tree seedlings; all estimated at Kshs. 1,434,959,050 in coming financial years

The committee recommends that LBDA provides budget for development of tourist facilities along the shore line of Lake Victoria to increase economic activities in Kisumu City and its environs.

5) Kerio Valley Development Authority:-

- The planned food security programmes and conservation of water catchment areas in this region has not been allocated funds. This is expected to impact on the on-going development projects being undertaken by the KVDA.

6) Ewaso Ngiro North Development Authority:-

- The Ministry is requesting funds to implement food security irrigation schemes at the lower Ewaso Ngiro River under the ENNDA. The feasibility and the design works have been completed and the implementation is to be undertaken in two phases, Phase 1 at cost **Kshs. 750 million** and Phase 2 at cost **Kshs. 450 million**.
- The project is expected to benefit a total of 3000 households and to produce 224,000 bags of maize and 90,000 bags of beans.

The committee recommends that the ENNDA initiates programmes of rehabilitation of environment as a result of degradation due to influx of refugees at Daadab Camp and also for the construction of abattoirs in the region .

40. The Minister informed the Committee that the implementation of these project activities in the food security sector in the financial year would suffer due to non-provision of allocations by the Treasury.

41. The Minister therefore appealed to be provided with the funding to implement the projects in the RDAs during the 2012/13 financial year.
42. The Minister stated that the bulk of the allocated budget (**66.5%**) in the recurrent expenditures would be transferred to other government agencies (RDAs) while an estimated **20.1%** would be used for the provision of goods and services at the Ministry.
43. According to the 2012/2013 Budget Policy Statement (BPS), the Ministry has a pending expenditure which listed High Grand Falls multi-purpose dam as a fiscal risk amounting to **Kshs. 10.32 billion**. Allocation to this project is of priority in line with the presidential speech in his address to parliament on 17th April, 2012.
44. The Ministry is therefore seeking a gross provision in the Recurrent **Vote (R109)** amounting to **Kshs 819 million** to cover expenditures in the following areas:-
 - 1) An amount of **Kshs 101 million** to meet cost of compensation (staff salaries and allowances) for employees
 - 2) An amount of **Kshs 175 million** to meet cost of goods and services
 - 3) An amount of **Kshs 543 million** as budgetary provision for the six RDAs
 - 4) An amount of **Kshs 10,696,600** as provision for acquisition of capital
45. The Development **Vote (D109)** amounting to **Kshs 5,561 million** which will be made up of **Kshs 3,780,290,700** from the Government of Kenya and the rest, amounting to **Kshs. 1,781 million** from the development partners in form of grants and loans to be utilized in implementing the projects and programmes for the 2012/13 year.
46. Additional funding from the appropriations-in-aid (AIA) amounting to **Kshs. 126,500,000** had also been factored in the 2012/13 development expenditure.
47. In concluding, the Minister raised concerns that:-
 - i) The budgetary provision for recurrent expenditures are high compared to development expenditures

- ii) The transfers to other government agencies take most of the budget allocations to the Ministry at **66.5%**.
- iii) There exists duplication of development activities due to lack of coordination in the government agencies implementing similar activities. This leads inefficient utilization of funds.
- iv) The RDAs have accrued pending bills amounting to **Kshs. 419.4 million** in unpaid claims for construction works and court rulings e.g. payment of compensation to farmers by TARDA and to NK Brothers by LBDA for construction works.

In regard to the pending bills, the committee notes that contractors for the construction of water pans in the North Eastern region have not been paid to bills amounting to Kshs 400million but which have not been reflected in the budget allocation to the ministry under ENNDA. The committee therefore recommends that all pending bills be cleared before new projects are initiated.

48. While considering the printed estimates of the Ministry and the presentations made by the Minister, the Committee recommends, as follows:-

- 1) That, the high budgetary provisions for the recurrent expenditures compared to the development expenditures makes the Ministry of Regional Development Authorities more of a consumer than an investor of allocated funds. Therefore there is need to rationalize recurrent budgets in order to avail funds for investment.
- 2) The continued underfunding of the Ministry of Regional Development Authorities stands in the way of achieving equitable socio-economic development in the country, especially making the RDAs realize their mandates in making local people reap benefits from purposes for which they were created.
- 3) That, the Ministry of Regional Development Authorities had not shown how the extra allocation amounting to Kshs. 1.2 billion in the 2011/12 financial year by the Budget Committee had been utilized. The Committee noted that the monies were

substantial and Ministry should explain for the absorption of this extra allocation in undertaking its projects during the year.

- 4) That, KENGEN pays the debts amounting to Kshs. 13.5 billion (plus accrued interest) due to TARDA and KVDA for use of the latter's asset in hydropower generation and power sales.
- 5) That, the Ministry of Regional Development Authorities to demand annual remittances amounting to Kshs. 420 million and Kshs. 120 million to TARDA and KVDA, respectively, backdated to in 1999 and as agreed between the Ministries of Energy and Regional Development Authorities.
- 6) That, the allocations amounting to Kshs. 10.32 billion being the compensation payable following implementation of the High Grand Falls multi-purpose dam be paid to the Ministry to fast track the project.
- 7) That, adequate budgets be provided as requested by the six RDAs to implement priority food security projects detailed above, which were stated had not been factored in the 2012/13 financial year. These include intensification of irrigation projects in ASALs as proposed by the public.
- 8) That, there is need for coordination of projects being undertaken in the RDAs of the Ministry of Regional Development Authorities and the Ministry of Water and Irrigation to avoid wastage of funds and allow for efficient use.
- 9) That, the Ministry of Regional Development Authorities implements water projects to benefit the local people living around the hydropower dams who have continued to lack water for domestic needs despite the original works providing for the same in the design of the dams.
- 10) That, Treasury releases an amount of Kshs.500 million(instead of 1.4 billion) to finance the feasibility and engineering designs in the Mwache river integrated multipurpose Dam project, Aror multipurpose dam project, Lower Ewaso Nyiro integrated project and Olkejuado integrated project. The balance of Kshs 900 million to be re-allocated to small

irrigation schemes being proposed for consideration in drip irrigation.

11) The cut on the Ministry's requested budget amounting to Kshs. 26,319 million to a mere figure of gross provision of Kshs. 6,380.6 million was not well advised. The Committee therefore recommended that the budget ceilings be reviewed to upscale the budget for the Ministry.

49. In concluding, the Committee agreed to the Minister's proposal that an amount not exceeding Kshs 6,380,500,000 composed of Kshs 819,601,300 being the budget for Recurrent Expenditure and Kshs 5,561,000,000 being the budget for the Development Expenditure be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry of Regional Authorities.

Subsequently, the Committee passed the allocated recurrent expenditures for Vote R 109 and the allocated development expenditures for Vote D 109 under with additional funding being proposed as per the recommendations of Committee in (1)-(11) above.

3.3 MINISTRY OF LIVESTOCK DEVELOPMENT (VOTE 119)

50. The livestock sector makes a significant contribution to an estimated 12% of the GDP and employs an estimated 50% of the agricultural labour force. An estimated 10 million people living in the ASALs depends on livestock for their livelihood and an estimated 60 percent of livestock in Kenya is held in the ASALs.
51. In the high potential areas, livestock accounts for employment of an estimated 2 million people, in addition to 500,000 direct jobs and 750,000 in support services.
52. While presenting the estimates for the Financial Year, 2012/2013, the Minister informed the Committee that during the 2011/12 Year, the Ministry was allocated Kshs 7.2 billion of which Kshs 4.02 billion was under recurrent expenditure and Kshs 3.27 billion under Development.

53. An additional **Kshs 695 million** and **Kshs 449 million** was allocated under the Economic Stimulus Package (ESP) and Drought Mitigation Exercise.

54. Among the key achievements by the Ministry during the 2011/12 financial year, were:-

- 1) Identification of land for 13 zonal offices for Coastal Disease Free Zone (**Kshs. 453 million**)
- 2) Construction of a bio-safety level laboratory to support Coastal Disease Free Zone at Kabete (**Kshs. 300 million**)
- 3) Animal Breeding Policy and Bill development (**Kshs. 10 million**)
- 4) Construction of 4 export and 20 local slaughter houses (**Kshs. 500 million**)
- 5) Value addition for milk products (**Kshs. 80 million**)
- 6) Review and development of livestock policies (**Kshs. 80 million**)
- 7) Infrastructure rehabilitation for livestock training institution (**Kshs 500 million**)

55. The Minister further informed the Committee that the Ministry was able to achieve the following under the Economic Recovery Poverty Alleviation and Regional Development:-

- 1) Rehabilitation of selected ranches in ASAL areas e.g. Taita Taveta, Lamu, Tana River (**Kshs 6.1 million**)
- 2) Establishment of feed lots in Isiolo Holding ground (**Kshs 40.5 million**)
- 3) Establishment of strategic feed reserves, improvement of centre in Kajiado and Wajir (**Kshs 36.2 million**)
- 4) Range rehabilitation and reseeded (**Kshs 16 million**)
- 5) Recruitment of technical staff for extension and veterinary services (**Kshs 91 million**)
- 6) Construction of four export slaughter Houses in Garissa, Isiolo, West Pokot and Wajir (**Kshs 217 million**)
- 7) Small slaughter houses in Moyale, Samburu etc (**Kshs 180 million**)
- 8) Establishment of 6 mini tanneries in Wajir among others (**Kshs 75 million**)

56. While discussing the 2012/13 budget, the Ministry was allocated Kshs 8,607,475,080 of which Kshs 4,366 million is recurrent and Kshs 4,241,475,080 is allocated for development. This was against the total request of Kshs 12.0 billion of which Kshs. 8.2 billion was earmarked for development.
57. The Minister was additionally concerned about the resource gap of Kshs 4.4 billion which is likely to impact negatively on the following key projects and programs:-
- i) Construction and refurbishment of District offices
 - ii) Improvement of infrastructure in Training Institutions
 - iii) Construction of slaughter Houses (which has also been proposed as priority project from the public hearings)
58. The Minister was further concerned that the continued underfunding in the sector stands in the way of addressing challenges facing the sector.

These include recurrent drought, insecurity in livestock areas (e.g., cattle rustling, conflicts over pasture and water, and animal diseases), feed and water availability, disease outbreaks, access to markets, understaffing, shortage of transport (especially in extension services and lack of office at districts).

59. While considering the presentation by the Ministry, the Committee noted with concern that:
- 1) The Disease Free Zone (DFZ) flagship programme is underfunded yet this is critical to eradicating disease prevalence and improving livestock products for export to international market.

According to the Ministry, programme is estimated at Kshs. 6,624,000,000 in the 2012/13 financial year but only Kshs. 2,488,000,000 had been allocated.

Therefore the programme is grossly underfunded (by Kshs. 4,136 million) to an extent that livestock diseases such as the Foot and Mouth Disease which results in economic losses up to Kshs 7 billion annually cannot be addressed.

Control of Tsetse and Trypanosomiasis to guarantee safety of human beings will also be in jeopardy.

- 2) Improving of clinics laboratories and KEVEVAPI critical to eradicating disease prevalence and improve livestock has been underfunded by **Kshs. 177 million**. It has been allocated **223 million** out of requested **400 million**.
- 3) Livestock Production and Extension services has been a budget amounting to **Kshs 1,975 million** has been allocated to address rangeland reseeding, feed conservation and genetic improvement to raise livestock productivity, among others. The funding for this programme had been requested at **Kshs. 2,733 million**, reflecting a short fall of **Kshs.758 million**.
- 4) The budgetary provision for the establishment of the Livestock Restocking and Development Fund has been funded at **50%** its requested requirements. It has been allocated **Kshs. 500 million** against requested **Kshs. 1.0 billion**.

The committee proposes that **Kshs. 1.0billion** remains as requested by the Ministry.

60. Therefore the Committee recommends, as follows:-

- 1) That, given that disease prevalence stands in the way of Kenya's ability to export its livestock products, the budgetary provision for the Disease Free Zones (DEF), as a flagship project in the Vision 2030, be enhanced to improve the health and quality of livestock products and to increase revenue for the country accruing from exports of livestock products.

This is in line with the earlier recommendation by the Budget Committee's report on the BPS (April 2012), to the House.

- 2) That, the move to establish Leather Development Council (LDC) was praiseworthy in view of the fact that that the sector had operated without institutional framework to address issues affecting the sector and to help trade in hides and skin

profitable, and in increasing value-addition in livestock products.

- 3) That, the Ministry establishes infrastructure for the introduction of rabbit farming due to high demand of rabbit meat in the international market. The committee proposes that an initial budget of at least 50 million be provided to initiate the project.
- 4) That, the Kenya Meat Commission (KMC) be audited to account for its utilization of funds allocated to it in the previous financial years in an effort to restructure its operations and make them efficient.

