REPUBLIC OF KENYA



PARLIAMENT OF KENYA LIBRARY

THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE REPORTS ON THE SUPPLEMENTARY ESTIMATES 1

FOR

THE FINANCIAL YEAR 2019/20

NOVEMBER, 2019

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

REPORT ON THE EXAMINATION OF THE SUPPLEMENTARY BUDGET ESTIMATES NO. 1 FOR THE FY. 2019/2020

DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBER,
PARLIAMENT BUILDINGS,
NAIROBI.

NOVEMBER 2019

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1.0 PREFACE

On behalf of the Departmental Committee on Administration & National Security and pursuant to provisions of Standing Order 232, it is my pleasant privilege and honour to present to the Budget and Appropriations Committee, the Report on its consideration of the Supplementary Budget Estimates 1 for the Ministry's and State Departments that fall under its purview. The Supplementary Budget Estimates 1 was tabled before the House on Tuesday, 12th November, 2019 pursuant to Standing Order No. 232 and thereafter committed to relevant Departmental Committees for deliberation according to respective mandates.

1.1 MANDATE OF THE COMMITTEE

Mr. Chairman, the Departmental Committee on Administration & National Security is established pursuant to the provisions of Standing Order No. 216. The mandate and functions of the Committee is to:-

I) *Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*

II) *Study the programme and policy objectives of the Ministries and departments and the effectiveness of the implementation;*

III) *Study and review all legislation referred to it;*

IV) *Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with its stated objectives;*

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

VI) *Vet and report on all appointments where the constitution or any law requires the National Assembly to approve, except those under Standing Order 204; and*

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

The Departmental Committee is mandated to cover the functions of the Ministry in accordance with the Fourth Schedule of the Constitution. As such, the Committee

exercises oversight role on the work and administration of the Ministry alongside the SAGAs that fall under its purview.

The second schedule of the Standing Orders for the National Assembly mandates the Committee on Administration and National Security to consider matters relating to National security, Police services, home affairs, Public Administration, Public Service, prisons, Immigration and the management of natural disasters. It is from this perspective that the Committee scrutinized seven votes namely:-

(i) The Presidency
(ii)State Department for Interior
(iii) State Department for Correctional Services
(iv) State Department for Immigration and Citizen Services
(v)Public Service Commission
(vi) National Police Service Commission
(vii)Independent Police Oversight Authority
(viii) State Department for Public Service

1.2COMMITTEE MEMBERSHIP

1. Hon. Paul Koinange, MP- **Chairperson MP for** Kiambaa Constituency (Jubilee Party)
2. Hon. John Waluke, MP -**Vice-Chairperson** for Sirisia Constituency (Jubilee Party)
3. Hon. Dr. Makali Mulu, MP for Kitui Central Constituency (Wiper Party)
4. Hon. Wafula Wamunyinyi, MP for Kanduyi Constituency (Ford Kenya Party)
5. Hon. Peter Kaluma, MP for Homa Bay Town Constituency (ODM Party)
6. Hon. George Theuri, MP for Embakasi West Constituency (Jubilee Party)
7. Hon. Aduma Owuor, MP for Nyakach Constituency (ODM Party)
8. Hon. Geoffrey Kingangi Muturi, MP for Mbeere South Constituency (Jubilee Party)
9. Hon. Dr. Tecla Chebet Tum, MP for Nandi County (Jubilee Party)
10. Hon. Josphat Kabinga Wachira, MP for Mwea Constituency (Jubilee Party)
11. Hon. Abdi Omar Shurie, MP for Balambala Constituency (Jubilee Party)
12. Hon. Peter Francis Masara, MP for Suna West Constituency (Independent Party)

13. Hon. Ahmed Kolosh Mohammed, MP for Wajir West Constituency (Jubilee Party)
14. Hon. Oku Kaunya, MP for Teso North Constituency (ANC Party)
15. Hon. Ngunjiri Wambugu, MP for Nyeri Town Constituency (Jubilee Party)
16. Hon. Nimrod Mbithuka Mbai, MP for Kitui East Constituency (Jubilee Party)
17. Hon. Didmus Wekesa Barasa Mutua, MP for Kimilili Constituency (Jubilee Party)
18. Hon. Marselino Malimo Arbelle, MP for Laisamis Constituency (Jubilee Party)
19. Hon. Halima Mucheke, MP Nominated Member (Jubilee Party)

Secretariat

1. Mr. George Gazemba	-	Principal Clerk Assistant II
2. Mr. Joshua Ondari	-	Clerk assistant
3. Mr. Edison Odhiambo	-	Fiscal Analyst
4. Ms. Brigitta Mati	-	Legal Counsel
5. Mr. Donald Manyala	-	Research Officer

2.0 OVERVIEW OF THE EXAMINATION OF THE FY 2019/20 SUPPLEMENTARY ESTIMATES NO.1

The Departmental Committee on Administration and National Security held four sittings in consideration of the supplementary estimates. The meetings included a briefing by the Parliamentary Budget Office, meeting with the agencies affected by this supplementary and for adoption of the report.

Overall, the committee observed that some of the activities presented under the Supplementary estimates do not meet the criteria of unforeseen expenditure as defined in PFM regulations. Further, the Committee noted that some cost centres did nor receive a 50 percent cut across all the items under Operations and Maintenance contrary to the Treasury circular which required agencies to have a cut.

The Committee recommends the following: -

Reductions

1) Reduce the allocation towards the General Administration, Planning and Support Services by **KSh. 1 billion** under the state Department for Interior as follows: -
   a) **KSh. 600 million** under 1021000127 -National Integrated Identity Management System (NIIMS) under Recurrent Expenditure
   b) **KSh. 200 million under** National Integrated Identity Management System (NIIMS), Development Expenditure.
   c) **KSh. 200 million** under 1021000100, OOP Headquarters, "Other Operating Expenses"

Increases

2) Increase the allocation towards Policing Services Programme by **KSh 440 million** to support the following: -
   a) **KSh. 200 million** towards the Directorate of Criminal Investigations to enhance their operations,
   b) **KSh. 240 million** towards settling pending bills incurred for purchase of Motor Vehicles from DT- Dobie under the office of the Inspector General.
3) **KSh. 200 million** towards the Population Management Services Programme within the State Department for Interior under Vote Head "1021004800-National Registration Field Services, Recurrent expenditure to support field services.
4) **KSh. 200 million** towards Migration and Citizen Services Management Programme to support Operations at the Headquarters, under the State Department for Immigration and Citizen Services.
5) Increase the allocation to Public Service Commission by **KSh. 100 million** towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme.
6) **KSh. 60 million** towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage

Acknowledgements

The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Administration and National security, to present this Report to the Supplementary Budget Estimates 1 to Budget and Appropriation Committee pursuant to the provisions of section 25 of the Public Finance Management Act (PFM Act) and Standing Order 232 (4). Thank You

SIGNED.....

HON. PAUL KOINANGE, MP
(CHAIRPERSON)
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

3.0BROAD OVERVIEW OF THE SUPPLEMENTARY BUDGET ESTIMATES NO. 1

The gross allocation for the **Presidency** in the FY 2019/20 Supplementary Estimates 1 amounts to **KSh.11.36 billion**. This comprises of **KSh.9.11billion** and **KSh.2.25 billion** for current and capital expenditure respectively. The allocation has been proposed for increment by **KSh.39.69 million** from the gross Approved Estimates of **KSh.11.32 billion** to **KSh.11.36 billion**. The net change in the allocation reflects an addition of **Ksh.131.79million** and reduction of **KSh.92.10 million** for current and capital expenditure respectively. This is mainly on account of rationalization of expenditure and allocation to cater for expenses of the 2nd retired Vice President.

The gross allocation for the **State Department for Interior** in the FY 2019/20 Supplementary Estimates1 amounts to **KSh.141.1 billion**. This comprises of **KSh.129.7 billion** and **KSh.11.4 billion** for current and capital expenditure respectively.
The allocation has been proposed for increment by **KSh.1.9 billion** from the gross Approved Estimates of **KSh.139.2 billion**. The increase is on account of Huduma Namba ID Cards, Cyber Crime and National Integrated Information Management System

The gross approved allocation for the State Department for Correctional Services in the FY 2019/20 amounts to **KSh.27.1billion**. This comprises of **KSh.26.1billion** and **KSh. 957.5 million** for current and capital expenditures respectively. The allocation has been proposed for increment by **KSh.281.6 million** from the gross Approved Estimates of **KSh.27.1 billion** to **KSh.27.3 billion**. The increase is on account of operation and maintenance to cater for recruitment and training of 3,200 Prison Constables

The gross approved allocation for the State Department for Immigration and Citizens Services in the FY 2019/20 amounts to **KSh.3.5 billion**. This comprises of **KSh.2.1 billion** and **KSh.1.4 billion** for current and capital expenditures respectively. The allocation has been proposed for reduction by **KSh.187.5 million**

from the gross approved estimates of **KSh.3.5 billion** to KSh.3.3 billion. The proposed reduction is on account of rationalization of current and capital expenditure

The gross approved Estimates for the **State Department for Public Service** in the FY 2019/20 amount to **KSh. 9.9 billion** comprising of **KSh. 8.4 billion** and **KSh. 1.5 billion** for current and capital expenditures respectively. The Estimates have been proposed for reduction **to KSh. 9.3 billion** under FY 2019/20 Supplementary Estimates I consisting of **KSh. 8.2 billion** and **KSh. 1.1billion** for current and capital expenditures respectively. This reflects a net reduction of **KSh. 200 million** on current expenditure and **KSh.400 million** on capital expenditure. The proposed reduction is on account of austerity measures and rationalization

The gross approved Estimates for the **Public Service Commission** in the FY 2019/20 amount to **KSh. 2.2 billion**. This comprises of **KSh. 2.2 billion** and **KSh. 65.5million** for current and capital expenditures respectively. The Estimates have been proposed for increment under FY 2019/20 Supplementary Estimates I to **KSh. 2.3 billion** comprising of **KSh. 2.3billion** and **KSh. 65.5million** for current and capital expenditures respectively, representing an increase of Kshs.85.5million. The proposed increase on current expenditure is to cater for operational expenses resulting from ongoing recruitment for Constitutional Offices and Public Universities; and recruitment of interns

The gross allocation of the **National Police Service Commission** in the FY 2019/20 Supplementary Estimates No.1 amounts to **KSh.653.1million** for current expenditure. The allocation has been proposed for reduction by **KSh.83.8million** from the gross Approved Estimates of **KSh.736.9million**. The proposed reduction is attributable to rationalization of expenditure

The Independent Policing Oversight Authority's approved budget estimates for financial year 2019/20 was **Ksh.892.7 Million**. However, the amount has been proposed for reduction by Ksh.61.5Million to Ksh.831.2 Million in Supplementary Estimates 1. The proposed reduction is attributable to rationalization of operations and maintenance expenditure.

4.0 COMMITTEE REVIEW OF SUPLLEMENTARY BUDGET ESTIMATES NO. I

In June 2019, Parliament passed the appropriation Bill 2019 that was finally assented to by the President as the basis for spending in the FY 2019/20. The basis of the Appropriation Act was informed by resolutions of the Departmental Committee to allocate various sums of Money to various votes under their purview.

Further the Committee made resolutions which were carried and passed by the House. Key to the resolutions of the committee included additional allocation of KSh. 1 billion to Public Service Commission to employ 180 interns from all the 290 constituencies to as a way of addressing succession management in the civil service, additional allocation of KSh. 177 million towards completion of stalled projects under the state department for Correctional services and additional allocation of KSh. 200 million towards the Directorate of Criminal Investigation to enhance their operations and allocation of KSh. 200 million towards the Construction of Civil Registration offices to deal with congestion at their rented office.

4.1 Presentation by the State Department for Interior & Citizen services

The Principal Secretary, Dr. (Eng.) Karanja Kibicho, CBS informed the Committee that;

i) The State Department of Interior and Citizen Services was allocated KSh. 129,194.12 million for recurrent and KSh. 10,097.18 million for development at printed estimates for 2019/20 FY.

ii) In the Supplementary the budget has been proposed to increase to Kshs. 129,685.92 million for recurrent and Ksh. 11,455.68 million for development. The increase would go to the following projects:

Item	Amount	Justification
Cyber Crime	Kshs. 1 Billion	A presidential directive to release Kshs. 1B from universal service fund under CAK to enhance the fight against cyber crime

Item	Amount	Justification
NIIMS	Kshs. 2,212 Billion	Payment for the 8-day extension for registration officers who took part in the mass registration and digitization of data
Construction of Kuresoi North Sub-County HQs & access road	Kshs. 30M	Raised through public participation
Construction of Mbeere South Police Post	Kshs. 20M	Raised through public participation
Construction of Matungu South Police Post	Kshs. 20M	Raised through public participation
ICPD 25 Conference	Kshs. 56.59M	Expenditure incurred under Art. 223

The following areas however were not funded yet they were critical (Wishlist)

Item	Amount	Justification
Security operation	Kshs. 1 billion	Need to enhance security
National celebrations	Kshs. 350 million	To take care of the upcoming Jamhuri & Madaraka Celebrations
AIE's for field offices (RC's, CC's, DCC's, Chiefs & Ass. Chiefs)	Kshs. 3 billion	The amount would be used to cater for operations and coordination of National Government services country-wide.
Rent and rates for NPS	Kshs. 278.9 million	This would settle contractual agreement for accrued rent arrears for previously leased police houses.
Repair of ex-leased houses for NPS officers	Kshs. 472.2 million	The amount would be used to repair of the previously leased police houses which were vacated and left in bad shape.
Underfunded SAGAs:	Kshs. 400 million	For fully operationalization.

Item	Amount	Justification
NGO Board, Firearms Licensing Board, PSRA & NCRC		
Legal dues and compensation	Kshs.1.91billion	Historical pending bill that need to be cleared to avoid accumulation of interest.
Purchase of Motor vehicles (DT-Dobie)	Kshs. 238 million	Pending bill that need to be cleared to avoid accumulation of interest.

4.2 Presentation by the State Department for Correctional Services

The Principal Secretary Mrs. Zeinab A. Hussein, CBS informed the Committee that:

i) The State department for Correctional Services in FY2019/2020 has an allocation of Ksh 27,059,791,941 of which Kshs 26,102,270,000 is Recurrent and Kshs 957,521,941 is Development;

ii) The State Department recruited 2,800 Prison Officers in October 2019 and the recruits reported to the Prison Staff Training College by 28th October, 2019 for a nine (9) months training;

iii) To adequately cater for the budgetary requirements for the 2,800 trainees during the FY2019/2020, an additional amount of Kshs **395,413,428** was required;

iv) To meet this expenditure, the department had rationalized its budget within the vote to realize Kshs **113,854,418**;

v) This rationalized amount of Kshs 113,854,418.00 leaves a balance of Kshs 281,559,010. The same amount of Kshs 281,559,010 is included in the proposed Supplementary I estimate for FY 2019/2020 for parliamentary approval.

vi) The Pending Bills carried over from FY2018/19 amounting to Ksh 64,232,487 of which Ksh 57,245,093 is Recurrent and Ksh 6,987,394 is Development Vote bills;

vii) The bills have been audited by the internal auditors and payments for the verified bills are at the final stages;

viii) Pending bills claims for prior Financial Years(Historical pending bills) amounting to Ksh. 6.2 billion were invalidated by the internal auditors and multi-agency team engaged by the State Department; and

ix) The Department has since submitted the claims to the National Treasury Pending Bills Closing Committee for further consideration and direction.

4.3 Presentation by the Public Service Commission

The Public Service Commission led by Commissioner Dr. Mary Mwiandi, informed the Committee that;

i) The Commission's approved estimates for the Financial Year 2019/20 was Kshs. 2,236.5M which was made up of recurrent estimates of Kshs. 2,171M of which Kshs. 1B was for payment of interns' stipend and wages;
ii) The Commission's budget was reduced in the revised by Kshs. 111.6M. The budget cuts affected the areas such as communication supplies and services, domestic and foreign travel and accommondation, training, office and general supplies,contracted professional services and maintainance of vehicles;
iii) The Commission recruited the first cohort of 3,130 interns. Induction was undertaken from 9th – 11th October, 2019and intern were placed/posted in MDAs. The recruitment of the second cohort of 2,360 interns was underway;
iv) In the supplementary budget, the Commission was allocated additional Kshs. 85M which would go to the following budget lines:
    a) Domestic travel – Kshs. 10.5M
    b) Foreign travel - Kshs. 10M
    c) Printing, Advertising and information supplies and service – Kshs. 5M
    d) Boards, Committees and conference – Kshs.25M
    e) Hosipitality supplies and services – Kshs. 25M
    f) Other operating expenses – Kshs. 10M

v) The Commission still requires an additional Kshs. 126.4M to cover operational costs for the internship programme which were not provided for.

5.0 COMMITTEE GENERAL OBSERVATIONS

1) The execution of the 2019/20 budget did not commence as planned. All the agencies had not received exchequer towards development projects by the end of the first quarter
2) The major impact of the additional resources under Presidency will lead to operationalization of the benefits of the 2nd retired Vice President in line with the Retirement Benefits of the Deputy President and Designated State Officers Act, 2015
3) The Committee further observed there are 10 new projects being introduced at the supplementary. While most of the projects relates to public participation hearings on the budget, the significant new project was noted to be the Cyber Crime project with a proposed allocation of KSh. 1 billion for cybercrime related investigations. The proposed allocations will be for operations in the cybercrime section which have always been affected by delays in the administration of criminal justice. The fund is expected to help in retrieval and recovery of electronic evidence from digital media to help speed up cyber-crime related cases
4) It was also observed that some of the proposals in the supplementary amounted to reversals of Parliamentary approvals on the estimates as accented to in the Appropriations Act. They included additional allocations towards the National Integrated and Information Management Systems of KSh. 285 million and the reduction of KSh. 150 million from the ongoing digitization of records under the state Department for Immigration and Citizen Services Vote

6.0 COMMITTEE RECOMMENDATIONS

Reductions

7) Reduce the allocation towards the General Administration, Planning and Support Services by **KSh. 1 billion** under the state Department for Interior as follows: -
   d) **KSh. 600 million** under 1021000127 -National Integrated Identity Management System (NIIMS) under Recurrent Expenditure
   e) **KSh. 200 million under** National Integrated Identity Management System (NIIMS), Development Expenditure.
   f) **KSh. 200 million** under 1021000100, OOP Headquarters, "Other Operating Expenses"

Increases

8) Increase the allocation towards Policing Services Programme by **KSh 440 million** to support the following: -
   c) **KSh. 200 million** towards the Directorate of Criminal Investigations to enhance their operations,
   d) **KSh. 240 million** towards settling pending bills incurred for purchase of Motor Vehicles from DT- Dobie under the office of the Inspector General.
9) **KSh. 200 million** towards the Population Management Services Programme within the State Department for Interior under Vote Head "1021004800-National Registration Field Services, Recurrent expenditure to support field services.
10) **KSh. 200 million** towards Migration and Citizen Services Management Programme to support Operations at the Headquarters, under the State Department for Immigration and Citizen Services.
11) Increase the allocation to Public Service Commission by **KSh. 100 million** towards the General Administration and Support Services Programme to enhance their operations on the management of internship programme.
12) **KSh. 60 million** towards Independent Police Oversight Authority to purchase motor vehicles for the Board and staff mortgage

Further the Committee is agreeable to the proposal by the Cabinet secretary, National Treasury that: -

1) Additional **KSh. 39,693,000** be allocated towards the Presidency
2) Additional **KSh. 281,559,010** be allocated towards State Department for Correctional Services
3) A sum of **KSh. 624,861,315** be reduced from the State Department for Public Service
4) A sum of **KSh. 83,790,900** be reduced from National Police Service Commission

Other Recommendations

The Committee is strongly recommending that the Budget and Appropriations Committee look for resources elsewhere amounting to **KSh. 400 million** for special operations to mop out illegal guns which has exacerbated insecurity in areas such as Kitui, Samburu, Mandera, Lamu and areas affected by cattle rustling.

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK

REPORT ON THE SCRUTINY OF THE FY 2019/20 SUPPLEMENTARY ESTIMATES NO. 1 FOR THE FOLLOWING SPENDING AGENCIES:

State Department for Crop Development & Agricultural Research
State Department for Livestock
State Department for Fisheries and Blue Economy
State Department for Irrigation

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2019

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1. Preface

Mr. Chairman,

On behalf of the Departmental Committee on Agriculture and Livestock and pursuant to provisions of standing order number 207 (6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its Considerations of the Supplementary Estimates 1 for 2019/2020.

1.1 Mandate of the Committee and Membership

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

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

The Committee on Agriculture and Livestock specifically deals with the following sectors Agriculture, Livestock, Irrigation, Fisheries, Development, Production and Marketing. It oversights the following Agencies/ Departments: -

1. State Department for Crops and Development & Agricultural Research Services
2. State Department for Livestock
3. State Department for Fisheries & Blue Economy
4. State Department for Irrigation

1.2 Committee Membership

Hon. Adan Haji Ali, MP. (**Chairperson**)

Mandera South Constituency – **Jubilee Party**

Hon Emmanuel Wangwe, MP. (**Vice-Chairperson**)

Navakholo Constituency – **Jubilee Party**

Hon. Maison Leshoomo, MP.

Samburu County – **Jubilee Party**

Hon. Ferdinard Wanyonyi, MP.

Kwanza Constituency – **Ford Kenya**

Hon. Florence Mutua, MP.

Busia County – **Orange Democratic Movement**

Hon. Simba Arati, MP.

Dagoretti Constituency – **Orange Democratic Movement**

Hon. Francis Munyua Waititu, MP.

Juja Constituency – **Jubilee Party**

Hon. Silas Kipkoech Tiren, MP.

Moiben Constituency – **Jubilee Party**

Hon. Yegon Brighton Leonard, MP.

Konoin Constituency – **Jubilee Party**

Hon. Gabriel Kago Mukuha, MP.

Githunguri Constituency – **Jubilee Party**

Hon. John Paul Mwirigi, MP.

Igembe South – **Independent Member**

Hon. Dr. John Kanyuithia Mutunga, MP.

Tigania West Constituency – **Jubilee Party**

Hon. Adan Haji Yussuf, MP.

Mandera West Constituency – **Economic Freedom Party**

Hon. Janet Jepkemboi Sitienei, MP.

Turbo Constituency – **Independent Party**

Hon. Dr. Daniel Kamuren Tuitoek, MP.

Mogotio Constituency – **Jubilee Party**

Hon. Fred Ouda, MP.

Kisumu Central Constituency – **Orange Democratic Movement**

Hon. Joyce Kamene, MP.

Machakos County – **Wiper Democratic Party**

Hon. Justus Makokha Murunga, MP.

Matungu Constituency - **Amani National Congress**

Hon. Silvanus Osoro Onyiego, MP.

South Mungirango Constituency – **Kenya National Congress**

1.3 Committee Secretariat

Mr. Ahmad Kadhi	- First Clerk Assistant
Mr. Nicodemus Maluki	- Third Clerk Assistant
Mr. Robert Ngetich	- Fiscal Analyst
Mr. Salem Lorot	- Legal Counsel II
Mr. Eric Kariuki	- Research Officer III
Mr. Alex Mutuku	- Sergeant At arms
Mr. John Nganga	-Audio Officer
Ms. Deborah Mupusi	- Media Officer

EXECUTIVE SUMMARY

The FY 2019/20 Supplementary Estimates No. 1 were submitted to the National Assembly pursuant to Article 223 of the Constitution of Kenya and Standing Order 243 and subsequently tabled on the floor of the House on 12th October, 2019. The Committee held consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview. The agencies include:

1. State Department for Crops and Development & Agricultural Research Services
2. State Department for Livestock
3. State Department for Fisheries & Blue Economy
4. State Department for Irrigation

The total approved allocations to the four state departments in FY 19/20 is Ksh. 51,716 million comprising of Ksh. 14,632 million recurrent expenditure and Ksh. 37,084 million on development expenditure. The proposed 2019/20 Supplementary 1 budget proposes to increase the allocations to the departments by Ksh. 181 million to Ksh. 51,898 million. The table below shows the allocations to each state department under approved budget, supplementary budget, and as amended by the committee.

During the consultations and deliberations, the Committee made the following Observations and Recommendations:

2.1 Committee Observations

(i) The introduction of new projects under the supplementary budget- which is against the provisions of Regulation 40(8) of the PFM Regulations, 2015 which stipulates that no new program or policy can be introduced in the supplementary budget.

(ii) The underperformance in the development expenditure of the state departments was occasioned by the delay in uploading the budget to IFMIS.

(iii) There were errors in capturing the allocations to the Smallholder Irrigation Programme and Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) which needs to be rectified by the National Treasury to reflect a true position.

(iv) There is a need to enhance resource allocations to enable completion of projects within stipulated time and resources; and improve project/programme monitoring and evaluation.

(v) It is essential to support tea, coffee, and sugarcane research as it is crucial in improving and sustaining the productivity performance of the crops. There is need to fund tea, sugar and coffee research in the next financial year.

2.2 Committee Recommendations

State Department for Crop Development & Agricultural Research

Under the state department, the Committee made the following recommendations on allocations:

(i) A reduction of Ksh. 400 million in the allocation for the Modernization of Agricultural Society of Kenya Premises. The allocation remains at Ksh. 175 million.

(ii) An additional Allocation of Ksh. 200 million for Food Security and Crop Diversification Project.