61. The Committee further recommends that the KMC invest in development of its mark of quality with an immediate allocation of Kshs. 100 million. This is necessary if the body is increase value-addition of its products in the international market.
62. In concluding, the Committee agreed to the Minister's proposal that an amount not exceeding Kshs 8,607,475,080 of which Kshs 4,366 million is recurrent and Kshs 4,241,475,080 is allocated for development be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry of Regional Authorities.

3.4 MINISTRY FOR FISHERIES DEVELOPMENT (VOTE 156)

63. The Ministry of Fisheries Development is funded under the Agriculture and Rural Development Sector Working Group which has been allocated **Kshs 46.169 billion**, amounting to **3.17%** of the national budget in 2012/13. The Ministry received only **0.5%** of the national budget.
64. The sub-sector's allocations for the 2011/12 - 2012/13 (in millions), as follows:-

	Requirement 2011/12	Allocation 2011/12	Variance 2011/12	Requirement 2012/13	Allocations 2012/13	Variance 2012/13
Recurrent	3,272	874	-2,398	1,351	1,349	-2
Development	2,497	2,276	-221	3,316	2,688	-628
TOTALS	5,769	3,150	-2,619	4,037	4,037	-630

65. According to the Ministry, a shortfall in the resource requirement versus allocation for 2012/13 as indicated above will negatively impact on key activities and programs whose aim was to ensure economic viability of the fisheries sub sector. This is against the fact that the sector is production oriented and not service oriented.
66. The sector contributes **0.6%** to the GDP, earning the country about **Kshs. 19.2 billion** per annum from ex vessel value of landed fish and **Kshs. 4.2 billion** from export of fish and fisheries products.
67. Fish industry has the capacity to generate an estimated **Kshs. 30 billion** to the exchequer.
68. According to the Ministry, the following areas if well funded would increase the sector's contribution to GDP to **10%** from the current **0.6%** per annum.

1) Directorate of Aquaculture Development

The directorate needs more input of about **Kshs. 16 billion** to increase its output to **100,000MT**. Its current value of production by the directorate is **20,000MT** valued at **Kshs. 5.8 billion**.

This increase will be achieved through up scaling the fish farming programme to cover the whole country by:-

- ✓ Procuring UV treated PVC liners for arid and semi-arid Constituencies
- ✓ Recruiting the existing 271 contracted Fisheries Extension Officers on permanent and pensionable basis.
- ✓ Recruiting additional 205 Fisheries Extension Officers
- ✓ Constructing 43 Fish mini processing plants in the Counties
- ✓ Constructing 100 ponds per Constituency for learning institutions countrywide
- ✓ Intensifying ponds construction and build capacity of farmers
- ✓ Developing aqua-parks in Tana Delta and its environs, Isiolo Resort City and its environs, lower areas of Garissa County and Todonyang' in Turkana County.

Towards this end, the Ministry requires a further **Kshs 5 billion** to intensify fish farming by using Recirculation Aquaculture Systems (RAS) for both mono-sex tilapia and catfish species production. This is expected to yield 100,000MT of fish valued at **Kshs. 30 billion**

2) Kenya Coastal Mariculture Development Programme

The Ministry requires **Kshs. 4 billion** for development of Mariculture to upscale sea weed, fish and crustacean culture and construct 1 public and 2 private hatcheries for marine species.

This will generate production of 10,000MT valued at **Kshs. 10 billion**.

3) The Directorate of Marine Coastal

Currently with production capacity of 7,000MT, this requires **Kshs. 3.5 billion** to acquire an offshore patrol vessel.

This will enable reduction of fish theft and increase production to **100,000MT** valued at **Kshs. 10 billion** per annum coupled with development of local fishing fleet for the Exclusive Economic Zone (EEZ) with **Kshs. 1.5 billion** with estimated output of **Kshs. 5 billion** and development of a designated sea port for marine fisheries preferably at Kilifi to encourage

landing and processing marine fishes in Kenya with **Kshs. 10 billion** with an expected output of **Kshs. 50 billion**.

4) Directorate of Inland Riverine Fisheries

This directorate is making production of **100,000MT** valued at **Kshs. 12 billion**.

It requires **Kshs. 10 billion** to continue restocking of lakes, dams and rivers; enhance MCS in the lakes (Victoria, Turkana and Naivasha); fence critical habitats for fish regeneration in the lakes which will increase the output to **150,000MT** valued at **Kshs. 20 billion** per annum.

69. In presenting the estimates for the Financial Year, 2012/2013, the Minister informed the Committee that the Ministry's major programme for the financial year would be aquaculture.
70. The minister further informed the Committee that the Ministry had used **Kshs 5.686 billion** under the ESP programme for fish farming enterprise in 160 Constituencies country wide which the Government has adopted it as one of the vision 2030 flagship programme.
71. Under the programme, the Minister explained achievement made to include the following:-
 - 1) Sensitized all implementing officers and stakeholders on fish farming practices
 - 2) Conducted a national aquaculture suitability appraisal
 - 3) Constructed over 46,824 fish ponds in 160 constituencies and stocked them with over 38,012,000 fingerlings
 - 4) Developed a fish breeding programme with a holding capacity of over 200,000 brood stock
 - 5) Increased the area under aquaculture from 722ha to 14,076 ha(2% increase)
 - 6) Pioneered aquaculture development in greenhouses to enhance fish growth rates
 - 7) Increased national aquaculture production
 - 8) Increased market value for aquaculture products from Kshs 1billion in 2009 to an estimated Kshs. 5.8 billion by 2012

- 9) Within aquaculture, the government has generated employment for over 1,000,000 youths and indirect employment for over 500,000 other Kenyans

72. While considering the presentation by the Ministry and subject to the Ministry's requirements, the Committee therefore recommended that:-

- 1) Funds be availed by the Treasury to acquire transport means for the fish field officers.
- 2) Other fishing ports apart from Lamu and Mombasa be considered and recommended for establishment of sea port for marine fisheries at Kilifi.
- 3) The Treasury increases funding for the Ministry to increase its aquaculture farming by more than the 2% as the country had more potential in fisheries development.
- 4) The Ministry seeks collaboration with its neighbours in patrolling and protecting national and trans-boundary shared waters, such as Indian Ocean, Lake Victoria and Lake Turkana.
- 5) As recommended by the Budget Committee in its report of the BPS (April 2012), adequate allocations be considered to cover the following:-

- commence construction of mini-fishing processing plants in the 47 counties intended to add value to fish production;
- expanding fish farming programmes to constituencies not already covered;
- cage culture farming in the offshore areas of the Indian Oceans, inland lakes, dams and rivers;
- purchase of offshore patrol vessel for marine and coastal services; and
- Implementation of the Cabinet Memo in the Nile Perch through the implementation and the operationalization Coast Guard unit project towards protecting national and trans-boundary shared waters as explained in paragraph 72 (4) above.

73. In conclusion, the Committee agreed to the Minister's proposal that an amount of Kshs 1,349,699,990 being the budget for Recurrent Expenditure and Kshs. 2,687,838,260 being the budget for the

Development Expenditure be withdrawn from the Consolidated Fund to finance the Ministry of Fisheries Development (Vote 156).

3.5 MINISTRY OF COOPERATIVE DEVELOPMENT AND MARKETING (VOTE 122)

74. The Ministry has the mandate to build a vibrant, effective and globally competitive cooperative sector through forging close linkages between the Cooperative Movement and Government line Ministries.
75. On the basis of its priorities, the Ministry submitted a budget of Kshs 2.6 billion. It was however allocated Kshs 1,661 million with Kshs 1,317million earmarked for recurrent and 344 million in development expenditure.
76. This reflects an overall shortfall of Kshs 939 million. The allocation in the Medium Term is expected to reduce to Kshs 1,651 million and increase in 2014/15.
77. The Ministry's has further estimated that it requires to fully mobilize both the human and natural resources for the Cooperative movement.
78. Following the financial gap, the Ministry indicated that it is likely to face challenges in effectively undertaking its priority programmes in the 2012/13 which are based on:
- 1) The need to enhance the Ministry's capacity to enforce compliance with the law, Provide efficient oversight and regulation of cooperatives;
 - 2) Promote good governance, modern business practices and accountability in the management of cooperative institutions
 - 3) Facilitate revival of key cooperative institutions
 - 4) Promote value addition
79. According to the Ministry, there are specific activities which required urgent funding:-
- 1) Staff recruitment

- According to the approved staff establishment (2009), the Ministry authorized establishment is 2,753 officers while the current in post stands at 1,043 officers leaving shortfall of 1,705 officers.
- Equally the Ministry is facing a major succession management crisis where according to the Ministry of State for Public Service, out of 574 technical staff, 322 (69%) are above 45 years.
- The Ministry therefore requires an additional **Kshs 1.1 billion** to fill the gap but low funding is hindering these.

2) Devolved functions of the Ministry

- Within the provisions of the Constitution, the Ministry is devolving its services to all the 47 counties. To initiate the process, the Ministry undertook an audit to determine staffing and deployment levels. As such the Ministry requires **Kshs 1.56 billion** to fully operationalize its devolved functions in all 47 Counties.

3) Transport

- The Ministry has offices in 199 districts out of which at least 61 districts operate old vehicles and remaining 138 have none. The existing 61 existing vehicles are considered uneconomical and most (58) are grounded. The Ministry requires **Kshs 600 million** to repair and procure the additional vehicles and it has factored **Kshs. 125 million** to replace some of them.
- Other priority development programmes to be affected due to inadequate funds and which have not been provided in the budgets were outlined by the Ministry to include:-
 - 1) Operationalization of the Kenya Farmers Cooperative Union (formed following collapse of KFA) for fertilizer and input supply – **Kshs 100 million**; which the Budget Committee in its report

of the BPS (April 2012) noted was valuable in improving access to marketing of farm produce and distribution networks of farm inputs to farmers.

- 2) Support to capacity building activities by the Ministry - **Kshs 200 million**
 - 3) Support to revival of Cooperative Societies improving value addition and market access for products and services rehabilitation of value addition structures – **Kshs 270 million**
 - 4) Operationalization of Islamic – Finance Cooperatives – **20 million**
 - 5) Capacity development for the new transport (matatu) and boda boda Co-operative societies – **Kshs 200 million**
 - 6) Promotion of new Cooperative ventures – **Kshs 20 million**
 - 7) Promotion and support of value-addition and market linkages on various cooperative products - **Kshs 169 million**
 - 8) Establishment of Cooperative Development Fund - **Kshs – 100 million**
 - 9) The implementation of the Ethics Commission for Co-operatives Societies (ECCOS) - **Kshs 10 million**
 - 10) Grants to Cooperative University college - **Kshs 500 million**
 - 11) Strengthening of SACCO Societies Regulatory Authority (SASRA) requiring **Kshs 200 million**
 - 12) Sensitization of the Kenyans in the Diaspora while tapping the Diaspora remittances through the SACCO system- **Kshs 30 million**
80. In considering the estimates presented by the Minister for Cooperative Development and Marketing, the Committee observed that the Cooperative movement plays a key role in savings and investment, and that it provides an avenue for creating employment opportunities among the young people.
81. In respect of employment creation, the Committee observed that the sector employs an estimated 320,000 employees while 1.5 million people are self-employed in cooperative financed micro-enterprises.

82. While appreciating the role played by commodity co-operative societies where they provide mechanisms for providing agricultural inputs, credit, marketing and extension services, the Committee was concerned that the shortfall in the budgets to hire staff will likely hamper service delivery.

83. Taking cognizant of the role of cooperative societies in the socio-economic development, the Committee therefore recommended that:-

1) Adequate funds be allocated to the Ministry for staff recruitment and that the recruitment be spread over the coming years to avert a looming succession crisis while ensuring the Ministry is capable to provide services across all the 47 counties

2) An amount of Kshs. 200 million be provided as additional funding from the Treasury for capacity development for the increasing urban transport SACCOs in the matatu and boda boda sub sectors.

3) Given the increasing cost of transport across Ministries' and in the spirit of embracing austerity measures, the Committee recommended that the Ministry considers leasing transport services as opposed to purchasing vehicles as a cost cutting measure. This however was noted to be a policy issue.