State Department for Livestock

Under the state department, the Committee made the following recommendations:

(i) Reinstate the reduced allocation of Kshs 30 Million for the Livestock Policy Research & Regulations. This will ensure that the department develop and review 5 policies and strategies, as well as develop and review 5 bills and regulations on livestock and development.
(ii) An increased allocation of Ksh. 100 million for Disease Free zone Bachuma.
(iii) An increased allocation of Ksh. 70 million for Modernization/Rehabilitation of Kenya Meat Commission Factory.
(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

State Department for Fisheries, Aquaculture & the Blue Economy

Under the state department, the Committee made the following recommendations:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.
(ii) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills

State Department for Irrigation

Under the state department, the Committee made the following recommendations on allocations:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.
(ii) The National Treasury with the state department for irrigation scrutinize and rectify any errors in the budget figures for Smallholder Irrigation Programme and Mwea Irrigation and Development Project.
(iii) The National Treasury expedites the process of resolving any taxation issues with the contractor for Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) to enable continued implementation of the project.
(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

State Department for Agricultural Research

Under the state department, the Committee made the following recommendations:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.
(ii) The state department includes in the Budget Policy Statement for 2020, an allocation for funding tea research, coffee research, and sugarcane research to ensure continued development and sustenance of the crops.

Acknowledgements

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to

thank all the State Departments under its purview for their participation in scrutinizing the 2019/2020 Supplementary Estimates No. 1.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this report.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Agriculture and Livestock, to submit the Report on the scrutiny of the 2019/2020 Supplementary Estimates No. 1.

Signature: ..... **Date:** 22/11/2019

HON. EMMANUEL WANGWE, M.P.
VICE – CHAIRPERSON
DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK

PART II

2.0 BROAD OVERVIEW OF THE 2019/ 20 SUPPLEMENTARY ESTIMATES NO. 1.

The underperformance of the revenues in the financial year 2018/19 which was used in projecting the 2019/20 revenues, and the need to ensure adequate budget provisions for the Big Four Agenda necessitated the introduction of the 2019/20 supplementary I estimates.

The supplementary budget is affecting the department's budgetary provision on the operation and maintenance and development allocations is some departments. The items to be affected includes the following; domestic travel, foreign travel, printing, advertising and information supplies, training, Hospitality, office and general supplies, purchase of motor vehicles and equipment's, and purchase of furniture.

In overall terms, the total allocations to the five state departments is increasing by Ksh. 181 million from the approved total of Ksh. 51,716 million to Ksh. 51,898 million under supplementary 1.

2.1 State Department for Crops and Development

Department for Crop Development has an approved allocation of Ksh. 22.2 billion comprising of Ksh. 4.2 billion recurrent and Ksh. 18 billion development. Supplementary estimates propose to increase the department's approved allocation by Ksh. 533 million from Ksh. 22.2 billion to Ksh. 22.7 billion comprising of Ksh. 4,172 million recurrent and Ksh. 18,591 million development expenditure.

The gross increment of KSh.533 million consist of additional KSh.545 million in the capital expenditure, and a decrease of KSh.11.2 million in the current expenditure. The following table shows the proposed changes verses the approved budget.

Table: Showing Changes as per 2019/20 supplementary estimates (Ksh.)

	Approved Estimates	Supplementary 1 Est.	Changes
Current Expenditure	4,183,200,000	4,172,006,596	-11,193,404
Capital Expenditure	18,046,800,000	18,591,800,000	545,000,000
Total Expenditure	22,230,000,000	22,763,806,596	533,806,596

Source: 2019/20 Supplementary Estimates 1

The **recurrent allocation** is proposed to reduce by Ksh.11 million from an approved allocation of Ksh. 4,183 million in to Ksh. 4,172 million. The changes is on account of rationalization of the operations and maintenance expenses by Ksh. 46 million and an increase in provision for Agriculture Fish and Food Authority (AFFA) by Ksh. 35 million. AFFA's increased allocation is for hosting of the 59th Inter-African Coffee Organization general assembly and the 7th Coffee Scientific Symposium.

The department's **development allocation** is proposed to increase from Ksh. 18,046 million to Ksh. 18,591 million- an overall increase of Ksh. 533 million. The increase is on account of an introduction of a **new project- Modernization of Agricultural Society of Kenya Premises** with a proposed allocation of Ksh. 575 million- targets 100% completion. The

allocation to Development of Mau Buffer Tea Zone is reduced by Ksh. 30 million which reduces the target area to be planted tea from 900 hectares to 692 hectares.

The state department for crop development is implementing **three programmes** namely; the General Administration, Planning and Support Services, Crop Development and Management, and Agri-business and Information Management. The variation in allocation to the programmes is as shown in the following table.

The allocation to the General Administration, Planning and Support Services programme has been enhanced by Ksh. 581 million which is on account of the Modernization of Agricultural Society of Kenya Premises project. The reduction in the other two programmes is on account of rationalization on operation and maintenance expenditure items.

Table: Showing changes in programme allocation under 2019/20 Supplementary 1			
	Approved Allocations	Supplementary 1	Changes
General administration, planning and support services	3,798,433,232	4,380,393,213.0	581,959,981
Crop development and management	16,844,283,262	16,800,997,921.0	-43,285,341
Agribusiness and Information Management	1,587,283,506	1,582,415,462.0	-4,868,044
	22,230,000,000	**22,763,806,596**	533,806,596

Source: 2019/20 Supplementary Estimates 1

2.2 State Department for Livestock

The state department has an approved budget of Ksh. 6,987 million composed of Kshs 2.1 billion for recurrent expenditure and Kshs 4.8 billion for development expenditure. The department's allocation is proposed to reduce by Ksh. 71 million to Ksh. 6,915 comprising of Ksh. 2,067 million on recurrent expenditure and Ksh. 4,848 development expenditure. The **recurrent allocation** is reducing by Ksh. 71 million from an allocation of Ksh. 2,139 million in to Ksh. 2,067 million. The changes is on account of rationalization of the operations and maintenance expenses. Key changes are on:

i. Rangeland Ecosystems Development Services- **reduced by Ksh. 25 million**-. The reduction is on -Hospitality Supplies and Services (15million, its target of completing the range resource management guidelines by 60% did not change.

ii. Veterinary Headquarters- its allocation is **increased by Ksh. 20 million**. The increase is on: Hospitality Supplies and Services (11 million), Foreign Travel (3million), and printing (4million). The targets have not changed despite the increase in allocation to the unit. The unit targets to: -ensure that 20 facilities are compliant for export products processing; -1,000 animal health interns are trained.

iii. Livestock Policy, Research & Regulations- allocation **reduced by Ksh. 30 million.** The targets have not changed. The unit targets to develop and review 5 policies, and strategies; and to develop and review 5 bills and regulations on livestock and development.

iv. Livestock Resources and Market Development Support Services- a net addition of **Ksh. 28 million** with Ksh. 31 million for restocking of livestock for pastoralists. The targets have changed- 300 camels and 150 goats and sheep to be restocked.

The **development allocation was intact** and therefore the budget allocations to the projects are as it was approved in 2019/20 budget.

2.3 State Department for Fisheries and Blue Economy

The department has an approved allocation of Ksh. 6.6 billion comprising of Ksh. 1.7 billion recurrent and Ksh. 4.8 billion development. The department's allocation is being reduced by a total of Ksh. 116 million which reduces the total allocation from ksh. 6,665 million to Ksh. 6,549 million under supplementary I. The table shows the changes under the proposed supplementary.

Table: Showing Changes as per 2019/20 supplementary estimates (Ksh.)			
	Approved Estimates	Supplementary 1 Est.	Changes
Current Expenditure	1,770,776,973	1,654,570,310	-116,206,663
Capital Expenditure	4,894,876,955	4,894,876,955	0
Total Expenditure	6,665,653,928	6,549,447,265	-116,206,663

Source: 2019/20 Supplementary Estimates 1

Recurrent allocation is reduced from Ksh. 1,770 million to Ksh. 1,654 million- a reduction of Ksh. 116 million. The reduction is on operation and maintenance items. The development allocation is maintained as it was approved and therefore, there is no change in allocations to projects under the department.

The department was implementing three programmes namely; Fisheries Development & Management, General Admin. Planning & Support Services, and Development & Coordination of the Blue Economy. As shown in the following table, the allocations to the programmes are being reduced and the reductions are solely on recurrent expenditures specifically on allocation to operations and maintenance budget items.

Table: Showing changes in programme allocation under 2019/20 Supplementary 1			
	Approved Allocations	Supplementary 1	Changes
Fisheries development and management	3,936,164,907	3,890,769,707.0	-45,395,200
General administration, planning and support services	157,096,172	126,375,568.0	-30,720,604
Development and coordination of Blue economy	2,572,392,849	2,532,301,990.0	-40,090,859
Totals	**6,665,653,928**	**6,549,447,265**	**-116,206,663**

Source: 2019/20 Supplementary Estimates 1

2.4 State Department for Irrigation

Irrigation department has an approved budget of Ksh. 9,477 million comprising of Kshs 978 million for recurrent expenditure and Kshs 8,499 million for development expenditure. The department's approved budget is proposed to reduce by Ksh. 61 million from Ksh. 9,477 million to Kshs 9,415 under supplementary 1. The gross reduction of Ksh. 61 million comprises of a reduction of Ksh. 82 million for recurrent expenditure and an increment of Ksh. 20 million for development expenditure. The table below show the proposed changes.

Table: Showing Changes as per 2019/20 supplementary estimates (Ksh.)

	Approved Estimates	Supplementary 1 Est.	Changes
Current Expenditure	978,000,000	895,139,786	-82,860,214
Capital Expenditure	8,499,606,674	8,520,582,420	20,975,746
Total Expenditure	9,477,606,674	9,415,722,206	-61,884,468

Source: 2019/20 Supplementary Estimates 1

The **recurrent allocation** is proposed to reduce by Ksh.82 million from an approved allocation of Ksh. 978 million in to Ksh. 895 million. The changes were rationalization of the operations and maintenance budget items.

The department's **development allocation** is proposed to increase from Ksh. 8,499 million to Ksh. 8,520 million- a net increase of Ksh. 20 million. The changes was on account of:

i. Reduced allocation to Small Holder Irrigation Programme from an allocation of Ksh. 370 million to Ksh. 220 million, reduction of Ksh. 150 million. No change in targets.
ii. A reduction of Ksh. 209 million on allocation to Mwea Irrigation Development project (Thiba Dam and Irrigation Area) from an allocation of Ksh. 1,987 to Ksh. 1778. No change in targets.
iii. An introduction of the Drought Resilience in Northern Kenya with an allocation of Ksh. 350 million. The target is to conduct one baseline study and compile an inception report geared towards strengthening drought resilience and adaptive capacities of production systems in Northern Kenya.
iv. An introduction of Strategic Interventions with an allocation of Ksh. 30 million meant for New Kithimu- Irrigation project in Embu. The target is 100% completion.

The department was implementing three programs namely; Irrigation & Land Reclamation, Water Harvesting & Storage for Irrigation & General Admin., Planning & Support Services.

Table: Showing changes in programme allocation under 2019/20 Supplementary 1

	Approved Allocations	Supplementary 1	Changes
Irrigation and land reclamation	7,731,792,335	7,696,866,345.0	-34,925,990
Water Harvesting and storage for Irrigation	1,058,975,901	1,054,764,747.0	-4,211,154
General administration, planning and support services	686,838,438	664,091,114.0	-22,747,324
Totals	**9,477,606,674**	**9,415,722,206**	**-61,884,468**

Source: 2019/20 Supplementary Estimates 1

2.5 State Department of Agricultural Research Services

The department for Agricultural Research has an approved budget of Ksh. 6,356 million composed of Kshs 5,561 million for recurrent expenditure and Ksh. 795 million for development expenditure. The department's allocation is proposed to reduce by Ksh. 102 million from an approved budget of Ksh. 6,356 million to Ksh. 6,253 under supplementary 1. The reduction is entirely on recurrent expenditure allocation. The changes is a shown in the following table.

Table: Showing Changes as per 2019/20 supplementary estimates (Ksh.)

	Approved Estimates	Supplementary 1 Est.	Changes
Current Expenditure	5,561,333,367	5,458,666,683	-102,666,684
Capital Expenditure	795,000,000	795,000,000	0
Total Expenditure	6,356,333,367	6,253,666,683	-102,666,684

Source: 2019/20 Supplementary Estimates 1

The recurrent budget allocation is reduced from Ksh. 5,561 million to Ksh. 5,458 million on account of reduction on operation and maintenance items. The reduction in the department's budget will have an impact on development, review, coordination, dissemination, and support of research policies.

The department of Agricultural research services is implementing one programme called agricultural research. As a result of the cuts, the department will now be embarking on supporting 8 research programs as opposed to the initial target of 16.

3.0 Committee Review: Vote by Vote

3.1 State Department for Crops Development - Vote 1165

On Wednesday 20th November 2019, the Principal Secretary, State Department for Crop Development and Agricultural Research Prof. Boga Hamadi, appeared before the Committee to make a presentation on the Supplementary Estimates No.1 of 2019/20. He informed the Committee that:-

(i) The total approved budget to the department is Ksh. 22,230 million comprising of Ksh. 4,183 million as recurrent expenditure and Ksh. 18,047 million as development expenditure.

(ii) The 1st quarter actual expenditure on development budget is Ksh.373 million out of the Ksh. 18,046 annual budget. IFMIS system was inaccessible until late September /lack of exchequer affected absorption of funds in the 1st quarter.

(iii) As at 19th November 2019, the total expenditure plus commitments amounted to Ksh901 million. The State Department is accelerating all the procurement processes to ensure 100% absorption by June 2020

(iv) The National Treasury effected a 50% reduction in the following expenditure items as per treasury Circular No.14A

- Communications, supplies and services; domestic travel; foreign travel; printing, advertising and information supplies; training; hospitality; specialized materials and equipment; office and general supplies; fuel, oil and lubricants; other operating expenses; maintenance of motor vehicle and equipment; routine maintenance – other assets; refurbishment of buildings; purchase of motor vehicles and other transport equipment; purchase of furniture; purchase of specialized plant, equipment and machinery; rehabilitation and renovation of plant, equipment and machinery

(v) The Recurrent budget suffered a Ksh. 46 Million reduction in supplementary 1 across various O&M items. This will indirectly affect implementation of key development projects/programmes including the Ministry's Big 4 drivers.

(vi) Supplementary 1 includes an addition of Ksh. 35 Million for hosting of the 59th Inter-African Coffee Organization general assembly and Ksh.575 Million for Modernization of Agricultural Society of Kenya show grounds. Modernization of Agricultural Society of Kenya project started in FY2017/18 with an initial allocation of Ksh175 million and it was to modernize the ASK Jamhuri Park pavilion.

(vii) Supplementary 1 includes a reduction of Ksh30 Million from the Development of Mau Buffer Zone Project.

(viii) The state department submitted a list of funding requests of Ksh. 26,310 million to the National Treasury during Supplementary 1 but no funding was provided. The list is provided under annexures.

(ix) The total pending bills (verified and unverified) as at 30th June 2019 was Ksh. 12,674 million.

The Committee observed that: -

(i) The department introduced a new project under a supplementary budget- the Modernization of Agricultural Society of Kenya Premises with a proposed allocation of Ksh. 575 million. This is in violation of Regulation 40(8) of the PFM Regulations, 2015 which stipulates that no new program or policy can be introduced in the supplementary budget. The project does not fit to be considered under the supplementary considering that it cannot be unforeseen and unavoidable as provided under Regulation 40(8) of the PFM Regulations, 2015.

The Committee Recommends

(i) The committee recommends a reduction of Ksh. 400 million in the allocation for the Modernization of Agricultural Society of Kenya Premises. The allocation remains at Ksh. 175 million.

3.2 State Department for Livestock - Vote 1162

On Wednesday 20th November 2019, the Principal Secretary, State Department for Livestock, Mr. Harry Kimutai, appeared before the Committee to make a presentation on the Supplementary Estimates No.1 of 2019/20. He informed the Committee that: -

(i) The approved budget to the department is at Ksh. 6,987 million which is composed of Kshs 2.1 billion for recurrent expenditure and Kshs 4.8 billion for development expenditure. The recurrent allocation has been adjusted downwards by Ksh. 71 million from an allocation of Ksh. 2,139 million in to Ksh. 2,067 million.

(ii) The department has an allocation of Ksh. 31 million for purchase of breeding stock and live animals for restocking.

(iii) There were no budget adjustments on the development allocations to the department.

(iv) The State Department for Livestock Directorates have pending bills of Ksh. 20,350,000. However, Kenya Meat Commission has accumulated pending bills of recurrent vote amounting to Ksh. 722 Million while KEVEVAPI has 13 Million.

(v) The department requested Ksh. 200 million to be paid as a show of commitment for the Halal Meat Products pending bill of Ksh. 4 billion, no allocation was made.

The Committee observed that:

(i) There is an increased allocation of Ksh. 20 million to the Veterinary Headquarters unit. The increase is on: Hospitality Supplies and Services (11 million), Foreign Travel (3million), and printing (4million). Though the department explained that it is meant for hosting of 23rd Codex Committee for Africa Region (CCFRICA), the targeted output is not captured in the budget books.

(ii) There may be a need to evaluate the impact of the reduced samples of animal diseases to be analysed, whether it may affect the health and safety of livestock.

(iii) The underperformance in the development expenditure of the state d
occasioned by the delay in uploading the budget to IFMIS

(iv) The department was deducted Kshs 30 Million, an allocati
Research & Regulations which targets to develop and revie

strategies; and to develop and review 5 bills and regulations on livestock and development.

The Committee Recommends that:

(i) Reinstate the reduced allocation of Kshs 30 Million for the Livestock Policy Research & Regulations. This will ensure that the department develop and review 5 policies and strategies, as well as develop and review 5 bills and regulations on livestock and development.

(ii) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

3.3 State Department for Fisheries and Blue Economy - Vote 1166

On Wednesday 20th November 2019, the Principal Secretary, State Department for Crop Development and Agricultural Research Prof. Boga Hamadi (sitting in for the Principal Secretary, State Department for Fisheries, Aquaculture and the Blue Economy) appeared before the Committee to make a presentation on the Supplementary Estimates No.1 of 2019/20. The Members were informed that: -

(i) The State Department for Fisheries, Aquaculture and the Blue Economy was allocated Kshs. 1,770,776,973 and Kshs. 4,723,203,852 for recurrent and development expenditures respectively. Whereas the development budget was unaffected by the Supplementary Estimates No. 1 of FY 2019/20, the recurrent budget was reduced by Kshs. 116,206,663 to Kshs. 1,654,570,310.

(ii) The state department is implementing a number of projects aimed at enhancing food and nutritional security in the country and providing gainful employment to the 130,000 fisher folks across the country by providing an unlimited access to affordable, high quality inputs, mechanization and new technologies such as improved seed.

(iii) The state department had a pending bill of Kshs. 266.4 million at the end of the FY 2018/19. Out of this bill, Kshs. 69.3 million relates to expenses that are recurrent in nature whilst Kshs. 197.1 million accrued due to lack of exchequer to settle bills relating to the implementation of capital projects.

(iv) There was an outstanding bill of Kshs. 22 million that cannot be settled due to budget cuts as proposed in the Supplementary Estimates No. 1 FY 2019/20. The Kshs. 3.9 million development bills cannot be settled due to lack of budgetary provision. The bill was historical.

The Committee observed that:

(i) The underperformance in the development expenditure of the state departments was occasioned by the delay in uploading the budget to IFMIS.

The Committee Recommends that:

(i) The approval of the budget allocations for the department as Supplementary Estimates No.1 of 2019/20.

(ii) Timely uploading of development budgets for ease of implen plans, procurement plans and clearance of pending bills.

3.4 State Department for Irrigation - Vote 1167

On Wednesday 20th November 2019, the Water Secretary, Eng. Sao Alima (on behalf of the Principal Secretary) Ministry of Water & Sanitation and Irrigation appeared before the Committee to make a presentation on the Supplementary Estimates No.1 of 2019/20. Members were informed that: -

(i) Under the 'Big Four' Agenda on Enhancing Food and Nutrition Security to all Kenyans by 2022, the Government is focusing on three broad areas namely: enhancing large-scale production; boosting smallholder productivity; and reducing the cost of food.

(ii) The budgetary allocation for the Irrigation sub-sector has a net reduction of KShs.61.88 million.

(iii) The recurrent expenditure has reduced by KShs.82.86million from KShs.978million to KShs. 895.13million. Under the recurrent expenditure, the following items should be spared from budgetary cuts:

(a) Monitoring and Evaluation (Ksh. 11,225,000). The Irrigation sub-sector has projects under various programmes spread in 47 counties which requires close monitoring and evaluation. It is on this basis that the Irrigation sub-sector had prioritized this activity.

(b) Maintenance of Motor Vehicles (KShs.4,023,750). Motor vehicles under Irrigation sub-sector are used for Monitoring and Evaluation of projects. Most of these Irrigation projects are located in remote areas. As there was no provision for purchase of motor vehicles, it is important to maintain the existing ones so that they continue running.

(c) Domestic Travel and Subsistence, and other Transportation Costs (KShs.16,213,849). There is a huge reduction of allocation to domestic travel and subsistence item. This will seriously affect the operations of Irrigation sub-sector as most of the activities are field work.

(iv) The development budget has net increment of KShs.20.9million. The budgetary allocation has increased to KShs.8.52 billion from KShs.8.49 billion.

(v) Under the Mwea Irrigation and Development Project- the Ministry requested that the Loan Revenue of Kshs. 905,000,000 be converted to Loan Appropriation-in-Aid. However, in the process of converting, the National Treasury reduced the amount from Kshs.905,000,000 to Kshs.695,000,000. This project has been suspended and the funds should be reinstated. The Department also requested that additional donor funds of Kshs.1,500,000,000 Loans Appropriation-in-Aid be allocated to the project.

(vi) Under the Smallholder Irrigation Programme Mt. Kenya Region Phase IV, the Sub Item Other Infrastructure and Civil Works of Kshs.20,000,000 was captured erroneously in the Development Expenditure Estimates 2019/2020 Financial Year of the above item as construction and civil works. Being counterpart funding contribution to the Capital Grants to Government Agencies and other Levels of Government, this account is specifically meant to facilitate Pre-feasibility, Feasibility and Appraisal of the infrastructure development of the above program. It's also supposed to take care of the Taxes and other public charges to be borne by the borrower.

(vii) Under the Smallholder Irrigation Programme - the allocation ought to have been Ksh. 220 million and not Ksh. 370 million as captured. The extra Ksh. 150 million was meant for the Drought Resilience in Northern Kenya project.

(viii) Under the Drought Resilience in Northern Kenya project, the committee was informed that it is a new project arising from a Loan Agreement "Drought Resilience in Northern Kenya dated 24th December, 2018 and the Finance Agreement "Regional Fund for Improving Drought Resilience in the Horn of Africa" dated 24th December, 2018 (together the Agreements) between kfW and the Republic of Kenya. In the Supplementary Estimates, the Revenue component of Kshs.200,000,000 is erroneously captured as Grant Revenue. It should be corrected to Grant Appropriation-in-Aid.

The Committee observed that:

(i) Introduction of a new project-New Kithimu- Irrigation project in Embu with an allocation of Ksh. 30 million. Regulation 40(8) of the PFM Regulations, 2015 stipulates that no new program or policy can be introduced in the supplementary budget.

(ii) There is a reduction of Ksh. 150 million in the allocation to Small Holder Irrigation Programme from an allocation of Ksh. 370 million to Ksh. 220 million with no corresponding variation in targeted outputs.

(iii) A reduction of Ksh. 209 million on allocation to Mwea Irrigation Development project (Thiba Dam and Irrigation Area) from an allocation of Ksh. 1,987 to Ksh. 1,778 with no corresponding variation in targeted outputs. Members were concerned that importation of equipment from outside the country occasioned incurring taxes by the Contractor. Progress of the dam should not be delayed by the said taxation issues.

(iv) An introduction of the Drought Resilience in Northern Kenya project with an allocation of Ksh. 350 million donor funds. The target is to conduct one baseline study and compile an inception report geared towards strengthening drought resilience and adaptive capacities of production systems in Northern Kenya.

(v) There were errors in capturing of the allocations to the Smallholder Irrigation Programme and Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) which needs to be rectified by the National Treasury to reflect a true position.

The Committee Recommends that:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.

(ii) The National Treasury with the state department for irrigation scrutinize and rectify any errors in the budget figures for Smallholder Irrigation Programme and Mwea Irrigation and Development Project.

(iii) The National Treasury expedites the process of resolving any taxation issues with the contractor for Mwea Irrigation and Development Project (Thiba D
Irrigation Area) to enable continued implementatio

(iv) Timely uploading of development budgets for eas
work plans, procurement plans and clearance of pen

3.5 State Department for Agricultural Research - Vote 1168

On Wednesday 20th November 2019, the Principal Secretary, State Department for Crop Development and Agricultural Research, Prof. Hamadi Boga appeared before the Committee to make a presentation on the Supplementary Estimates No.1 of 2019/20.

He informed the Committee that: -

(i) The department's approved allocation is Ksh. 6,356 million and is being reduced to Ksh. 6,253 under supplementary 1. The recurrent budget has been rationalized by Ksh. 102 million from an allocation of Ksh. 5,561 million to Ksh. 5,458 million. The allocation to development expenditure has not been touched.

(ii) The total pending bills as at 1st quarter 2019/20 FY was Ksh. 185 million comprising of Ksh 14 million recurrent and Ksh. 164 million development expenditure.

(iii) On funding of the Construction of Tea Research Development Factory, the Principal Secretary informed the committee that there has been no allocation since the tea levy was removed. That the department has been making appeals to the National Treasury for funding of the tea and coffee research.