84. In concluding, the Committee was agreeable to the Minister's proposal that an amount of Kshs 1,317 million in recurrent and Kshs 344 million in development be withdrawn from the Consolidated Fund to finance the Ministry of Cooperative Development and Marketing (Vote 122) in the 2012/2013 financial year

3.6 MINISTRY OF STATE FOR DEVELOPMENT OF NORTHERN KENYA AND OTHER ARID LANDS (VOTE 158)

85. The Ministry work with other stakeholder Ministries to promote development of the ASAL regions through investments in areas of:-

1) Infrastructural Development;

- 2) Township Planning;
 - 3) Livestock Development;
 - 4) Water Supply and Irrigation;
 - 5) Natural Resource Management including tapping of solar and wind energy;
 - 6) Mineral Resource Exploration and Development;
 - 7) Tourism Development; and
 - 8) Human Resource Development.
86. The Ministry therefore requires budgetary provisions to implement identified programmes to address challenges facing development of Northern Kenya and other ASALs.
87. In the BPS, the priority programmes of the Ministry were stated to include:-
- (i) Drought Monitoring through operationalization of the National Drought Management Authority ((NDMA), which had been provided with **296 million** in the budget.
 - (ii) Establishment of the National Drought and Disaster Contingency Fund budgeted at **Kshs. 2 billion**.
88. In the 2012/13 budget, the Ministry of Development of Northern Kenya and other Arid Lands has been allocated a total of **Kshs 3,383,951,391** of which **Kshs 579,210,600** is recurrent while **Kshs 2,804,740,791** is earmarked for development.
89. The allocations are expected to increase in the Medium Term to **Kshs 5,486,000** and **Kshs 5,773,000,000** in 2013/14 and 2014/15 respectively. This is 0.23% of the total budget.
90. In presenting the estimates of expenditure for the year 2012/13, the minister reiterated the role played by the ministry in coordinating the development activities in arid and semi arid areas in the county while complementing the efforts made by other Ministries.
91. The Minister acknowledged that the funding gap would impact negatively in implementing the sub-programmes earmarked for the financial year including mainly the **Drought, Food Security and**

Natural Resource Management, ASAL infrastructure Development and ASAL Human Capital Development.

92. The major specific activities are the National Drought Management Authority with a critical role in mitigating drought and other related challenges; and the establishment of the National Drought and Disaster Contingency Fund.

The two projects attracted the donor contribution but whose contribution from the Government of Kenya is key to ensure sustainability.

93. The Minister outlined the achievements of the Ministry in the 2011/12 financial year to include:-

- 1) **Water and Sanitization;** where the Ministry is constructing on-going work on the Wajir Water and Sewerage Project, construction of 30 small dams and water pans in various counties, drilling and equipping of 7 boreholes in Kajiado, Mwingi, Laikipia, Moyale, Marsabit, West Pokot and Mandera; providing piped water to communities in Tharaka, Malindi, Taita Taveta and Makueni and the construction of minor irrigation schemes and desalination units.
- 2) **Human Capital Development Education;** where the Ministry has constructed 3 new secondary schools, 3 primary schools, 44 classrooms in existing schools, boarding facilities, science laboratories' in addition to establishing the Northern Kenya Education Trust (NOKET).
- 3) **Physical Planning and encouragement of townships;** where the Ministry is engaged in spatial planning of Mandera and Wajir towns among others.
- 4) **Health services;** where the Ministry has constructed and equipped medical facilities among them Isiolo, Maralal and Lodwar.

94. While making an analysis of the budget estimates for the 2012/2013 year, the Committee observed and subsequently concerned that the Ministry meets most of its expenditure form external sources in the

form of grants from development partners (e.g., WFB, DFID, Japanese Government, European Union, UNICEF, UNDP, Netherlands and DANIDA. The donor commitments amount to Kshs. 3,391,480,874 in the 2012/13 year.

95. While appreciating the efforts made to allocate resources for infrastructure for irrigation purposes and recognizing the effects of climate change and its resultant consequences, and noting that the government's response to drought mitigation and drought related challenges has been slow, the Committee was of the opinion that there is urgent need for prompt response to such disasters,

96. The Committee therefore recommended that:-

(i) Kshs 412 million mentioned under specific fiscal risks and pending expenditures in the BPS and earmarked for the operation of the National Drought Management Authority be allocated to the Ministry in additional funding. The activities under this programme to include Daadab environmental rehabilitation programme.

(ii) Kshs 2 billion be set aside for the establishment of the National Drought and Disaster Contingency Fund.

97. In conclusion, the Committee agreed to the Minister's proposal that an amount of Kshs 3,383,951,391 comprising Kshs 2,804,740,791 for development expenditure and Kshs 579,210,600 for recurrent expenditures be withdrawn from the Consolidated Fund to finance the Ministry of State for Development of Northern Kenya and Other Arid Lands (Vote 158) in the 2012/13.

4.0 CONCLUSION

98. In concluding, the Committee expresses that the underfunding in the agriculture sector has continued to defeat efforts to fight food insecurity, support over-reliance in food importation and lack of progress to reduce poverty levels. Until we move to provide adequate investments in agriculture, even the critical level of Maputo Protocol of at least 10%, we will continue to reel in a country characterized by perennial food shortages.

99. The whole agricultural sector which is a major productive sector with great potential in raising the GDP, industrial growth, achieving Vision 2030 and MDGs can not record meaningful results with the current budget levels. The Government must rethink away from the traditional budget ceilings and old ways of doing business – give a budget to the agricultural sector and expect economic transformation.

MINUTES OF THE 220TH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVE SOCIETIES HELD ON MONDAY 7TH MAY, 2012 IN COMMITTEE ROOM 2ND FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 9.00 AM.

PRESENT

1. Hon. John Mututho, MP - Chairman
2. Hon. Lucas Chepkitony MP - Vice-Chairman
3. Hon. Mohamud Sirat, MP
4. Hon. Benjamin Washiali, MP
5. Hon. Benson Itwiku Mbai, MP

ABSENT WITH APOLOGY

1. Hon. Dr. Erastus Mureithi, MBS, HSC, MP
2. Hon. John Pesa, MP
3. Hon. Dr. Victor Munyaka, MP
4. Hon. Dr. Robert Monda, MP

ABSENT

1. Hon. Evans Akula, MP
2. Hon. Fred Outa, MP

IN ATTENDANCE

National Assembly

1. Mr. Oscar Namulanda - Clerk Assistant
2. Ms. Marale Sande - Researcher
3. Ms. Lucy Makara - Budget office.
4. Mr. John Ng'ang'a - Hansard Reporter
5. Mr. Shadrack Makokha - Parliamentary Intern

Ministry of Northern Kenya and Arid Lands

1. Hon. Mohamed Elmi, MP - Minister Northern Kenya and Arid Lands.
2. L.N Lenayapa - Permanent Secretary
3. Ruth W. Gathii
4. Kennedy C. Nyamao
5. James Oduor
6. Alex Mwangi

7. David Siele
8. Davis Mualuma
9. Washington Makokha

MIN. NO. /380/ /2012: - Preliminaries

The Chairman called the meeting to order at 9.07 am and opened the meeting with a word of prayer. He was concerned with the amount allocated to the Ministry noting that it was too low compared to the requirements of the Ministry. He also expressed concern over the recent trend of allocation to the Ministry which has been reducing since its inception. He welcomed the Minister to brief the committee on what they had achieved in the last financial year, the challenges they had experienced and what they had planned for in the financial year 2012/2013 as per the Annual Estimates.

MIN. NO. /381/ /2012: - Presentation by the Minister Northern Kenya and Arid Lands.

1. The Minister noted that the budget allocation to the Ministry was low as indicated by the Committee Chairman. He however indicated that apart from initiating development, the Ministry's responsibility was basically to provide policy direction and support to the different line ministries which are in charge of implementing programmes in the region. He also noted that the new Constitution had provided for an equalization fund which would be useful in uplifting the marginalized regions such as Northern Kenya. He disagreed with the use of population in determining resource allocation as those regions are sparsely populated yet they were underdeveloped.
2. The Ministry was in the process of provision of basic infrastructure in the region such as roads, electricity, water and facilitating peace and security.
3. The Minister informed the committee that the amount allocated to the Ministry was:

Recurrent (Vote R158)	-	Kshs 596,000,000
Development (Vote D158)	-	Kshs 2,374,000,000
Total	-	Kshs 2, 970, 000,000)

However; the figures quoted were varying with the Actual figures indicated in the Annual Estimates tabled in the House. The Chair therefore directed him to reconcile the figures and bring them the very day in the afternoon for adoption by the committee. The Minister was however informed to continue with his brief on the Ministry's policies and the programmes planned for implementation.

4. In the last financial year, the Ministry implemented the following in each sector;
 - a) Water and Sanitation

- i. Construction of Wajir Water and Sewerage Project
- ii. Construction of 30 small dams and water pans in various counties
- iii. Drilling and equipping of 7 boreholes in Kajiado, Mwingi, Laikipia, Moyale, Marsabit, West Pokot and Mandera
- iv. Provision of piped water supply to communities in Tharaka, Malindi, Taita Taveta and Makueni
- v. Construction of minor irrigation schemes in Meru North, Nyeri and Mbeere.
- vi. Construction of desalination unit at Kizingitini in Lamu County.

b) Human Capital Development and Education.

- i. Construction of 3 new secondary schools in Turkana, Garissa and Wajir and all have already enrolled form one students
- ii. Construction of 3 new primary boarding and day; Laikipia, Baringo and Marsabit.
- iii. Classrooms constructed in 44 existing schools to accommodate a larger number of students
- iv. Construction of boarding facilities in three existing schools
- v. Construction of science laboratories and provision of science equipment and text books in secondary schools.
- vi. Establishment of the Northern KENYA Education Trust (NOKET) to support girls from the Northern Region to access secondary and tertiary education.

c) Physical Planning and encouragement of townships

- i. Research, technical survey and preparation of growth pole strategy for development of four axes in Northern Kenya.
- ii. Spatial planning of Mandera town as growth pole and preparation of interactive plot register for land use development control and management.
- iii. Spatial planning of Wajir town to anchor the ongoing sewerage infrastructure works and preparation of interactive plot register for land use management and development control.
- iv. Preparation of concept for LAPSSSET strategic impact assessment.

d) Health services.

- i. Provision of ICT Library facilities in Lodwar KMTC
- ii. Construction of Classrooms and hostels at Lodwar KMTC resulting in an additional 150 students joining the institution(2010/2011)
- iii. Ongoing construction of mental wards in Isiolo and Maral District Hospitals
- iv. Procured and distributed non-pharmaceutical emergency supplies and medical equipment to arid and semi arid district health facilities.

v. Construction of 8 classrooms in Garissa KMTC.

e) Policy and Research

The Ministry funded and coordinated the Axes and County Forums to sensitize Elders and Professionals within the regions on the provisions of the constitution as regards the devolved structures of Governance.

f) Livestock Development.

- (i). Provision of improved cattle breed to upgrade indigenous livestock in Garissa(Kalich), samburu(Poro), Marsabit(Kamboi) and Tana River(Bangale)
- (ii). Livelihood diversification in Grifti and Kima divisions of Wajir and Isiolo districts respectively.

g) National Drought Management.

As part of the Ministry's mandate; the following activities were carried out;

- (i). Drought early warning information collection and dissemination
- (ii). Coordination of drought management institutions
- (iii). Coordination of food security assessments and resource mobilization
- (iv). Coordination of rapid response initiatives
- (v). Mobilizing resources for disaster risk reduction
- (vi). Provision of Cash Transfers to vulnerable members of the community.

h) Establishment of the National Drought Management Authority(NDMA)

- (i). Functions of NDMA prepared.
- (ii). Establishment of NDMA and its departments.
- (iii). Human Resource Manual on terms and conditions for NDMA staff prepared
- (iv). Appointment of the board and Chairman.

5. The following are the Ministry's planned activities Financial year 2012/2013 per sector;

a) Water and Sanitation

- (i). Wajir water and sewerage; Complete phase II and undertake Phase III
- (ii). Completion of two small-scale irrigation schemes in Narok(oldonyo) and Turkana(kangalita)
- (iii). Construction of water supplies in Mandera, Samburu, Kajiado and Makueni.
- (iv). Undertake study on Habaswein/Wajir water supply project.

- (v). Supply construction of water supplies in Tharaka, Kajiado, Marsabit, Kilifi and Meru North.
- (vi). Borehole Drilling and equipping in Mandera, Samburu, Kajiado and Makueni
- (vii). Undertake study on Habaswein/ Wajir water supply project.

b) Human Capital Development and Education.

- (i). Complete on-going education infrastructure
- (ii). Procure new infrastructure in existing schools
- (iii). Provision of school kits for mobile schools
- (iv). Financial contribution to the Northern Kenya Education Trust
- (v). Construction of classrooms at Inshaallah Secondary School-Wajir
- (vi). Support the establishment of the National Commission on Nomadic Education

c) Physical Planning and encouragement of townships.