(iv) There is need to enhance resource allocations to enable completion of projects within stipulated time and resources; and improve project/programme monitoring and evaluation.

The Committee observed that:

(i) It is essential to support tea, coffee, and sugarcane research as it is crucial in improving and sustaining the productivity performance of the crops. There is need to fund tea, sugar and coffee research in the next financial year.

The Committee Recommends that:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.

(ii) The state department includes in the Budget Policy Statement for 2020, an allocation for funding tea research, coffee research, and sugarcane research to ensure continued development and sustenance of the crops;

RECOMMENDATIONS

4.0 State Department for Crops Development

Under the state department, the Committee made the following recommendations on allocations:

(i) The committee recommends a reduction of Ksh. 400 million in the allocation for the Modernization of Agricultural Society of Kenya Premises. The allocation remains at Ksh. 175 million.

(ii) An additional Allocation of Ksh. 200 million for Food Security and Crop Diversification Project.

4.1 State Department for Livestock

Under the state department, the Committee made the following recommendations:

(i) Reinstate the reduced allocation of Kshs 30 Million for the Livestock Policy Research & Regulations. This will ensure that the department develop and review 5 policies and strategies, as well as develop and review 5 bills and regulations on livestock and development.

(ii) An increased allocation of Ksh. 100 million for Disease Free zone Bachuma.

(iii) An increased allocation of Ksh. 70 million for Modernization/Rehabilitation of Kenya Meat Commission Factory.

(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

4.2 State Department for Irrigation

Under the state department, the Committee made the following recommendations on allocations:

(i) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.

(ii) The National Treasury with the state department for irrigation scrutinize and rectify any errors in the budget figures for Smallholder Irrigation Programme and Mwea Irrigation and Development Project.

(iii) The National Treasury expedites the process of resolving any taxation issues with the contractor for Mwea Irrigation and Development Project (Thiba Dam and Irrigation Area) to enable continued implementation of the project.

(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

4.3 State Department for Fisheries and Blue Economy

Under the state department, the Committee made the following recommendations:

(iii) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.

(iv) Timely uploading of development budgets for ease of implementation of annual work plans, procurement plans and clearance of pending bills.

4.4 State Department for Agricultural Research

Under the state department, the Committee made the following recommendations:

(iii) The approval of the budget allocations for the department as proposed under Supplementary Estimates No.1 of 2019/20.

(iv) The state department includes in the Budget Policy Statement for 2020, an allocation for funding tea research, coffee research, and sugarcane research to ensure continued development and sustenance of the crops.

5.0 ANNEXTURES

ANNEX I: Programmes Whose Reallocation is beyond the 10% threshold (Highlighted in Yellow).

Table: showing % changes in allocation per Programme (Ksh).				
	Approved 2019/20	2019/20 Sup. 1	variation	% change
State Department for livestock	**6,987,200,000**	**6,915,388,563**	-71,811,437	-1.03%
Livestock resources management and development	6,987,200,000	6,915,388,563	-71,811,437	-1.03%
State Department for Crop Development	**22,230,000,000**	**22,763,806,596**	533,806,596	2.40%
General administration, planning and support services	3,798,433,232	4,380,393,213	581,959,981	15.32%
Crop development and management	16,844,283,262	16,800,997,921	-43,285,341	-0.26%
Agribusiness and Information Management	1,587,283,506	1,582,415,462	-4,868,044	-0.31%
State Department for Fisheries and Blue Economy	**6,665,653,928**	**6,549,447,265**	**-116,206,663**	-1.74%
Fisheries development and management	3,936,164,907	3,890,769,707	-45,395,200	-1.15%
General administration, planning and support services	157,096,172	126,375,568	-30,720,604	-19.56%
Development and coordination of Blue economy	2,572,392,849	2,532,301,990	-40,090,859	-1.56%
State Department for irrigation	**9,477,606,674**	**9,415,722,206**	**-61,884,468**	-0.65%
Irrigation and land reclamation	7,731,792,335	7,696,866,345	-34,925,990	-0.45%
Water Harvesting and storage for Irrigation	1,058,975,901	1,054,764,747	-4,211,154	-0.40%
General administration, planning and support services	686,838,438	664,091,114	-22,747,324	-3.31%
State Department for Agricultural Research	**6,356,333,367**	**6,253,666,683**	**-102,666,684**	-1.62%
Agricultural Research & Development	6,356,333,367	6,253,666,683	-102,666,684	-1.62%
	51,716,793,969	**51,898,031,313**	**181,237,344**	0.35%

Source: 2019/20 Supplementary Estimates 1 Books.

ANNEX II. Submissions by PBO

Annex III – SUBMISSIONS BY MDA'S

Annex IV – LIST OF PROGRAMS ALLOCATED TO BIG FOUR & ALLOCATIONS

ANNEX V – LIST OF RECONCILABLE DEVELOPMENT PROJECTS

State Department for Livestock		
Project	Supp. 1	Committee Amended
Regional Pastoral Livelihood Resilience Project (RPLPRP)	1,256,767,474	1,256,767,474
Standards and Market Access Programme (SMAP)	48,000,000	48,000,000
Mainstreaming sustainable land management (SLM) in Agropastoral produ	247,000,000	247,000,000
Smallholders Dairy Commercialization Programme	668,432,526	668,432,526
Livestock Value Chain Support Project	645,000,000	645,000,000
Kenya Livestock Insurance Scheme	270,000,000	270,000,000
Disease Free Zones Program	120,000,000	220,000,000
Modernization/Rehabilitation of Kenya Meat Commission Factory	190,000,000	260,000,000
Establishment of a bull station at ADC-Sabwani- Kitale	30,000,000	30,000,000
Modernize Foot & Mouth Disease Laboratory for GMP standards-KEVEVAPI	150,000,000	150,000,000
Construction and refurbishment at National Ngong Rabbit Centre	27,000,000	27,000,000
Modernization of Kiboko Zoological and Efficacy Trial Centre	25,000,000	25,000,000
Construction and equipping of Bio Safety Level 3 Laboratory-Kabete	190,000,000	190,000,000
Construction of learning facilities (New Site) at AHITI	60,000,000	60,000,000
Construction and Refurbishment of Infrastructure at AHITI-Kabete	39,000,000	39,000,000
Construction and Refurbishment of Infrastructure at AHITI - Ndomba	40,000,000	40,000,000
Construct and Refurbish facilities-Meat Training Institute at Athi River	17,000,000	17,000,000
Construct and Refurbish facilities-Pastoral Training Centre at Griftu	10,000,000	10,000,000

Construction and Refurbishment at Dairy Training Institute-Naivasha	15,000,000	15,000,000
Construct and Refurbish-Regional Pastoral Training Centre-Narok	16,000,000	16,000,000
Farm Development-Sheep and Goats Breeding Farms	81,000,000	81,000,000
Farm Development-Livestock Breeding research farms	40,000,000	40,000,000
Refurbishment and Equipping of Regional Milk Analysis Laboratories	19,000,000	19,000,000
Bee Health Project-Vector Regulatory and Zoological Services	20,000,000	20,000,000
Construct and Refurbish-Foot and Mouth Disease National Reference Lab	30,000,000	30,000,000
Construct and Refurbish-Regional Veterinary Investigation Labs (RVILs)	60,000,000	60,000,000
Farm Development-Veterinary Diagnostic and Efficacy Trial Centers	60,000,000	60,000,000
Construction and Refurbishment-Leather Science Institute	99,000,000	99,000,000
Bee Bulking Project-Apiculture and Emerging Livestock Services	30,000,000	30,000,000
Construction of National Dairy Laboratory Complex	80,000,000	80,000,000
National Bee Keeping Institute	25,000,000	25,000,000
Construction of Dairy Vetinary Board (KVB) Headquarters offices	80,000,000	80,000,000
Livestock Programming for Nutritional Improv. In Children Under 5yrs	100,000,000	100,000,000
Construction & Refurbishment of Facilities – Livestock Inst. Wajir	60,000,000	60,000,000
Total	4,848,200,000	5,018,200,000
State Department for Crop Development		
Project	Supp. 1	Committee Amended
Support to Improvement Of Added Value To Coffee	38,000,000	38,000,000

Drought Resilience and Sustainable Livelihood Programme in Horn of Africa	1,113,080,916	1,113,080,916
Kenya Cereal Enhancement Programme (KCEP)	2,153,426,117	2,153,426,117
Crop Insurance	371,500,000	371,500,000
Development of Mau Buffer Tea Zone	100,000,000	100,000,000
Aflatoxin Management	43,750,000	43,750,000
Pyrethrum Industry	30,000,000	30,000,000
Development of Agriculture Technology Innovation Centers	100,000,000	100,000,000
Strengthening Mechanization	104,000,000	104,000,000
Youth and Women Empowerment in Modern Agricultural Project	100,000,000	100,000,000
Food Security and Crop Diversification Project	800,000,000	1,000,000,000
Construction of Headquarters and Satellite Campuses for KSA	100,000,000	100,000,000
Construction of Educational Complex at Bukura Agricultural College	40,000,000	40,000,000
Rice Based Marketing Agriculture Promotion Project (RICEMAP)	97,737,100	97,737,100
Smallholder Horticulture Empowerment Project(SHEP plus)	62,250,000	62,250,000
Small Scale Irrigation and Value Addition Project	1,459,334,228	1,459,334,228
Kenya Climate Smart Agriculture Project (KCSAP)	2,900,092,079	2,900,092,079
Construction of Residual Laboratory at PCPB	10,000,000	10,000,000
Mechanization of Agricultural Development Project	100,000,000	100,000,000
National Agricultural and Rural Inclusivity Project (NARIGP)	3,779,477,410	3,779,477,410
Agricultural Sector Development Support Programme 11(ASDP 11)	1,418,051,150	1,418,051,150
Fall Army Worm Mitigation	585,000,000	585,000,000
Cotton Industry Revitalization Project	64,000,000	64,000,000
Rural Livelihoods Adaptation to Climate Change (RLACC)	134,001,000	134,001,000
Enable Youth Programme	331,100,000	331,100,000
National Value Chain Support Programme	2,000,000,000	2,000,000,000
Modernization of Agricultural Society of Kenya Premises	575,000,000	175,000,000

Total		
State Department for Fisheries, Aquaculture & the Blue Economy		
Project	Supp. 1	Committee Amended
Development of Fish Quality Laboratories	155,026,740	155,026,740
Aquaculture Technology Development and Innovation Transfers	429,000,000	429,000,000
Monitoring, Control and Surveillance Centre	43,000,000	43,000,000
Aquaculture Business Development Programme (ABDP)	533,850,215	533,850,215
Kenya Marine Fisheries and Socio-Economic Development (KEMFSED)(Being Developed)	130,000,000	130,000,000
Coastal Fisheries Infrastructure Development	358,800,000	358,800,000
Rehabilitation of Six Fish Landing sites in Lake Victoria	809,700,000	809,700,000
Development of Blue Economy Initiatives	869,500,000	869,500,000
Exploitation of living resources under the Blue Economy	1,566,000,000	1,566,000,000
Totals	4,894,876,955	4,894,876,955
State Department for Irrigation		
Project	Supp. 1	Committee Amended
Small Holder Irrigation Programme.	220,000,000	220,000,000
Bura Irrigation Scheme.	750,000,000	750,000,000
Land Reclamation (Land Degradation Assessment Program)	25,000,000	25,000,000
Community Based Irrigation Projects.	570,000,000	570,000,000
Galana Kulalu Irrigation development project (10	10,000,000	10,000,000
National expanded irrigation Programme	2,030,000,000	2,030,000,000
Mwea Irrigation Development project (Thiba Dam and Irrigation Area)	1,778,532,420	1,778,532,420
Rwabura Irrigation Development Project	570,000,000	570,000,000
National Water Harvesting and Ground Water Exploitation	222,000,000	222,000,000

Micro Irrigation Programme for Schools	10,000,000	10,000,000
Turkana Irrigation Development Project	235,050,000	235,050,000
Lower Kuja Irrigation Scheme	200,000,000	200,000,000
Lower Sabor Irrigation Project	195,000,000	195,000,000
Household Irrigation Water Harvesting Project	1,325,000,000	1,325,000,000
Drought Resilience in Northern Kenya	350,000,000	350,000,000
New Kithimu Irrigation project - Embu County	30,000,000	30,000,000
Totals	8,520,582,420	8,520,582,420
State Department for Agricultural Research		
Project	Supp. 1	Committee Amended
Science and Technology Research Programme Support (SATREPS)	49,500,000	49,500,000
Establishment of Liquid Nitrogen Plants-KAGRC	180,000,000	180,000,000
Sustainable Tse Tse and Trypanosomiasis free areas in Kenya - KENTTEC	200,000,000	200,000,000
Climate Smart Agricultural Activity Productivity Project (CSAPP)	278,500,000	278,500,000
Bio-deposit Organic Fertilizer Extraction & Rehabilitation Project	64,000,000	64,000,000
Total	795,000,000	795,000,000