- (i). Preparation of spatial planning policy for ASALs in line with the Constitution
- (ii). Preparation of Marsabit integrated development plan
- (iii). Preparation of strategic regional development plan for Garissa county
- (iv). Survey of planned public purpose and public utilities in Mandera and Wajir townships
- (v). Planning and development of regional growth poles in 4 axes

d) Health services

- (i). Supporting implementation of telemedicine programme in Lodwar, Wajir and Marsabit Hospitals.
- (ii). Construction of mental wards in Marsabit, Wajir, Isiolo and Samburu
- (iii). Construction of student hostels in Garissa KMTC
- (iv). Provision of ICT Library facilities in Garissa KMTC

e) Policy and Research

- (i). Preparation of Ministry's strategic plan for 2013/2017
- (ii). Conduct monitoring and evaluation for effective project implementation

f) Livestock Development

- (i). Livestock upgrading in Samburu and Tana River
- (ii). Fodder production and conservation in Samburu and Tana River
- (iii). Provision of animal health care services in Samburu and Tana River.
- (iv). Livestock marketing infrastructure development in Marsabit, Narok, Wajir, Mandera, Baringo and Mbeere.

6. The Minister noted the following as challenges facing the Ministry:

- (i). Vast area of coverage and poor terrain
- (ii). Inadequate infrastructure
- (iii). Poor Roads
- (iv). Conflict and Insecurity
- (v). Inadequate Human Capital.

Issues Raised by the Committee and the Minister's Response

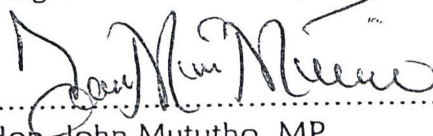
1. The committee took issue with the construction of mental patients' wards in Isiolo and was with the view that the ministry could consider adopting the use of public health awareness. In response the minister explained they opted for the wards because there was no mental hospital near to serve such patients. He however expressed that the Ministry would still consider use of public health awareness in conjunction with the relevant Ministry.
2. The Committee informed the Minister to provide a list of donor contributions to the Ministry as an annex of the final reconciled figures.
3. The committee directed the Minister to consider an environmental management programme in its activities due to the state of the regions under the Ministry. It opined the planting of Mathenge tree in those areas due to its adaptability.
4. On livestock management, the committee informed the Minister if he could consider the establishment of ranches and slaughterhouses in those regions. On response, the Minister assured the committee that he would consider in conjunction with other Ministries.
5. The Chair informed the Minister to provide priority areas that needed increased funding.

MIN. NO. /382/ /2012: -

A.O.B and Adjournment.

The Minister thanked the committee for its continued support and promised to avail the requested figures. On its part, the Committee thanked the Minister for an elaborate presentation. There being no other business the meeting was adjourned at 10.23am.

SIGNATURE.....



Hon. John Mututho, MP
(Chairperson)

DATE

22/5/2012

MINUTES OF THE 221st SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES HELD ON TUESDAY 7TH MAY, 2012 IN COMMITTEE ROOM 2ND FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 12.00 PM.

PRESENT

Hon. John Mututho, MP	-	Chairman
Hon. Lucas Chepkitony MP	-	Vice-Chairman
Hon. Mohamud Sirat, MP		
Hon. Benjamin Washiali, MP		
Hon. Dr. Victor Munyaka, MP		
Hon. Benson Itwiku Mbai, MP		

ABSENT WITH APOLOGY

Hon. John Pesa, MP	
Hon. Dr. Robert Monda, MP	
Hon. Fred Outa, MP	
Hon. Evans Akula, MP	
Hon. (Dr.) Robert Monda, MP	

IN ATTENDANCE

National Assembly

1. Mr. Oscar Namulanda	-	Clerk Assistant
2. Ms. Marale Sande	-	Researcher
3. Ms. Lucy Makara	-	Budget office.
4. Mr. John Ng'ang'a	-	Hansard Reporter
5. Mr. Shadrack Makokha	-	Parliamentary Intern

Ministry of Regional Development

1. Fred Gumo	-	Minister
2. Eng. Carey O. Orege	-	Permanent Secretary
3. Francis Agoya	-	Managing Director, TARDA
4. James Oloo	-	Chief Manager Finance and Accounts, TARDA
5. Josiah W. Mulwa	-	Ag. Chief Technical Manager, ENNDA
6. Charles Sunkuli	-	C.E.O ENSDA
7. Kabok P. Aguko	-	Managing Director, LBDA
8. Miriam Siwa	-	CDA
9. David Kimosop	-	Managing Director, KUDA

- | | | |
|-------------------------|---|--|
| 10. Francis Kipkoech | - | KUDA |
| 11. Nelson K. Korir | - | Project Manager, KUSFIP |
| 12. Maina Kiondo | - | Deputy Director |
| 13. S.A Njue | - | SDS/D |
| 14. James Kahindi Mangi | - | Managing Director, Coast Development Authority |

MIN. NO. /383/ /2012: - Preliminaries

The Chairman called the meeting to order at Ten minutes past Twelve O'clock and opened the meeting with a word of prayer. He informed the minister to brief the committee on the annual estimates tabled in the house with respect to the ministry, detailing the programmes implemented in the last financial year (FY), challenges experienced and the projected plans in the Financial Year 2012/2013. He also directed the Minister to address the issue of Kengen and in particular if he wrote to the company and the Minister of energy requesting payments with respect to Masinga Dam. The chair also asked the Minister to clarify whether the Ministry received Kshs 1.2billion promised by treasury in the last FY.

MIN. NO. /384/ /2012: - Presentation by the Minister, Regional Development

The Minister stated that he had not received the Annual Estimates referred to by the Chairman and therefore requested time to look at them before he could give a comprehensive statement. On, Kengen, the Minister confirmed that he had written to the Company and the Minister of Energy concerning payment to Tana River Development Authority (TARDA). The Minister regretted that the Ministry and the locals were not benefiting from the Dam as intended since 1989 when it was developed. He further stated that the Ministry had not received 1.2 billion as promised by treasury.

Issues Raised by the Committee

The committee allowed the Minister to go and acquaint himself with the annual estimates 2012/2013 and bring a comprehensive report with priority areas that need to be funded for adoption by the committee. The committee assured the Minister that they will support the Ministry's initiatives of ensuring that Kengen pays back with respect to Masinga Dam for the benefit of the local people.

MIN. NO. /385/ /2012: - A.O.B and Adjournment

The Minister thanked the committee for its continued support and for allowing him time to go and look at the estimates and report back. The chair directed the Minister to present the report and the estimates the next day at 12.30pm. There being no other business the meeting was adjourned at 1.15pm.

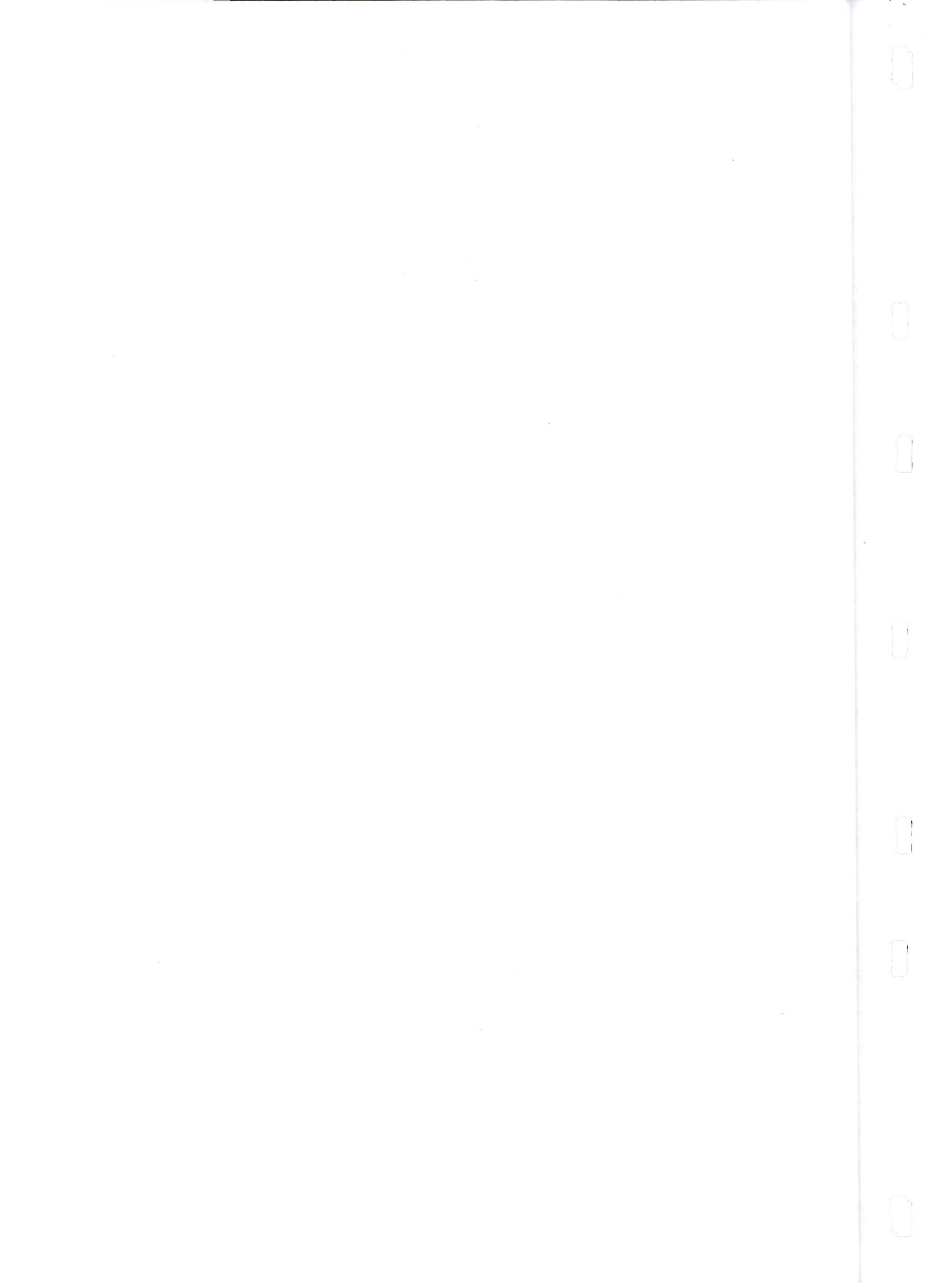
SIGNATURE.....



HON. JOHN MUTUTHO, MP
(Chairperson)

DATE

22/5/2012



MINUTES OF THE 222nd SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVE SOCIETIES HELD ON MONDAY 7TH MAY, 2012 IN COMMITTEE ROOM 2ND FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 3.00 PM.

PRESENT

1. Hon. John Mututho, MP - Chairman
2. Hon. Lucas Chepkitony MP - Vice-Chairman
3. Hon. Mohamud Sirat, MP
4. Hon. Benjamin Washiali, MP
5. Hon. Benson Itwiku Mbai, MP

ABSENT WITH APOLOGY

1. Hon. Dr. Erastus Mureithi, MBS, HSC, MP
2. Hon. John Pesa, MP
3. Hon. Dr. Victor Munyaka, MP
4. Hon. Dr. Robert Monda, MP

ABSENT

1. Hon. Evans Akula, MP
2. Hon. Fred Outa, MP

IN ATTENDANCE

National Assembly

1. Mr. Oscar Namulanda - Clerk Assistant
2. Ms. Marale Sande - Researcher
3. Ms. Lucy Makara - Budget office.
4. Mr. John Ng'ang'a - Hansard Reporter
5. Mr. Shadrack Makokha - Parliamentary Intern

Ministry of Northern Kenya and Arid Lands.

1. Hon Mohamed Elmi, MP - Minister Northern Kenya and Arid Lands
2. L.N Lenayapa - Permanent Secretary
3. Kennedy C. Nyamao

MIN. NO. /386/ /2012:

- Preliminaries

The Chairman called the meeting to order at 3.12 pm and opened the meeting with a word of prayer. He welcomed members present and informed the Minister to address the committee on the actual estimates of the ministry for adoption given that he had already briefed the committee on policy issues, achievements, challenges and projected plans of the ministry.

MIN. NO. /387/ /2012:

- Submissions by the Minister

1. The Ministry was allocated the following amount in the Financial Year 21012/2013

Recurrent (Vote R158)	-	Kshs 579, 210, 600
Development (Vote D158)	-	Kshs 2, 804, 740, 791
Total	-	Kshs 3, 383, 951, 391

2. The Minister acknowledged there was a deficit in allocation compared to the requested amount and this would affect implementation of certain programmes. He also provided a list of all donor commitments (grants) amounting to Kshs 1,602,480,874.

3. The Minister appealed to the committee to assist in requesting treasury to provide additional funding of Kshs 2 billion for drought management. The requested amount would be held by treasury and only be released through the drought Management Authority.

Issues Raised by the Committee and the Minister's response.

1. The committee was concerned whether the Ministry was able to absorb amount allocated in the previous financial year with the Minister responding in affirmative.
2. The committee conquered with the Minister that Kshs. 2 billion be set aside by treasury for drought mitigation. The Minister was also asked to provide other priority areas that needed more funding in a comprehensive list.
3. The committee sought clarification on certain vote heads whose allocation had increased i.e. R 001- Headquarters, R003- Arid Management Authority, D001- Headquarters, D002-Disaster emergency responsibility and D004- Disaster Preparedness.
4. The committee directed the Minister to consider an environmental management programme in its activities due to the state of the regions under the Ministry. It opined the planting of Mathenge tree in those areas due to its adaptability.
5. On livestock management, the committee informed the Minister if he could consider the establishment of ranches and slaughterhouses in those regions. On response, the

Minister assured the committee that he would consider in conjunction with other Ministries.

The Minister replied that the areas funded were critical in disaster response which affects the regions and overall Ministry operations.

The Committee therefore recommended that:-

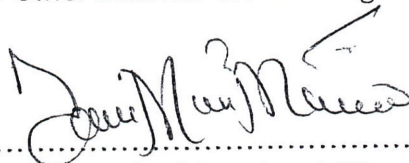
- (i) Kshs 412 million mentioned under specific fiscal risks and pending expenditures in the BPS and earmarked for the operation of the National Drought Management Authority be allocated to the Ministry in additional funding.
- (ii) Kshs 2 billion be set aside for the establishment of the National Drought and Disaster Contingency Fund.

In conclusion, the Committee agreed to the Minister's proposal that an amount of Kshs 3,383,951,391 comprising Kshs 2,804,740,791 for development expenditure and Kshs 579,210,600 for recurrent expenditures be withdrawn from the Consolidated Fund to finance the Ministry of State for Development of Northern Kenya and Other Arid Lands (Vote 158) in the 2012/13 subject to the recommendations made by the committee.

MIN. NO. /388/ /2012: - A.O.B and Adjournment.

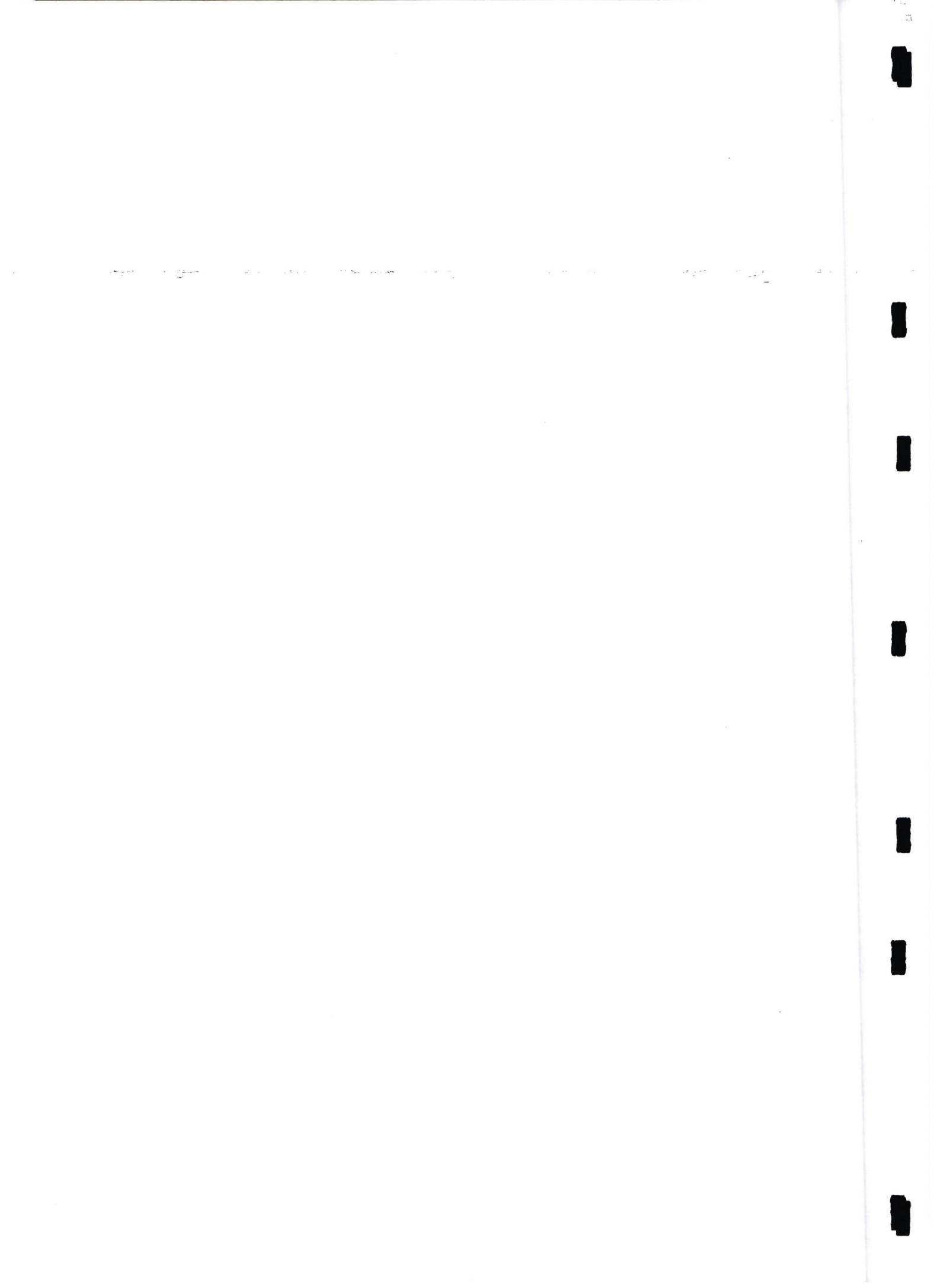
1. The Minister appreciated the support given by the committee to the Ministry. The Chair thanked the Minister for his presentation and allowed him to leave.
2. The chair notified the committee that they will be revisiting the pyramids schemes as from 22nd May, 2012 and directed the secretariat to make the necessary arrangements. The committee will also be looking at the issues raised by the East Africa Tea Traders as they had furnished the chair with the necessary documents.
3. There being no other business the meeting was adjourned at 3.50pm

SIGNATURE.....


Hon. John Mututho, MP
(Chairperson)

DATE

22/5/2012



MINUTES OF THE 223rd SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES, HELD AT THE COMMITTEE ROOM 2nd FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, ON TUESDAY, 8TH MAY 2012, AT 10.00 A.M.

PRESENT

Hon. John Mututho, EBS, MP - Chairperson
Hon. Lucas Chepkitony, MP - Vice Chairperson
Hon. (Dr.) Victor K. Munyaka, MP.
Hon. Benjamin Washiali, MP
Hon. Evans Akula, MP
Hon. Benson I. Mbai, MP
Hon. John D. Pesa, MP
Hon. (Dr.) Erastus Mureithi, HSC, MBS, MP

ABSENT WITH APOLOGY

Hon. (Dr.) Robert O. Monda, MP
Hon. Fred Outa, MP
Hon. (Dr.) Mohammed Sirat, MP

IN ATTENDANCE:

MINISTRY OF COOPERATIVE DEVT. & MK'G

Hon. Joseph W.N Nyagah, EGH, MP	Minister
Seno Nyakenyanya	Permanent Secretary
P.N Gichuki	DCCD
S.G Kaimenyi	Secretary ECCOS
G.K Mothemba	Ministry of Finance
Peter N. Muika	DCFO
Kenneth O. Opiyo	MF & P
Esther Gicheru	Principal, Co-operative College
Kenneth G.Wathingiri	Co-op University College
Geoffrey Mulama	CE

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Salad Guyo	- Clerk Assistant
Oscar Namulanda	- Clerk Assistant
Marale Sande	- Research Officer
Lucy Makara	- Parliamentary budget Officer
John Nganga	- Hansard Officer

MIN.NO.389 /2011:

PRELIMINARY

The meeting was reconvened and commenced with a word of prayer at 10.35am to discuss the 2012/13 budgetary estimates.

MIN.NO.390 /2011: MEETING WITH THE MINISTER FOR COOPERATIVE
DEVELOPMENT MARKETING

The Committee had the following issue for discussion;

- (i) In 2010/11, the Ministry utilized funds that had not been budgeted for. What was the source of these funds and what expenditure did they fund?
- (ii) The Ministry has been allocated lesser funds than what it had initially requested. How will this affect performance of programmes? Has the Ministry put in place any cost cutting measure?
- (iii) There is a general trend of increase in non-priority expenditure items. This is against the government policy to reduce non-core expenditure.

The Minister informed the Committee that;

- (a) In 2012/13 the Ministry has been allocated Kshs 1.712 billion within the sector ceiling out of the budget requirements of Kshs 2.6 billion. This low funding is attributed to a historical trend over the years. As a result the Ministry has not been able to effectively undertake its priority programmes and projects.
- (b) The Ministry's development priorities in 2012/13 are based on the ;
 - (i) The need to enhance the Ministry's capacity to enforce compliance with the law, provide efficient oversight and regulation of co-operatives
 - (ii) Promote good governance , modern business practices and accountability in the management of co-operatives institutions
 - (iii) Facilitate revival of key co-operative institutions; and
 - (iv) Promote value addition
- (c) According to the approved staff establishment (2009), the Ministry's authorized establishment is 2,753 officers. However, the current in-post stands at 1,043 officers, leaving a shortfall of 1,705 officers. The Ministry therefore, requires an additional Kshs 1.1 billion to fill the gap. The Ministry has obtained authority from the Ministry of State for Public Service to hire new officers and replace officers who have left the service. However, this has not been possible due to low funding. It is important to note that the Ministry is facing a major succession crisis. Out of 574 technical staff, 392 (69%) are above 45 years
- (d) Within the provisions of the Constitution, the Ministry is devolving its service to all the 47 Counties. To initiate the process, the Ministry mapped all the economic activities and opportunities that are presently being exploited through the co-operative or have the potential to be undertaken through co-operative initiative within each county and identified the staffing and deployment levels. To achieve this, the Ministry requires a total allocation of Kshs 1.56 billion to fully

operationalize its devolved functions in all the 47 Counties. However, within the sector ceiling it has been allocated Kshs. 658 billion in 2012/13 annual estimates leaving the shortfall of Kshs 902 million.

- (e) The Ministry has offices in 199 districts out of which only 61 have old vehicles leaving a balance of 138 districts officers without vehicles. Out of which the 61 vehicles, 58 are uneconomical (over 15 years old) and most are grounded. Although the Ministry requires a total of Kshs 600 million to provide adequate transport for the field officers; out of this amount, Kshs 200 million will be required to replace the old the fleet and Kshs to procure additional vehicles. For a start, in the 2012/13 Financial Year the Ministry has factored Kshs 125 million in the development vote to replace some aging vehicles
- (f) Among the priority development programmes/projects whose implementation will be affected due to lack of funds are the following:
- (i) Operationalization of the Kenya Farmers' Co-operative Union for the fertilizer and input supply (Kshs 100 million)
 - (ii) Support to capacity building activities by the Ministry (Kshs 200 million)
 - (iii) Support to revival of Co-operatives societies improving the value addition and market access for products and services rehabilitation of value addition structures (Kshs 270 million)
 - (iv) Operationalization of Islamic-Finance co-operatives (Kshs 20 million)
 - (v) Capacity development for the new transport (Matatu) Co-operatives Societies (Kshs 20 million)
 - (vi) Promotion of new co-operative ventures (Kshs 20 million)
 - (vii) Promotion and support of value addition and market linkages on various co-operative products (Kshs 169 million)
 - (viii) Establishment of Co-operative Development Fund (Kshs 100 milion)
 - (ix) The management, ethics and integrity practices of Co-operatives are of great concern to the members as well as the Government. The governance structures and practices in co-operatives determine to a large extent the level of benefits to the members. The ethics Commission for Co-operatives Societies (ECCOS) is in the process of finalizing the anti- corruption policy for co-operatives societies. For the year 2012/13, the commission would require Kshs. 10 million to commence implementation of the anti-corruption policy among other activities which are outgoing.
 - (x) Grants to Co-operative University College of Kenya require Kshs. 500 million to support development of physical facilities during the transition to University College. In addition, the SACCO societies Regulatory Authority (SASRA) require Kshs 200 million.
 - (xi) In order to tap Diaspora remittances (through the SACCO) system for investment, the Ministry has registered a SACCO for the Kenyan Diaspora. in 2012/13 the Ministry will sensitize those Kenyans into joining using the entity (Kshs. 30 million)

In considering the estimates presented by the Minister for Cooperative Development and Marketing, the Committee observed that the Cooperative movement plays a key role in

savings and investment, and that it provides an avenue for creating employment opportunities among the young people.