ANNEX VII – SCHEDULE OF APPROVAL

Schedule of Approval									
Table showing Committee Recommendations on 2019/20 Supplementary I Estimates									
	2019/20 Supp. Estimates 1 (Ksh.)			reductions/additions			Committee Proposed Changes		
	Rec	Devt	Total	Rec	Devt	Total	Rec	Devt	Total
State Department for livestock	**2,067,188,563**	**4,848,200,000**	**6,915,388,563.0**	**30,000,000.0**	**170,000,000.0**	**200,000,000.0**	**2,097,188,563.0**	**5,018,200,000.0**	**7,115,388,563.0**
Livestock resources management and development	2,067,188,563	4,848,200,000	6,915,388,563.0	30,000,000.0	170,000,000.0	200,000,000.0	2,097,188,563.0	5,018,200,000.0	7,115,388,563.0
State Department for Crop Development	**4,172,006,596**	**18,591,800,000**	**22,763,806,596.0**	**0.0**	**- 200,000,000.0**	**- 200,000,000.0**	**4,172,006,596.0**	**18,391,800,000.0**	**22,563,806,596.0**
General administration, planning and support services	3,334,293,213	1,046,100,000	4,380,393,213.0	0.0	- 400,000,000.0	- 400,000,000.0	3,334,293,213.0	646,100,000.0	3,980,393,213.0
Crop development and management	714,632,149	16,086,365,772	16,800,997,921.0		200,000,000.0	200,000,000.0	714,632,149.0	16,286,365,772.0	17,000,997,921.0
Agribusiness and Information Management	123,081,234	1,459,334,228	1,582,415,462.0			0.0	123,081,234.0	1,459,334,228.0	1,582,415,462.0
State Department for Fisheries and Blue Economy	**1,654,570,310**	**4,894,876,955**	**6,549,447,265.0**	**0.0**	**0.0**	**0.0**	**1,654,570,310.0**	**4,894,876,955.0**	**6,549,447,265.0**
Fisheries development and management	1,431,392,752	2,459,376,955	3,890,769,707.0	0.0	0.0	0.0	1,431,392,752.0	2,459,376,955.0	3,890,769,707.0
General administration, planning and support services	126,375,568	0	126,375,568.0	0.0	0.0	0.0	126,375,568.0	0.0	126,375,568.0
Development and coordination of Blue economy	96,801,990	2,435,500,000	2,532,301,990.0		0.0	0.0	96,801,990.0	2,435,500,000.0	2,532,301,990.0

State Department for irrigation	**758,048,672**	**7,993,582,420**	**9,415,722,206.0**	**0.0**	**0.0**	**0.0**	**895,139,786.0**	**8,520,582,420.0**	**9,415,722,206.0**
Irrigation and land reclamation	733,283,925	6,963,582,420	7,696,866,345.0		0.0	0.0	733,283,925.0	6,963,582,420.0	7,696,866,345.0
Water Harvesting and storage for Irrigation	24,764,747	1,030,000,000	1,054,764,747.0		0.0	0.0	24,764,747.0	1,030,000,000.0	1,054,764,747.0
General administration, planning and support services	**137,091,114**	**527,000,000**	664,091,114.0			0.0	137,091,114.0	527,000,000.0	664,091,114.0
State Department for Agricultural Research	5,882	705	**6,253,666,683.0**	**0.0**	**0.0**	**0.0**	**5,458,666,683.0**	**795,000,000.0**	**6,253,666,683.0**
Agricultural Research & Development	5,458,666,683	795,000,000	6,253,666,683.0			0.0	5,458,666,683.0	795,000,000.0	6,253,666,683.0
Total	8,651,820,023.2	36,328,460,080.4	51,898,031,313.0	30,000,000.0	-30,000,000.0	0.0	14,277,571,938.0	37,620,459,375.0	51,898,031,313.0

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON
COMMUNICATION, INFORMATION AND INNOVATION

REPORT ON THE CONSIDERATION OF THE FY 2019/20 SUPPLEMENTARY I ESTIMATES FOR THE MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS

NAIROBI **NOVEMBER, 2019**

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1.0 PREFACE.

Mr. Chairman,

1. On behalf of the Departmental Committee on Communication, Information and Innovation and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of FY 2019/20 Supplementary Estimates No. 1.

1.1 Mandate of the Committee

2. The Departmental Committee on Communications, Information and Innovation is established under Standing Order 216 whose mandate pursuant to the Standing Order 216(5) is as follows—

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

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

    (c) Study and review all legislation referred to it;

    (d) Study, assess and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

        (fa) examine treaties, agreements and conventions;

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

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

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

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

3. In accordance with Second Schedule of the Standing Orders, the Committee is mandated to oversee Communication, Information, media and broadcasting (except for broadcast of parliamentary proceedings), Information Communications Technology (ICT) development and advancement of technology and modernization of production strategies.

4. The Committee oversees the following votes as well as the Semi-Autonomous Government Agencies (SAGAS) under the purview of respective State Departments,

namely, Vote 1122 (State Department for ICT) and Vote 1123 (State Department for Broadcasting & Telecommunications)

1.2 Committee Membership

5. The Departmental Committee on Communication, Information and Innovation was constituted by the House in December 2017 and comprises of the following Members-

Hon. Kisang William Kipkemoi, M.P **(Chairperson)**
MP for Marakwet West Constituency
Jubilee Party

Hon. George Macharia Kariuki **(Vice Chairperson)**
MP for Ndia Constituency
Jubilee Party

Hon. Liza, Chelule Chepkorir, MP
M.P for Nakuru County
Jubilee Party

Hon. Alfah O. Miruka, MP
M.P for Bomachoge Chache Constituency
Kenya National Congress

Hon. Annie Wanjiku Kibeh, MP
MP for Gatundu North Constituency
Jubilee Party

Hon. Joshua Kimilu, Kivinda, MP
MP for Kaiti Constituency
Wiper Democratic Party

Hon. Marwa Kitayama Maisori, MP
MP for Kuria East Constituency
Jubilee Party

Hon. Mwambu Mabongah, MP
MP for Bumula Constituency
Independent

Hon. Maritim Sylvanus, MP
MP for Ainamoi Constituency
Jubilee Party

Hon. Mwangaza Kawira, MP
MP for Meru County
Independent

Hon. Jonah Mburu, MP
MP for Lari Constituency
Jubilee Party

Hon. Gertrude Mbeyu Mwanyanje, MP
MP for Kilifi County
Orange Democratic Party

Hon.Wamuchomba, Gathoni, MP
MP for Kiambu County
Jubilee Party

Hon. (Eng.) Mark Nyamita Ogola, MP
MP for Uriri Constituency
Orange Democratic Party

Hon. John Kiarie Waweru, MP
MP for Dagoretti South
Jubilee Party

Hon. Erastus Nzioka Kivasu, M.P.
MP for Mbooni
New Democrats Party

Hon. Innocent Momanyi Obiri, MP
Bobasi Constituency
People's Democratic Party

Hon. Godfrey Osotsi Atieno, MP
Nominated
African National Congress

Hon. Anthony, Tom Oluoch, MP
MP for Mathare Constituency
Orange Democratic Party

1.3 Committee Secretariat

6. The Committee is facilitated by the following secretariat:-

i.	Ms. Hellen Kina	- Clerk Assistant II/ Lead Clerk
ii.	Ms. Ella Kendi	- Clerk Assistant II
iii.	Ms. Marlene Ayiro	- Senior Legal Counsel
iv.	Mr. Gorod Abdirahaman	- Fiscal Analyst II
v.	Ms. Lorna Okatch	- Research Officer III

1.4 Overview of the examination of the Supplementary I

7. Pursuant to Article 223 of the Constitution and various section of the PFM Act 2012, the Supplementary I Estimates were laid before the House on 12th November, 2019 and committed to the respective Departmental Committees in accordance with the provisions of the National Assembly Standing Order 243; Sections 43 and 44 of the PFM Act 2012; and PFM (National Government) Regulations 2015 mainly to cater for unforeseen expenditure or a need has arisen which was not catered in the approved appropriation.

8. The Committee is mandated to consider and review the Estimates inline with its mandate (Standing Order 235(4), and among other things, took into account the need to ensure efficiency in spending informed by past actual performance; approvals under Art. 223, impact on performance indicators and key outputs; programme and project prioritization including completion of ongoing projects, among others.

9. The Committee held a total three sittings in which the Committee was briefed by the Parliamentary Budget Office and thereafter, on 18th November, 2019 held a meeting with the two State Departments in the Ministry of ICT namely; State Department for ICT and Innovation and the State Department for Broadcasting and Telecommunications. The Ministry made both oral and written submissions to the Committee which is recorded herein.

1.4.1 COMMITTEE OBSERVATIONS

10. Based on the review and scrutiny of the Supplementary II Estimates and supporting documents as well as engagements with State Departments and respective agencies, the Committee makes the following key observations, :-

1.4.1.2 State Department of ICT

THAT:-

I. Total proposed additional allocation in Supplementary I amounts to Ksh. 1.82 billion. Whereas adjustment under recurrent sub votes is a decrease amounting to kshs 462.95 million,that of the development sub vote is an increase of ksh 2.28 billion. This brings the total proposed allocation under the State Department to Ksh 30.05 billion, comprised of kshs 27.4 billion for development and Ksh 2.5 billion towards recurrent sub-vote.

II. The proposed decrease under the recurrent sub vote is a net GOK Exchequer change while that of the development is based on adjustments in both external funding sources and net GoK.

III. There are new proposed projects towards providing internet connectivity to the big four projects with total allocation amounting to kshs 3.29 billion. The proposed big four projects include:

i. Connectivity to health facilities (Ksh 774.6 million),

ii. Connectivity to special Economic Zones (Naivasha Textile Park –Kshs 79.7 million),
iii. Connectivity to Leather Industrial Park (Kenanie – Ksh 28.7 million),
iv. Connectivity to Dongu Kundu Special Economic Zones (Kshs 8 million) and,
v. Konza Data and Smart City (Ksh 2.4 billion)

IV. There was need for additional information and justification underpinning the proposed new projects towards connectivity of the big four projects to inform KPIs, expected outputs and targets. Further, the new allocation towards connectivity of big four projects may not be absorbed in view of the overall performance by the ministry in the 1st quarter and other challenges.

V. Overall decrease are likely to affect achievement of key expected targets and operations of key departments and agencies under the State Department. That the revised adjustments were done without due consideration and taking into account the requirements and needs of spending and thus is likely to impact negatively projects under implementation.

VI. Review of 1st quarter performance for programmes and projects under implementation indicated progress except challenges such as less than expected exchequer releases. In addition , some of the notable achievement under the FY 2018/19 include submission of data protection bill 2019 to parliament which has since been enacted , 90% upgrade and maintenance of the Government Data Centre , procurement and distribution of 100,000 digital devices against committed target of 150,000 , Training of 15,200 youths on line jobs against a target of 120,000 youths, 15% development of the Konza projects under the Engineer, Procure, Construct and Finance framework, among others.

1.4.1.3 Broadcasting and Telecommunications

THAT:-

VII. The Kenya Media Council is to undertake internship placement of 1000 students undertaking media related courses in six media enterprises both local and international. The project, as an enabler of the Big Four Agenda, will provide the students with internship opportunities to learn on thematic reporting, among other objectives. However, there is a funding gap particularly affecting key mandate such as payment of salaries, pensions for Board and staff members, rent, media engagement and other operating cost. The shortfall also affected the control of misleading and fake news and monitoring of media activities.

VIII. The rationalization affected key flagship projects under implementation such as studio mashinani , Sinema Mashinani and agencies like Kenya News Agency as well as Kenya Year Book. This is likely to negatively impact achievement of key

deliverables critical to employment creation through content enhancement and supporting the creative sector. This also includes establishment of talent centers at the county level and support the overall objectives of the big four plans. Further, despite the progress and achievement by Kenya Year Book , critical editions for the financial year 2016/17 and 2017/18 have not been published due to lack of funds and a modern printing press which among other things leads to high operational costs.

IX. Expenditure and exchequer releases were below target however, the State Department was committed to fast track the on-going work to achieve the committed target within the financial year.

X. There was non-compliance on the part of the State Department and the Controller of Budget in submitting non-financial performance of all programmes and projects under implementation.

1.4 .2 RECOMMENDATIONS

11. Based on the foregoing observations, the Ccommittee recommends as follows:

1.4.2.1 State Department of ICT

A: Financial Recommendations

That the proposed supplementary measures for the State Department for ICT & Innovation be approved subject to the following amendment by the Committee:

Recurrent Sub Vote

Reductions (Re-allocations)

i. Reduce Ksh 170 million from Head ICT shared services

Development Sub Vote

Reductions (Re-allocations)

i. Reduce kshs 354 million from Connectivity to Health Centres project
ii. Reduce kshs 886.5 million from Connectivity to Konza Data Center and Smart City Project
iii. Reduce ksh 10 million from Connectivity to leather industrial park – kenanie

Increases (Re-allocations)

i. Allocate Ksh 386.5 million towards Sinema Mashinani projects under Kenya Film Classification Board,
ii. Allocate by reinstating an amount of Ksh 500 million to the Ajira Fund (Seed Capital)
iii. Allocate Kshs 10 million to the Kenya Film School

B: Policy recommendations

I. National Treasury and The State Department to update a comprehensive Key Performance Indicators and expected outputs and targets under the proposed connectivity projects in the programme based budget upon approval of the Supplementary budget.