In respect of employment creation, the Committee observed that the sector employs an estimated 320,000 employees while 1.5 million people are self-employed in cooperative financed micro-enterprises.

While appreciating the role played by commodity co-operative societies where they provide mechanisms for providing agricultural inputs, credit, marketing and extension services, the Committee was concerned that the shortfall in the budgets to hire staff will likely hamper service delivery.

Taking cognizant of the role of cooperative societies in the socio-economic development, the Committee therefore recommended that:-

- i) Adequate funds be allocated to the Ministry for staff recruitment and that the recruitment be spread over the coming years to avert a looming succession crisis while ensuring the Ministry is capable to provide services across all the 47 counties
- ii) An amount of Kshs. 200 million be provided as additional funding from the Treasury for capacity development for the increasing urban transport SACCOs in the matatu and boda boda sub sectors.
- iii) Given the increasing cost of transport across Ministries' and in the spirit of embracing austerity measures, the Committee recommended that the Ministry considers leasing transport services as opposed to purchasing vehicles as a cost cutting measure. This however was noted to be a policy issue.

In concluding, the Committee was agreeable to the Minister's proposal that an amount of Kshs 1,317 million in recurrent and Kshs 344 million in development be withdrawn from the Consolidated Fund to finance the Ministry of Cooperative Development and Marketing (Vote 122) in the 2012/2013 financial year. It was proposed by Hon. Lucas Chepkitony, MP and seconded by Hon. Benjamin Washiali, MP.

MIN.NO. 391/2011:

A.O.B

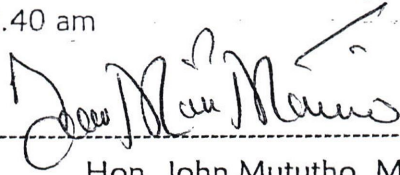
The Committee Members suggested that the Minister invites three Members of the Committee to be incorporated in the visit to launch the diaspora sacco society in Atlanta in June this year.

MIN.NO.392 /2011:

ADJOURNMENT

There being no other business the meeting was adjourned at 11.30 pm to reconvene the same day at 11.40 am

Signed-----



Hon. John Mututho, MP
(Chairperson)

Date-----

22/5/2012



MINUTES OF THE 224TH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES, HELD AT THE COMMITTEE ROOM, 2ND FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, ON TUESDAY, 8TH MAY 2012, AT 11.40 A.M.

PRESENT

Hon. John Mututho, EBS, MP	-	Chairperson
Hon. Lucas Chepkitony, MP	-	Vice Chairperson
Hon. (Dr.) Victor K. Munyaka, MP.		
Hon. Benjamin Washiali, MP		
Hon. Evans Akula, MP		
Hon. Benson I. Mbai, MP		
Hon. (Dr.) Erastus Mureithi, HSC, MBS, MP		
Hon. John D. Pesa, MP		

ABSENT WITH APOLOGY

Hon. (Dr.) Robert O. Monda, MP
Hon. Fred Outa, MP
Hon. (Dr.) Mohammed Sirat, MP

IN ATTENDANCE:

MINISTRY OF LIVESTOCK

Hon. (Dr.) Mohammed A. Kuti	Minister
Kennethe M. Lusaka	Permanent Secretary
M.A Nyandong	Ministry of Livestock
Dr. Waga Jalongo	Ministry of Livestock
Irene Mbito	Kenya Meat Commission
Patrick Mutemi	Kenya Meat Commission
Dr. Ibrahim Hajji	Kenya Meat Commission
Abdi Adan Suleiman	Kenya Meat Commission
Julius Kiptarus	Ministry of Livestock
Dr. P. Ithondeka	DUS
Mbugua Sammy	Ministry of Livestock
Albinah Koskey	Ministry of Livestock
Evelyne Ong'ondi	Ministry of Livestock
C.N Mwangi	Ministry of Livestock
G.K Mothemba	Ministry of Finance
J.P. Cheruiyot	Ministry of Livestock
Gloria Kulundu	Ministry of Livestock
Moses Mburu	Ministry of Livestock
Joseph Obwocha	Ministry of Livestock
Jameh Charo	Ministry of Livestock
Seth O. Onyango	Ministry of Livestock

Dr. Denis Okundi

Ministry of Livestock

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

Salad Guyo	-	Clerk Assistant
Oscar Namulanda	-	Clerk Assistant
Marale Sande	-	Research Officer
Lucy Makara	-	Parliamentary budget Officer
John Nganga	-	Hansard Officer

MIN.NO.394 /2011:

PRELIMINARY

The meeting was reconvened and commenced with a word of prayer at 11.45am to discuss the 2012/13 budgetary estimates.

MIN.NO. 395/2011: MEETING WITH THE MINISTER FOR LIVESTOCK

Paper laid; Issues to follow-up on the 2012/13 Budget and the medium term by PBO Budget for the Financial Year 2012/2013 by the Ministry of Livestock

The Committee had the following issues for discussion;

- (i) In 2009/10 the Ministry utilized funds that had not been budgeted for. What was the source of these funds and what expenditure did they fund?
- (ii) The Ministry has been allocated lesser funds than what it had initially requested. How will this affect performance of programmes? Has the Ministry put in place cost cutting measures?
- (iii) The Ministry had a development pending bill of Kshs 29.6 million as at the end of 2010/11 FY and is requesting for additional funds to clear the same.
- (iv) The outputs from last year activities should be stated
- (v) There are a lot of recurrent items in development vote
- (vi) The Ministry has been allocated Kshs 0.5 billion for equalization fund.
- (vii) No funding allocated for establishment of disease free zones in ASAL region. The project is one of the flagship projects meant to improve health and quality of livestock products for export.
- (viii) What is the Ministry doing to improve the breeding stock for the increasing demand for rabbits and what is the Ministry doing to address the Market for rabbits?

The Minister informed the Committee that;

- (a) According to expenditure analysis contained in MTEF 2012/13 report for the ARD sector. The budget amount for both recurrent and development vote was Kshs 5,099,000 million and actual expenditure was 5,099,000 for FY 2009/10. The Ministry was abbreviated as MLD (Ministry of Livestock Development) could have

been confused with MoL (Ministry of Lands) whose budget amount was Kshs. 2,535,000 million against an actual expenditure of Kshs. 3,608,000 million. The Ministry of Livestock Development therefore did not have unbudgeted expenditure

- (b) It is true the Ministry had been allocated lesser funds than had been requested and this will adversely affect the implementation of planned activities. The following measure have been put in place to address the challenge;
 - (i) The targets will be scaled down and those that cannot be undertaken will be deferred.
 - (ii) The Ministry will encourage joint field supervisions by officers to cut down on transport and subsistence costs
 - (iii) The Ministry is encouraging use of ICT such as internet to cut down costs
 - (iv) The Ministry has also implemented the use of fuel cards which is expected to reduce fuel costs.
- (c) There was delay in approval of the supplementary Appropriation bill; hence the orders were mainly done in May 2011 and up to 14th June 211. The payment vouchers were delivered after the IFMIS module for processing claims had been closed consequently they became pending bills
- (d) The outputs from last year activities include; Livestock Diseases Management vector and pest control (2.1 billion), Livestock production and extension services (1.8 billion), Food safety and animal product and Laboratory service (1.3 billion), Livestock Marketing, value addition and Early warning systems (300 million), Livestock policy and capacity building (1.6 billion)
- (e) The recurrent funds fund in the Development vote are under donor funded programmes and projects which are meant to facilitate the activities under those programmes as per the agreement with the donors. Under Development vote, sub item for contracted professional services, had capture 78b million for ISO certification and ASCU. The ministry is in the midst of ISO certification and requires the fund to complete the process.
- (f) Kshs 0.5 billion allocated to the Ministry is for the establishment of Livestock Restocking and Enterprise Development Fund (LREDF) in accordance to legal No. 58 of 22nd may 2009.
- (g) There is an allocation of 453 million under Coast Diseases Free Zone. The project is being implemented in phases and coast region is in the first phase
- (h) The Ministry has been allocated funds to Ngong rabbit farm for improvement of infrastructure and purchase of high quality rabbit breeding stock in order to meet the demands from the farmers. The Ministry is also promoting rabbit production in 15 districts and towards this end, Kshs 29,454,000 million has been allocated during FY 2012/13. Under the ESP programme, the Ministry is constructing a rabbit slaughter house in Thika. This facility will enhance marketing of the rabbit meat due to clean handling and improving of sanitary standards. There is also demand for rabbit meat due to continued health awareness among the Kenyan population since rabbit meat is white meat.

While considering the presentation by the Ministry, the Committee noted with concern that:

- 1) The Disease Free Zone (DFZ) flagship programme is underfunded yet this is critical in to eradicate disease prevalence and improve livestock products for export to international market. According to the Ministry, programme is estimated at Kshs. 6,624,000,000 in the 2012/13 financial year but only Kshs. 2,488,000,000 had been allocated.

Therefore the programme is grossly underfunded (by Kshs. 4,136 million) to an extent that livestock diseases such as the Foot and Mouth Disease which results in economic losses up to Kshs 7 billion annually, cannot be addressed.

Control of Tsetse and Trypanosomiasis to guarantee safety of human beings will also be in jeopardy.

- 2) Improving of clinics laboratories and KEVEVAPI critical to eradicating disease prevalence and improve livestock has been underfunded by Kshs. 177 million. It has been allocated 223 million out of requested 400 million.
- 3) Livestock Production and Extension services has been a budget amounting to Kshs 1,975 million has been allocated to address rangeland reseeding, feed conservation and genetic improvement to raise livestock productivity, among others. The funding for this programme had been requested at Kshs. 2,733 million, reflecting a short fall of Kshs.758 million.
- 4) The budgetary provision for the establishment of the Livestock Restocking and Development Fund has been funded at 50% its requested requirements. It has been allocated Kshs. 500 million against requested Kshs. 1.0 billion.

Therefore the Committee recommends, as follows:

- 1) That, given that disease prevalence stands in the way of Kenya's ability to export its livestock products, the budgetary provision for the Disease Free Zones (DEF) be enhanced to increase revenue for the country accruing from exports of animal products.
- 2) That, the move to establish Leather Development Council (LDC) was praiseworthy in view of the fact that that the sector had operated without institutional

framework to address issues affecting the sector and to help trade in hides and skin profitable.

- 3) That, the Ministry establishes infrastructure for the introduction of rabbit farming due to high demand of rabbit meat in the international market.
- 4) That, the Kenya Meat Commission (KMC) be audited to account for its utilization of funds allocated to it in the previous financial years in an effort to restructure its operations and make them efficient.

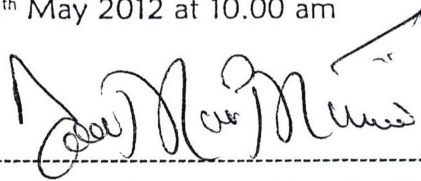
The Committee further recommends that the KMC invest in development of its mark-of-quality with an immediate allocation of Kshs. 100 million.

MIN.NO.396 /2011:

ADJOURNMENT

There being no other business the meeting was adjourned at 12.30 pm to reconvene on Thursday, 10th May 2012 at 10.00 am

Signed-----



Hon. John Mututho, MP
(Chairperson)

Date-----

22/5/2012



MINUTES OF THE 225th SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES HELD ON TUESDAY 8TH MAY, 2012 IN COMMITTEE ROOM 4TH FLOOR CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 2.24PM.

PRESENT

Hon. John Mututho, MP	-	Chairman
Hon. Lucas Chepkitony MP	-	Vice-Chairman
Hon. Benjamin Washiali, MP		
Hon. (Dr.) Victor Munyaka, MP		
Hon. Benson Itwiku Mbai, MP		

ABSENT WITH APOLOGY

Hon. John Pesa, MP
Hon. Fred Outa, MP
Hon. Evans Akula, MP
Hon. (Dr.) Robert Monda, MP
Hon. Mohamud Sirat, MP

IN ATTENDANCE

National Assembly

1. Mr. Oscar Namulanda	-	Clerk Assistant
2. Ms. Marale Sande	-	Researcher
3. Ms. Lucy Makara	-	Budget Officer.
4. Mr. John Ng'ang'a	-	Hansard Reporter
5. Mr. Shadrack Makokha	-	Parliamentary Intern

Ministry of Regional Development

1. Hon. Fred Gumo, EGH, MP	-	Minister
2. Eng. Carey O. Orege	-	Permanent Secretary
3. Francis Agoya	-	Managing Director, TARDA
4. James Oloo	-	Chief Manager Finance and Accounts, TARDA
5. Josiah W. Mulwa	-	Ag. Chief Technical Manager, ENNDA
6. Charles Sunkuli	-	C.E.O ENSDA
7. Kabok P. Aguko	-	Managing Director, LBDA
8. Miriam Siwa	-	CDA
9. David Kimosop	-	Managing Director, KUDA

- 10. Francis Kipkoech - KUDA
- 11. Nelson K. Korir - Project Manager, KUSFIP
- 12. Maina Kiondo - Deputy Director
- 13. S.A Njue - SDS/D
- 14. James Kahindi Mangi - Managing Director, Coast Development Authority

MIN. NO. 397/2012: - Preliminaries

The Chairman called the meeting to order at 2.24 PM and opened the meeting with a word of prayer. He informed the Minister to address the reconciled figures in the estimates as directed during the previous meeting. The Chair also directed the Minister to brief the committee on the progress made on Kengen and the Ministry with regard to TARDA assets i.e Masinga Dam. He was also concerned on why the government had reduced funding to production ministries and increased on others.