II. The State Departments to comply with statutory requirements of reporting non-financial programme and projects information and performance to the Controller of Budget

1.4.2.2 State Department of Broadcasting and Telecommunication

A: Financial Recommendations

That the proposed supplementary measures for the State Department for Broadcasting and Telecommunication be approved subject to the following amendment by the Committee:

Recurrent Sub Vote

Reductions (Re-allocations)

i. Reduce kshs 117 million from the Government Advertising Agency (GAA) under the sub-item Advertising, Awareness and publicity Campaigns.

Increases (Re-allocations)

i. Allocate Ksh 200 million to Media Council of Kenya towards media sector internship and placement and support related activities.
ii. Allocate Kshs 80 million to the Media Council of Kenya, the Item Current Grant to Semi-Autonomous Government Agencies
iii. Allocate kshs 7 million to KBC , the Item Current Grant to Semi-Autonomous Government Agencies towards recurrent budget support for maintenance and rehabilitation activities

Development Sub Vote

Increases (Re-allocations)

i. Re-instate and allocate Ksh 54 million to KBC Rollout of Studio Mashinani project.
ii. Allocate kshs 300 million to the Kenya Year Book as Capital Grant to Semi Government Agencies

B: Policy recommendations

i. That the National Treasury ensure rationalization of approved allocation takes into account impact of the same on the programmes and projects under implementation

ii. The State Department to comply to statutory requirements of reporting non-financial programme and projects information and performance to the controller of budget.

1.5 Acknowledgements

The Committee appreciates the support offered by the Offices of the Speaker and the Clerk of the National Assembly for both logistical and technical support during its sittings and deliberations. The Committee wishes to thank the Ministry of ICT for actively participating during the scrutiny of Supplementary I Estimates and relevant documentation.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this Report.

Honorable Chair, It is my pleasant duty and privilege, on behalf of the Departmental Committee on Communication, Information and innovation to submit its Report on the scrutiny of the Supplementary I Estimates for the FY 2019/20.

SIGNATURE:..... **DATE:** 21/11/2019

THE HON. GEORGE KARIUKI, M.P – VICE- CHAIRPERSON

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

2.0 BROAD OVERVIEW OF THE FY 2019/20 SUPPLEMENTARY I ESTIMATES

State Department for ICT and Innovation

12. The overall approved budget for the FY 2019/20 for the State Department for ICT and Innovation is KSh. 28.23 billion, of which recurrent budget allocation is KSh. 3.04 billion while development outlay is KSh. 25.19 billion.

13. In regards to budget performance, the 1st quarter net exchequer releases to finance various activities and projects stood at 18% for both development and recurrent sub votes. However, the exchequer releases for the development vote is not disaggregated to determine performance of each source of funding especially the external funding. On the other hand, expenditure towards implementing the various activities stood at a total amount of kshs 2.98 billion, of which recurrent expenditure amounts to kshs 570 million while development expenditure was kshs 2.41 billion.

14. According to submissions to National Assembly, the reported development expenditure for the quarter is inclusive of AiA utilization amounting to ksh 221.27 million. However, this does not indicate specific AiA to determine the performance of both external sources.

Review of the 2019 Supplementary Estimates

15. Review of proposed Supplementary budget proposes an overall additional request of Kshs 1.82 billion compared to the approved levels. Further breakdown by programme allocation reflects the major proposed increment is under The E- Government Services Programme by 71 percent while the three other programmes have an overall reduction.

16. These reflects a pronounced government priorities towards scaling up connectivity to Big four Projects under the special economic zones (Naivasha Industrial Park) and health facilities and leather industrial park such as the Kenanie Leather park.

Table 1: Allocation by programme and overall proposed changes

No	Programmes	Approved Allocation (Baseline) FY 2018/19	Approved Estimates FY 2019/20	Proposed Revision	Changes +/(-)	% change
1	Administration Planning and Support Services	301,996,709	241,036,648	206,785,206	-34,251,442	-14%
2	ICT Infrastructure Development	21,492,711,398	22,764,645,681	21,717,223,281	-1,047,422,400	-5%
3	E-Government Services	3,315,507,077	4,129,207,117	7,059,004,848	2,929,797,731	71%
4	Film Development Services Programme	-	1,099,110,554	1,072,367,020	-26,743,534	-2%
Total for the State Department of ICT & Innovation		**25,110,215,184**	**28,234,000,000**	**30,055,380,355**	**1,821,380,355**	6%

Impact on Development allocation by projects

17. The major increase is under the Eastern Africa Regional Transport, Trade and trade development Facilitation Project (by 100%) while the Ajira Fund which was approved to be allocated ksh 1 billion seed capital is proposed for a revised level of nil allocation. This may point to shift priorities that may also affect operationalization of the fund. Notably, the committee made a resolution to have the Regulations governing the Fund be submitted in the 1st quarter of the FY 2019/20 upon approval.

18. On output based performance, the notable impact is reduction of the number youths to be trained and introduced to online jobs from 10,000 to 2000 for the FY 2019/20.

19. Table below indicates overall proposed increases and decreases by projects

Table 2: Respective increases and decreases with respect to projects currently under implementation.

No.	Project Description	Approved Allocation FY 2019/20	Proposed revision	Changes	% changes	Remarks
1	Eastern Africa Regional Transport, Trade and trade development Facilitation Project (EARTTDFP)	200.0	400.0	200.0	100%	Additional external funding. Past submissions indicated the project implementation was affected in change of scope and slow implementation
2	NOFBI Phase II	362.0	372.0	10.0	3%	additional external funding
3	NOFBI Phase II Expansion (to all Sub Counties)	3,884.0	3,874.0	- 10.0	-0.26%	reduction in external funds
4	ICT Shared Services	2,230.6	2,220.5	- 10.1	-0.45%	change in exchequer gok
5	Supply and installation of an internet based 4000 network county connectivity -CCP phase III	1,117.6	917.6	- 200.0	-18%	change in external funding
5a	*Of which: Research, Feasibility Studies, Project Preparation and Design, Project S*	-	*20*	*20*	*New Item allocation*	*Re-allocation of Exchequer*
5b	Other Operating Expenses	*50*	*97.6*	*47.6*	*96%*	*Re-allocation Exchequer*
6	Ajira Fund (Seed Capital)	1,000.0	-	- 1,000.0	-100%	Reduction in exchequer Gok

New projects and Measures in the Supplementary I

20. The proposed Supplementary I also contains a number of new proposed projects. According to the submissions, the proposed new projects is to ensure internet connectivity to Big Four projects such as level 4, 5 and 6 hospitals, special economic zones in Naivasha and Mombasa and leather industrial parks.

21. The total proposed additional allocation towards new projects amounts to Ksh 3.2 billion, and funded through exchequer (Gok).

Table 3: Proposed new projects and allocation, in Ksh, Million

No.	Project Title/Head	Approved Allocation FY 2019/20	Proposed revision	Changes	% changes	Expected output as per the KPI
1	Connectivity to Health Facilities	-	774.6	774.6	New project	100 Percentage of targeted Big Four - projects connected with internet
2	Connectivity to Special Economic Zone Textile Park - Naivasha	-	79.7	79.7	New project	100 Percentage of targeted Big Four - projects connected with internet
3	Connectivity to Leather Industrial Park – Kenanie	-	28.7	28.7	New project	100 Percentage of targeted Big Four - projects connected with internet
4	Connectivity to Dongo Kundu Special Economic Zone	-	8.0	8.0	New project	100 Percentage of targeted Big Four - projects connected with internet
5	Connectivity to Konza Data Centre & Smart City	-	2,403.5	2,403.5	New project	100 Percentage of targeted Big Four - projects connected with internet
Total		-	**3,294.4**	**3,294.4**		

Sources: 2019 Supplementary I Submission

22. However, the status of these projects identified for connectivity is not provided as they could be under implementation by other Ministries and Agencies outside the purview of the ministry except for the case of the Konza Data Centre and Smart City.

Impact on Recurrent expenditure

23. The overall change in the approved Recurrent budget is a reduction of kshs 462 million, bringing total allocation to kshs 2.58 billion down from kshs 3.04 billion

24. As per the circular underpinning the budget, Operation and maintenance recurrent items were to be subjected to austerity measures in the order of 50%.

25. Review of all items under the recurrent budget reflects reduction except the Category of Compensation to Employees and Current Grants to Agencies and Other Levels of Government.

26. On centralized budget for ICT items, the adjustments revised the approved allocation under Purchase of Computers, Printers and other IT Equipment by 46% and that of Purchase of Software and Purchase of ICT Networking and Communications Equipment by 50% each.

27. The proposed cuts will result in reduced targets in respect of the number of monitoring and evaluation reports by the ministry from two (2) reports to one (1) report. This scenarios is likely to pose risks to status and quality of projects implementation given that the implementation is been undertaken by different agencies and independent contractors.

State Department for Broadcasting and Telecommunication

28. The total approved original allocation for the state Department amounts to KSh. 5.15 billion, of which allocation to recurrent expenditure is KSh. 4.41 billion and development expenditure outlay is ksh. 747 million.

29. 1st quarter net exchequer releases to finance various activities and projects stood at 0% for development and 17% for recurrent sub votes, respectively. However, this way below quarterly performance targets and is likely to lead to underperformance, and pending bills if commitments were made on the basis of the approved levels.

30. Moreover, the exchequer releases for the development vote is at zero performance meaning that the National Treasury did not prioritize any quarterly payment if it was requested by the ministry. The Committee may find out if there is a basis for exchequer releases that re approved and are in place such as cash and procurement plans.

31. On the other hand, expenditure towards implementing various activities stood at a total amount of kshs 654.26 million, of which recurrent expenditure amounts to kshs 641.92 million while development expenditure amount to kshs 12.34 million. However , the development expenditure was on incurred on the basis of Aia to which there were no approvals under that type of funding as all development spending is financed through the Net Exchequer. Moreover, the submissions did not indicate the specific type of AiA funding source and whether approval to spend has been sought.

Review of the Supplementary Estimates

32. The proposed supplementary adjusts the total budget by a total reduction of Kshs 399.22 million, bring the total recurrent budget to Kshs 4.179 billion and development allocation to Kshs. 581.00 million.

Impact on the Programmes

33. Review of the impact of the proposed supplementary reflect an overall decrease of 8% , or kshs 3.99 billion.

Table 4 : Allocation by programme and overall proposed changes

No	Prorammes	Approved Allocation (Baseline) FY 2018/19	Approved Estimates FY 2019/20	Proposed Revision	Changes +/(-)	% change
1	Administration Planning and Support Services	1,668,407,351	250,498,990	218,315,229	-32,183,761	-13%
2	Information And Communication Services	4,005,997,630	4,530,101,010	4,163,042,535	-367,058,475	-8%
3	Mass Media Skills Development	453,541,000	379,200,000	379,200,000	0	0%
Total for the State Department		**6,127,945,981**	**5,159,800,000**	**4,760,557,764**	**-399,242,236**	-8%

Impact on Development projects

34. The development budget for the state Department of Broadcasting and telecommunication is proposed to be reduced by a total of kshs 166.00 million. Following projects have been affected as shown below :

Project Description	Approved Allocation for FY 2019/20	Proposed revision	Changes	% changes	Remarks
KBC Rollout of Studio Mashinani	54,000,000	-	-54,000,000	-100%	change in exchequer gok
Modernization of KNA National Desk	214,000,000	102,000,000.0	- 112,000,000	-52%	change in exchequer gok
Total	**268,000,000.0**	**102,000,000.0**	**- 166,000,000.0**	**-61.94%**	

35. A review of the programme based revised targets, the adjustments is expected to lead to scale down of approved targets. Under the KBC Rollout of Studio Mashinani Project, the number of Studio-Mashinani to be established across the country will reduce from 5 to 3 studios. However, in view of the reduced allocation to nil, the reduction of the target output from 5 to 3 may indicate on-going projects. There is need to ensure there are no commitments on the basis of the approved levels

36. Similarly, under the Modernization of Kenya News Agency National Desk Project, the number of news features produced and disseminated, as the primary KPIs, will reduce from 17000 to 9500. This is likely to impact on the level of news information and thus affects a number of Kenyans for the period under

Policy implications

37. 1st quarter exchequer releases for recurrent and development stood at 17% and 0% , respectively. On the other hand, recurrent expenditure performance is at 15% for recurrent and 2% for development. In addition, the actual development expenditure is reflects as the State department having utilized AiA, which may require further disclosure as to whether approval to spend was granted.