MIN. NO. 398/2012: - Presentation by the Minister, Regional Development.

1. The minister presented the annual estimates FY 2012/2013 of the Ministry as follows;
 - Recurrent – Kshs 819,601,300
 - Development- Kshs 5,561,000
 - Total- Kshs 6,380,600,

The ministry had requested Kshs 26,319M from treasury hence there was a big shortfall in allocation. In the recurrent, Kshs 175m will cater for operational expenditures and Kshs 543 will be transferred to regional development. In development, Kshs. 1.4m will be used to fund remaining feasibility studies and engineering designs i.e

- a) Mwachache River integrated multipurpose Dam project,
- b) Aror Multipurpose Dam project,
- c) Lower Ewaso Nyiro integrated project,
- d) Olekajuado integrated project

The Ministry has so far completed feasibility studies and detailed engineering designs and require special funding (Kshs 10b) outside the normal ceiling for the following projects;

- a) High Grand falls multipurpose Dam project
- b) Magwagwa integrated development project
- c) Nandi Multipurpose Dam project.

The president has already assented to the projects vide his speech during the state of the nation address to a special sitting of parliament. The funds are for, compensation and land acquisition, resettlement and initial construction costs.

2. Allocation to the development authorities is as follows;

Development (Kshs Million)

KVDA

182

KOSFIP (KIMIRA)	840
TARDA	203
LBDA	269
CDA	191.4
ENNDA	351.4

Recurrent	(Kshs Million)
TARDA	147.5
LBDA	130.6
ENSDA	48.0
CDA	57.9
ENNDA	45.8
KVDA	112.9

3. Kengen owes TARDA Kshs 8.66 billion and KVDA Kshs 4.44 billion in assets taken over arbitrarily without compensation making the two development authorities continue to suffer financial distress and inability to meet their mandates. The Minister appealed to the committee(parliament) to intervene and compel Kengen to pay up for the assets or surrender them back to the authorities
4. The ministry through regional development authorities has planned projects for the creation of food security and if not funded would affect food production. The ministry therefore appeals for their funding as they have not been factored in the estimates.

MIN. NO. 399 /2012: - Issues Raised by the Committee and the response by the Minister

1. The committee concurred with the minister over Kengen refusal to pay back and promised its intervention. The committee sought clarification if whether Kengen had been paying pending bills which the minister refuted. It recommended that if Kengen pays, the money be used in construction of a high dam and development of the region for the benefit of the locals.
2. The committee sought clarification on why the following vote heads were increased, reduced or included as compared to the last financial year.
 - R109/0001 - General Administrative services (increased from Kshs 189m to Kshs 200m)
 - R 109/0003 - Finance management services (reduced from Kshs14m to Kshs 12)
 - R109/0004 - Conservation department (reduced from Kshs 30m to 21m)
3. The Committee raised concerns over the increasing number of crocodiles in Tana River causing death to locals and asked action to be taken. The committee also raised their concerns on why the locals are not benefiting even from the water from the Dam. On response, the minister promised to liaise with other government ministries

and departments on how to address the crocodile menace. The minister promised to supply water to the nearby centers from the Masinga Dam for the benefit of the locals.

4. The minister was asked to clarify whether Masinga dam was full warranting its opening by Kengen hence causing floods down the river as reported in the media. The minister disagreed and explained that the dam had filter ways which could release water if it overflowed.

While considering the printed estimates of the Ministry and the presentations made by the Minister, the Committee recommended, as follows:-

- 1) That, the high budgetary provisions for the recurrent expenditures compared to the development expenditures makes the Ministry of Regional Development Authorities more of a consumer than an investor of allocated funds. Therefore there is need to rationalize recurrent budgets in order to avail funds for investment.
- 2) The continued underfunding of the Ministry of Regional Development Authorities stands in the way of achieving equitable socio-economic development in the country, especially making the RDAs realize their mandates in making local people reap benefits from purposes for which they were created.
- 3) That, the Ministry of Regional Development Authorities had not shown how the extra allocation amounting to Kshs. 1.2 billion in the 2012/13 financial year by the Budget Committee had been utilized. The Committee noted that the monies were substantial and Ministry should explain for the absorption of this extra allocation in undertaking its projects during the year.
- 4) That, KENGEN pay the debts amounting to Kshs. 13.5 billion due to TARDA and KVDA for use of the latter's asset in hydropower generation and power sales.
- 5) That, the Ministry of Regional Development Authorities to demand annual remittances amounting to Kshs. 420 million and Kshs. 120 million to TARDA and KVDA, respectively, backdated to in 1999 and as agreed between the Ministries of Energy and Regional Development Authorities.
- 6) That, the allocations amounting to Kshs. 10.32 billion being the compensation payable following implementation of the High Grand Falls multi-purpose dam be paid to the Ministry to fast track the project.

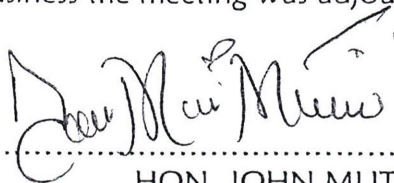
- 7) That, adequate budgets be provided as requested by the six RDAs to implement priority food security projects detailed above, which were stated had not been factored in the 2012/13 financial year.
- 8) That, there is need for coordination of projects being undertaken in the RDAs of the Ministry of Regional Development Authorities and the Ministry of Water and Irrigation to avoid wastage of funds and allow for efficient use.
- 9) That, the Ministry of Regional Development Authorities implements water projects to benefit the local people living around the hydropower dams who have continued to lack water for domestic needs despite the original works providing for the same in the design of the dams.
- 10) That, Treasury releases an amount of Kshs. 1.4 billion to finance the feasibility and engineering designs in the Mwache river integrated multipurpose Dam project, Aror multipurpose dam project, Lower Ewaso Nyiro integrated project and Olkejuado integrated project.
- 11) The cut on the Ministry's requested budget amounting to Kshs. 26,319 million to a mere figure of gross provision of Kshs. 6,380.6 million was not well advised. The Committee therefore recommended that the budget ceilings be reviewed to upscale the budget for the Ministry.

MIN. NO. 400/2012: -

A.O.B and Adjournment

The Minister thanked the committee for its support and promised to take committee members visit TARDA (Masinga Dam) for them to be more informed about the projects in the area. The Chairman thanked the Minister for his elaborate presentation. There being no other business the meeting was adjourned at 5.00pm.

SIGNATURE.....



HON. JOHN MUTUTHO, MP
(Chairperson)

DATE

22/5/2012

MINUTES OF THE 226TH SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES, HELD AT THE RESOURCE CENTRE, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS, ON WEDNESDAY, 9TH MAY 2012, AT 10.00 A.M.

PRESENT

Hon. John Mututho, EBS, MP - Chairperson
Hon. Lucas Chepkitony, MP - Vice Chairperson
Hon. (Dr.) Victor K. Munyaka, MP.
Hon. Benjamin Washiali, MP
Hon. Evans Akula, MP
Hon. Benson I. Mbai, MP

ABSENT WITH APOLOGY

Hon. (Dr.) Robert O. Monda, MP
Hon. Fred Outa, MP
Hon. John D. Pesa, MP
Hon. (Dr.) Erastus Mureithi, HSC, MBS, MP
Hon. (Dr.) Mohammed Sirat, MP

IN ATTENDANCE:

MINISTRY OF AGRICULTURE

1. Hon. (Dr.) Sally Kosgey	Minister
2. Dr. Romano Kiome	Permanent Secretary
3. Wilson Songa	Assistant Secretary
4. K.M. Wamai	Senior Director of Agriculture
5. Alice W. Gicho	Senior Chief Finance Officer
6. G.K. Mothemba	Ministry of Finance
7. H.M Mwangi	Director
8. Anne Chele	Deputy Director
9. Makheti Philip	Ministry of Agriculture-Extension and Training
10. Charles Mekala	Finance Officer
11. Paul K'Angira	DD/ Human Resource
12. Joseph Kamau	Human Resource Manager
13. Mohamed Chute	Finance Officer
14. Joshua Nyoko	Finance Officer
15. Munyendo Isaac	Principal Accounting Officer
16. Isaiah Okeyo	DDA/ Policy
17. Wellington Lubira	Chief Economist

IN ATTENDANCE:

KENYA NATIONAL ASSEMBLY

1. Salad Guyo	- Clerk Assistant
2. Oscar Namulanda	- Clerk Assistant

- | | | |
|-----------------|---|------------------------------|
| 3. Marale Sande | - | Research Officer |
| 4. Lucy Makara | - | Parliamentary budget Officer |
| 5. John Nganga | - | Hansard Officer |

MIN.NO. 401/2011: PRELIMINARY

The meeting was reconvened and commenced with a word of prayer at 10.35am to discuss the 2012/13 budgetary estimates.

MIN.NO. 402/2011: MEETING WITH THE MINISTER FOR AGRICULTURE

*Paper laid; Issues to follow-up on the 2012/13 Budget and the medium term by PBO
Budget for the Financial Year 2012/2013 by the Ministry of Agriculture*

The Chairman welcomed the Minister and apologized for the delay in commencement of meeting as Members were engaged in other Committee and there was a constraint of Committee rooms.

The Committee had the following issue for discussion;

- (i) The Ministry has been allocated lesser funds than what it had initially requested.
How will this affect performance of programmes?
- (ii) Has the Ministry put in place any cost cutting measures?

The Minister informed the Committee that;

- (a) The overall agricultural sector, as envisaged in the Agriculture Sector Development Strategy (ASDS) is to achieve an average growth rate of 7 percent per year over the next 5 years which is above the 6 percent envisaged by Comprehensive African Agriculture Development Programme.
- (b) The Ministry has two flagship projects; Enactment of a consolidated Agricultural Reform bill and undertake a fertilizer 3-tier cost reduction programme
- (c) The programme based budgeting of the Ministry includes; Policy, strategy and management of Agriculture, Crop development and management. Agribusiness and Agricultural Information Management.
- (d) Impact of the Key interventions in 2011/12 includes; policy, legal and regulatory framework, increased agricultural productivity, support to extension and research and access to markets and inputs.
- (e) Financial 2012/13, the Ministry requested Kshs 10,736,000,000 for recurrent expenditure. But it was allocated Kshs. 9,525,437,080 with a variance of Kshs. 1,210,562,920 and the request for Development expenditure was Kshs. 51,646,000,000 but it was allocated Kshs. 12,573,704,599 with a whopping variance of Kshs -39,072,295,401. The status of the total deficit of both the recurrent and budgetary expenditure stands at Kshs. 40,282.858,321
- (f) The key areas not funded are;
 - (i) Establishment of seed and fertilizer fund
 - (ii) Establishment of smallholder irrigation schemes

- (iii) Purchase of Agricultural machinery
 - (iv) Implementation of farm forestry policy (10% tree cover)
 - (v) Construction of water harvesting structures
 - (vi) Post Harvest crop management (stores and driers) and;
 - (vii) Counterparts funds and ongoing programmes
- (g) The Ministry received Kshs 8, 664,230,361 in the 2011/12 FY and 7,329,859,154 in the 2012/13 FY from donors and other development partners. The total of Kshs 2.384 billion have been negotiated for the next financial year but not yet include in the budget.

COMMITTEE OBSERVATIONS

- (i) The Ministries recurrent budget is on an increasing trend from Kshs. 8,845,508,639 billion in 2011/12 to Kshs. 9, 525,437,080 billion in 2012/13, an increase of 13.4%.
- (ii) The Development allocation for the ministry is also in an increasing trend from Kshs. 11.060 billion in 2011/12 FY to Ksh 12,573 billion in 2012/13 FY, an increase of 13.6%
- (iii) The Ministry requested for Kshs. 8,118 billion for recurrent and Kshs 51,646 for development.
- (iv) The total allocation to the Ministry is about 1.5% of the country's total budget which is far below the Maputo declaration of 2003 that Agriculture should be allocated at least 10% of the total budget. It is unlikely that this will be adhered to even after combining the budget for all other Ministries in the agriculture sector.
- (v) Allocations of funds to KARI and other research institutes such as cotton, coconut and horticulture development authorities that are for specific crops as well as coffee, tea, and sugar research foundation might lead to duplication of activities.
- (vi) Bulk procurement of fertilizer should be made in time to avoid delay in planting.
- (vii) The percentage amount allocated to agriculture sector is less than 10% of the total budget against the Maputo declaration of 2003 that agriculture sector should not receive less than 10% of the total budget.
- (viii) The country has experienced intermittent food shortage in the recent past leading to an escalation of food prices and rising inflationary pressures. This might persist if investment in the sector is done to promote food production.

While considering the printed estimates of the Ministry and the presentations made by the Minister, the Committee noted that:-

- 1) The total allocation to the Ministry is about 1.5% of the country's total budget which is far below the Maputo Declaration of 2003 that Agriculture should be allocated at least 10% of the total budget. It is therefore unlikely that this will be adhered to even after combining the budget for all other Ministries in the agricultural sector.

- 2) Allocations of funds to KARI and other research institutes such as cotton, coconut and horticulture development authorities that are for specific crops as well as coffee, tea, and sugar research foundation might lead to duplication of similar activities.
- 3) Procurement of seed and fertilizer should be adequately funded as it remains a critical input in effort to increase food production. Although this has been allocated 640 million in the 2012/13 year, this is inadequate against high cost of food imports arising as a result of our failure to plan well and delays in planting.
- 4) The country has experienced intermittent food shortage in the recent past leading to an escalation of food prices and rising inflationary pressures. This might persist if investment in the agriculture sector is not done to promote food production.
- 5) A number of essential programmes critical in ensuring food security have not been adequately funded. These include establishment of small holder irrigation scheme, purchase of agricultural machinery, implementation of farm forestry policy (10% tree cover), construction of water harvesting structures and post harvest crop management (stores and driers).

The small holder irrigation schemes and post harvest crop management (driers and stores) are especially of priority importance. Small holder irrigations are efficient in water use management while post harvest crop management work to minimize crop losses due to poor storage.

The Committee therefore recommends that additional funding be provided in the budgets to cater for these proposals by the Ministry.

- 6) Given the meagre budgetary provisions to the agricultural sector every financial year, Kenya cannot be able to make progress in securing food security for itself. This needs to be up scaled.

Consequently, the Committee noted and recommended, as follows:-

- 1) Adequate funding to cover cost of quality seeds and fertilizer be provided to increase food production in the effort to achieve food security and thwart expensive food importation. The Committee proposes that monies be cut from the Kshs. 17 billion being provided under the National Irrigation Board's in the Ministry of Water and Irrigation.
- 2) The budgetary allocations for the 2012/13 financial year be provided to cover the costs of on-going projects which the Ministry explained had not been funded.
- 3) The projects achieved by the Ministry in the 2011/12 reflected the activities which had been requested and provided in the budget. Therefore, the Committee was satisfied the monies had been used according to the plans.

- 4) The transfer of resources to the SAGAS under the Ministry is substantial yet these investments have not yielded commensurate returns to the public. Strategic SAGAS like the AFC, ADC, KFA and PBK in particular needs greater attention to make efficient in their operations. In the meanwhile, the Committee congratulates the ADC for its good performance in the past year. The AFC needs monies to build its capacity to respond to the demand by the public to borrow credit from the corporation due to its low interest rates.
- 5) As previously, the Committee reiterates its recommendations that irrigation sector, the National irrigation Board (NIB) and Strategic Grain Reserve (SGR) be reverted to the Ministry of Agriculture which is in charge food production and with the capacity to deal with irrigation matters. Consequently the NIB's budget be re-allocated under the Ministry of Agriculture.
- 6) Food importation into the country be banned and funds set aside for such imports be redirected to the food production sectors in the agricultural sector.

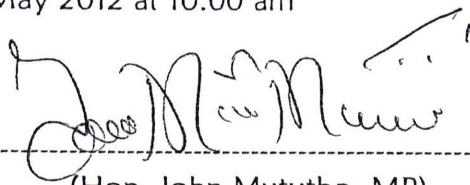
In Conclusion, the Committee agreed with Ministry of Agriculture that an amount not exceeding Kshs 9,525,437,080 in the Recurrent Vote (R110) and an amount not exceeding Kshs 12,573,704,599 in the Development Vote (D110) be withdrawn from the Consolidated Fund to finance the programmes and projects of the Ministry.

MIN.NO. 403/2011:

ADJOURNMENT

There being no other business the meeting was adjourned at 12.36 pm to reconvene on Thursday, 10th May 2012 at 10.00 am

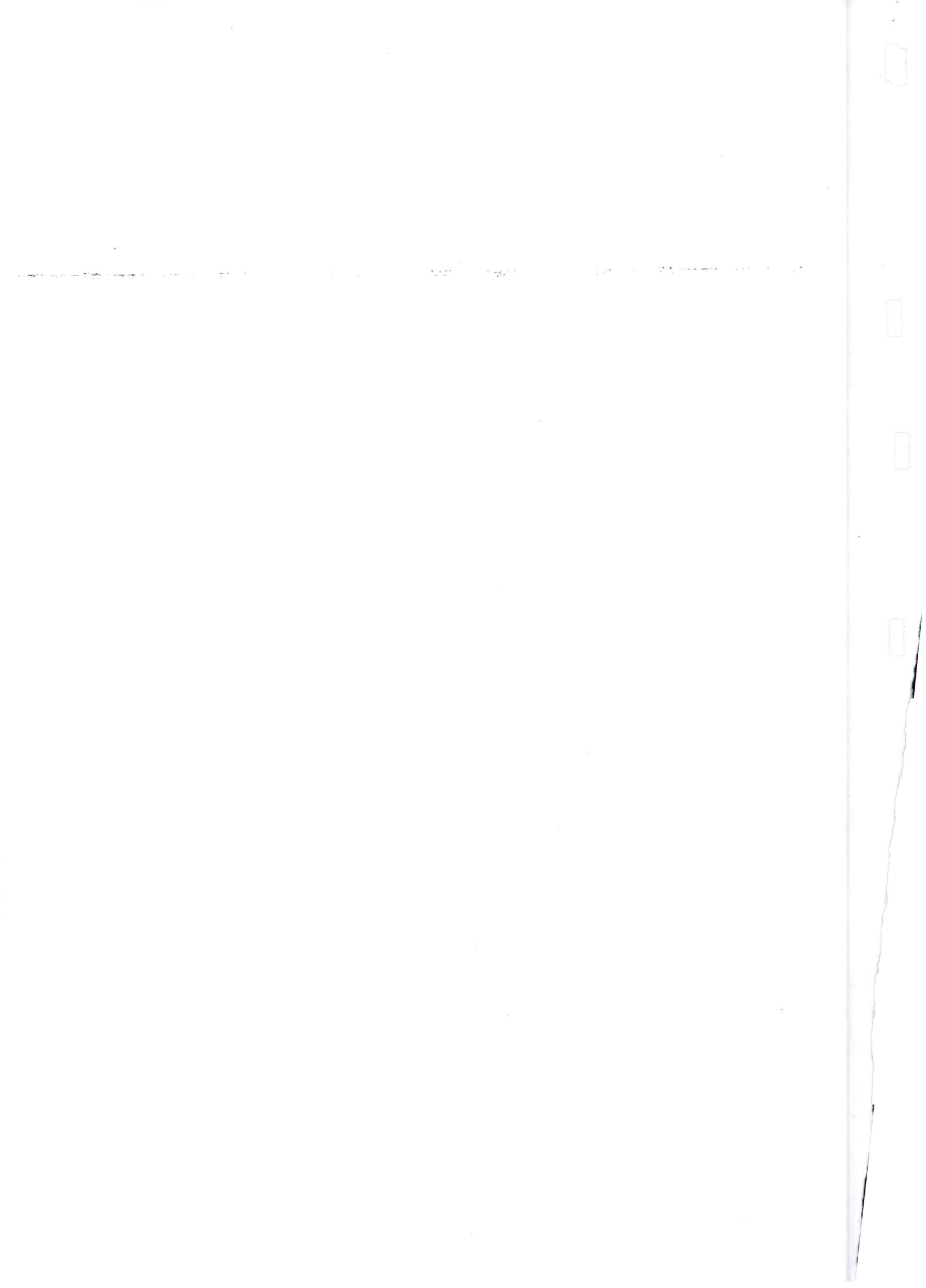
Signed-----



(Hon. John Mututho, MP)
Chairperson

Date-----

22/5/2012



MINUTES OF THE 228th SITTING OF THE DEPARTMENTAL COMMITTEE ON AGRICULTURE, LIVESTOCK AND CO-OPERATIVES HELD ON THURSDAY 22ND MAY, 2012 IN RESOURCE CENTRE 1ST FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 10.00AM.

PRESENT

- | | | |
|--------------------------------|---|---------------|
| 1. Hon. John Mututho, MP | - | Chairman |
| 2. Hon. Lucas Chepkitony MP | - | Vice-Chairman |
| 3. Hon. Benson Itwiku Mbai, MP | | |
| 4. Hon. John Pesa, MP | | |
| 5. Hon. Mohamud Sirat, MP | | |
| 6. Hon. Fred Outa, MP | | |

ABSENT WITH APOLOGY

1. Hon. Benjamin Washiali, MP
2. Hon. (Dr.) Victor Munyaka, MP
3. Hon. Evans Akula, MP
4. Hon. (Dr.) Robert Monda, MP

IN ATTENDANCE

National Assembly

- | | | |
|-------------------------|---|-------------------------|
| 1. Paul Ng'etich | - | Senior Research Officer |
| 2. Mr. Oscar Namulanda | - | Clerk Assistant |
| 3. Mr. Shadrack Makokha | - | Parliamentary Intern |

MIN. NO. 407/ /2012: - Preliminaries

The Chairman called the meeting to order at Thirty minutes past Ten O'clock and opened the meeting with a word of prayer.

He acknowledged the support and commitment Members have given to the Committee and the input made during the scrutiny of the budget estimates.

MIN. NO. 408/2012: - Confirmation of Minutes of the Previous Meetings

1. Minutes of the 220th Sitting of the Committee held on 7th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Lucas Chepkitony, MP and seconded by Hon. Benson Itwiku Mbai, MP.

2. Minutes of the 221st Sitting of the Committee held on 7th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Benson Itwiku Mbai, MP and seconded by Hon. John Mututho, MP.
3. Minutes of the 222nd Sitting of the Committee held on 7th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Benson Itwiku Mbai, MP and seconded by Hon. Lucas Chepkitony, MP.
4. Minutes of the 223rd Sitting of the Committee held on 8th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. John D. Pesa, MP and seconded by Hon. Benson Itwiku Mbai, MP.
5. Minutes of the 224th Sitting of the Committee held on 8th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Benson Itwiku Mbai, MP and seconded by Hon. John D. Pesa, MP.
6. Minutes of the 225th Sitting of the Committee held on 8th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Benson Itwiku Mbai, MP and seconded by Hon. Lucas Chepkitony, MP.
7. Minutes of the 226th Sitting of the Committee held on 9th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Lucas Chepkitony, MP and seconded by Hon. Benson Itwiku Mbai, MP.
8. Minutes of the 227th Sitting of the Committee held on 10th May, 2012 were confirmed as a true record of the deliberations after being proposed by Hon. Benson Itwiku Mbai, MP and seconded by Hon. Lucas Chepkitony, MP.

MIN. NO. 409/ /2012: - Adoption of the Report on the Examination of the Financial Estimates for the year 2012/2013

The report on the Examination of the Financial Estimates for the year 2012/2013 for the Ministries of Regional Development Authorities (Vote 109), Agriculture (110), Livestock Development (Vote 119), Cooperative Development and marketing (Vote 122), Fisheries Development (Vote 156) and Ministry of State for The Development of Northern Kenya and other Arid lands (Vote 158) was unanimously adopted with minor amendments

MIN. NO. 410/ /2012: - A.O.B

The Chairman informed the Committee that the Ministry of Agriculture has offered to sponsor Members of the Committee with return Air tickets to the USA for a study tour from 14th July, to 31st July, 2012.

The Committee went further to nominate Four Members to undertake the tour as follows:

1. Hon. John Mututho, MP Chairman and Leader of the Delegation
2. Hon. Lucas Chepkitony, MP
3. Hon. John Dache Pesa, MP
4. Hon. Benson Itwiku Mbai, MP

MIN. NO. 411/ /2012: - Adjournment

The Chairman adjourned the meeting at Twenty Five minutes past Twelve O'clock until Wednesday, 23rd May, 2012 at Eleven O'clock.

SIGNATURE.....



HON. JOHN MUTUTHO, M. P.
(Chairperson)

DATE

22/5/2012