38. The exchequer releases for the development vote is at zero performance meaning that the National Treasury did not prioritize any quarterly payment if it was requested by the ministry. The Committee may find out if there is a basis for exchequer releases that re approved and are in place such as cash and procurement plans.

39. The reduction of the development vote as well the recurrent allocation is set to substantially revise expected targets especially under Kenya Broadcasting Corporation and Kenya News Agency.

3.0 SUBMISSIONS BY THE MINISTRY OF INFORMATION, COMMUNICATION AND TECHNOLOGY

3.1 THE STATE DEPARTMENT FOR ICT & INNOVATION

40. That on 18th November, 2019 the Cabinet Secretary, Mr. Joe Mucheru appeared before the Committee and informed them as follows:

41. The State Department for ICT has five SAGAs, namely, Kenya Film Commission, Kenya Film Classification Board, Konza Technopolis Development Authority, ICT Authority and Kenya Copyright Board.

42. The performance of the Quarter 1 for the FY 2019/20 for both recurrent and development was as follows:

Recurrent financial performance

Economic Classification	Approved Estimates 2018/19	Printed Estimates FY 2019/20	Supplementary I Estimates 2019/20	Expenditure as at 30th September, 2019	Absorption/ Remarks
Compensation of Employees	200,305,845	234,000,000	234,000,000	58,273,008.40	25%
Use of goods	319,093,548	429,731,882	271,472,473	71,429,783	26.2% Rent access at 100%
Transfers to SAGAs	667,811,200	1,691,468,400	1,691,468,400	434,867,100	25%
Social Benefits	13,500,000	7,000,000	7,000,000	0	Gratuity paid upon expiring of contracts
Acquisition of Non-financial assets	575,730,907	632,799,718	328,099,857	93,049,506	28% Expenditure is for partial settlement of pending bills
TOTAL	**1,776,441,500**	**2,995,000,000**	**2,532,040,730**	**657,619,397**	

Development financial

Project Title	Estimated Project Cost	Approved Budget 2018/19 (Gross)	Printed Estimates 2019/20	Suppl. I 2019/20	Total Disbursements as at 15th Nov, 2019	Remarks
Supply and Installation of an Internet Based 4000 Network- PH 3	2,700,000,000	865,000,000	1,117,600,000	917,600,000	0	Delays occasioned by non-clearance of project materials at the port of entry
Kenya Transparency and Communications Infrastructure Project (KTCIP)	17,699,000,000	50,220,936	11,200,000	11,200,000	5,600,000	The Project Donor funding ended in 2016/17. Closure activities being funded by GoK
South Sudan-East Africa Trade and Transport Facilitation Project	2,900,000,000	171,361,336	200,000,000	400,000,000	81,308,921	Project implementation delayed by contractual issues
NOFBI Phase II	7,250,000,000	50,000,000	361,585,886	371,585,886	217,728,033	-Project implementation ended in December 2017. -Maintenance on-going
NOFBI II Expansion	10,377,000,000	1,850,000,000	3,884,000,000	3,874,000,000	2,419,761,327	Project on-going
Konza Complex	3,929,000,000	950,000,000	490,000,000	490,000,000	490,000,000	Awaiting release of exchequer
Access Roads -Konza	8,500,000,000	133,000,000	116,000,000	116,000,000	58,000,000	Awaiting release of exchequer
Konza Consultancy (MDP 2)	3,800,000,000	150,000,000	630,000,000	630,000,000	315,000,000	Awaiting release of exchequer
Constituency Innovation Hubs	1,000,000,000	20,000,000	76,000,000	76,000,000	0	Awaiting submission of invoices
Digital Literacy Programme	76,000,000,000	5,716,500,000	2,000,000,000	2,000,000,000	1,000,000,000	Procurement process for Phase II is under-way
Government Shared Services	10,000,000,000	550,000,000	654,000,000	654,000,000	327,000,000	-On-going -Facilitates Government Internet Connectivity and running/contracted costs for Government data centers upkeep.
Konza EPCF	39,200,000,000	11,200,000,000	7,200,000,000	7,200,000,000	616,742,854	Project on-going
ICT Shared Services	10,000,000,000	1,610,614,114	2,230,614,114	2,220,587,649	404,378,452	Funds used for procurement of ICT equipment and services for MDAs
Establishment of Kenya Film School	691,000,000	-	30,000,000	30,000,000	12,086,000	On-going
Acquisition and Refurbishment of Cinema Theatre	287,000,000	-	80,000,000	80,000,000	40,000,000	On-going
Film Location Mapping	100,000,000	-	30,000,000	30,000,000	0	On-going
Konza Data Centre and Smart City Facilities	18,000,000,000	-	5,080,000,000	5,080,000,000	80,000,000	On-going
Total (GROSS)	212,433,000,000	23,316,696,386	24,191,000,000	24,180,973,535	6,067,605,587	

43. **Submission of Recurrent and Development Supplementary I FY 2019/20 is as follows;**

Printed Recurrent Estimates Versus Supplementary I

Economic Classification	Approved 2018/19	Printed Estimates FY 2019/20	Suppl. I Estimates 2019/20	Increase/ Decrease	Remarks/ Impact
Compensation of Employees	200,305,845	234,000,000	234,000,000	-	P.E. has a shortfall of Ksh.16million
Use of goods	319,093,548	429,731,882	271,472,473	(158,259,409)	The shortfall will affect operations in the Ministry
Grants and Other Transfers	667,811,200	1,691,468,400	1,691,468,400	-	
Acquisition of Non-financial assets	575,730,907	632,799,718	328,099,857	(304,699,861)	Payment of pending bills and procurement of ICT Equipment and services will be affected
TOTAL	**1,762,941,500**	**2,988,000,000**	**2,525,040,730**	**(462,959,270)**	

44. Submission of Development Supplementary I FY 2019/20

Programme	Project Title	Printed Est. FY 2019/20	Supplementary I FY 2019/20	Variance	Remarks
E-Government Services	ICT Shared Services	2,230,614,114	2,220,587,649	(10,026,465)	Amount given back to EACC
	Connectivity to Health Facilities	-	774,571,737		Connectivity to Level 4-6 health facilities
	Connectivity to Special Economic Zone Textile Park- Naivasha	-	79,667,324		New Big 4 Project
	Connectivity to Leather Industrial Park- Kenanie	-	28,680,237		New Big 4 Project
	Connectivity to Dongo Kundu Special Economic Zone	-	7,966.732		New Big 4 Project
	Connectivity to Konza Data Center and Smart City Facilities.	-	2,403,480,060		New Big 4 Project
ICT-Infrastructure Development	Supply and Installation of an Internet- Based 4000 network	1,117,600,000	917,600,000	(200,000,000)	Ceiling reallocated to EARTTFP
	East Africa Trade and Transport Facilitation Project	200,000,000	400,000,000	255,000,000	Additional funds to cater for increased activities. Shortfall will affect fast-tracking of project activities
	NOFBI Phase II	361,585,886	371,585,886	(271,000,000)	To clear invoices and maintenance cost for 2019
	NOFBI Phase II Expansion	3,884,000,000	3,874,000,000	(490,000,000)	Ksh. 490million required to deposit in GoK Escrow account
	Ajira Fund(Seed Capital)	1,000,000,000	-	(1,000,000,000)	Non allocation will delay start of Ajira activities
TOTAL		**8,793,800,000**	**11,070,180,860**	**(1,716,026,465)**	

45. **Submission on Proposed 2019/20 Recurrent Supplementary 1**

ITEM DESCRITION	Printed Estimates 2019/20	Suppl. 1 Budget 2019/20	Reduction
2210200 Communication Supplies and Services	17,812,793	8,906,397	(8,906,396)
2210300 Domestic Travel	44,140,694	22,070,347	(22,070,347)
2210400 Foreign Travel	13,471,527	6,735,764	(6,735,763)
2210500 Printing & Advertising	18,703,339	9,351,670	(9,351,669)
2210700 Training Expenses	96,161,340	48,080,670	(48,080,670)
2210800 Hospitality Supplies	39,169,407	19,584,704	(19,584,703)
2211000 Specialized Materials	19,526,491	9,763,246	(9,763,245)
2211100 Office & General Supplies	21,139,380	10,569,690	(10,569,690)
2211200 Fuel Oil & Lubricants	23,703,185	11,851,593	(11,851,592)
2211300 Other Operating Exp.	54,393,782	52,681,120	(1,712,662)
2220100 Routine Maint. Vehicles	9,693,887	4,846,944	(4,846,943)
2220200 Routine Maint. Other Assets	9,602,998	4,801,499	(4,801,499)
3110300 Refurbishment of Buildings	300,000	150,000	(150,000)
3110500 Construction & Civil works	1,500,000	750,000	(750,000)
3110700 Purchase of Motor Vehicles and Other Transport Equipment	30,000,000	15,000,000	(15,000,000)
3111000 Purchase of Office Furniture & Equipment	324,557,147	173,978,572	(150,578,575)
3111100 Purchase of Specialized Plant, Equipment & Machinery	274,452,042	137,226,021	(137,226,021)
3111200 Rehabilitation and Renovation of Plant, machinery and Equipment	1,990,529	995,265	(995,264)
TOTAL	**1,000,318,541**	**537,343,502**	**(462,975,039)**

46. **Impact of 50% Budget Cuts**

a) Ministry is not able to settle FY 2018/19 pending bills.
b) Mobility of the Ministry will be greatly affected by reduction of travel, motor vehicles maintenance and fuel budgets- thus inability to undertake day-to-day operations, monitor and implement key projects (Ajira digital project, consolidated ICT equipment)
c) Budget cuts on training will affect promotional courses for staff, inability to keep abreast with the developments in ICT.
d) Ministry will not be able to procure sufficient ICT equipment and services for MDAs.
e) Facing serious shortage of office equipment and other facilities.
f) Communication with stakeholders will be greatly affected.
g) Ministry will not be able to honor and fulfil international obligations.

47. New Projects FY 2019/20 (Big 4 Projects)

PROJECT	2019/20	Suppl. I 2019/20	Remarks
UNIVERSAL HEALTH CARE	-	167,400,000.00	NOFBI extension to 66 MES health facilities (level 4, level 5 and level 6) currently not connected to NOFBI
	-	530,171,737.00	Local Area Networks to 118 MES health facilities (level 4, level 5 and level 6) with IP telephony
	-	77,000,000.00	Operational budget
SUB-TOTAL	-	**774,571,737.00**	
DEVELOPMENT OF SPECIAL ECONOMIC ZONE TEXTILE PARK-NAIVASHA	-	10,000,000	HLD Horizontal ICT Infrastructure Development & Design Master Plan
	-	20,000,000	LLD Horizontal ICT Infrastructure Development & Design Master Plan
	-	6,700,591.00	48 Core Dual Metro Ring back-bone Fiber cabling around the complex with redundancy Design and implementation
	-	30,000,000	100 G Capacity fiber from Mombasa GOK TEAMS to Naivasha SEZ via KETRACO/KPLC/KRC/ OPGW fiber or ADSS and Wireless WAN redundancy
	-	5,000,000	Capacity and skill set design for ICT SEZ Systems
	-	7,966,733	Operational Budget
SUB-TOTAL	-	**79,667,324.00**	
DEVELOPMENT OF LEATHER INDUSTRIAL PARK – KINANIE	-	**11,812,213**	HLD Horizontal ICT Infrastructure Development & Design Master plan
	-	11,000,000	100 G Capacity fiber from Mombasa GOK TEAMS to Leather Industrial Park via KETRACO/KPLC/KRC/ OPGW fiber or ADSS and Wireless WAN redundancy
	-	3,000,000	Capacity and skill set design for ICT SEZ Systems
	-	2,868,024.00	Operational Budget
SUB –TOTAL		**28,680,237.00**	
DONGO KUNDU SPECIAL ECONOMIC ZONE	-	6,170,058.00	**-HLD Horizontal ICT Infrastructure** **Development & Design** LLD Horizontal ICT Infrastructure Development & Design 100 G Capacity fiber from Mombasa GOK TEAMS to Naivasha SEZ via KETRACO/KPLC/KRC/ OPGW fiber or ADSS and Wireless WAN redundancy Design
	-	1,000,000	Capacity and skill set design for ICT SEZ Systems
	-	796,674.00	Operational Budget
SUB -TOTAL		**7,966,732.00**	
KONZA DATA CENTRE AND SMART CITY FACILITIES	-	95,000,000	**HLD Horizontal Smart City ICT Infrastructure Development & Design and** LLD Horizontal Smart City ICT Infrastructure Development & Design for VDI
	-	1,010,928,406.	Secondary GOK (GCCN)Network infrastructure upgrade for VDI from Konza Data center roll out Design and implementation
		320,000,000	100 G Activation Capacity fiber from Mombasa GOK TEAMS to KENET, KONZA and GCCN via KETRACO/KPLC/KRC/ OPGW fiber and 3 Years O & M
		215,292,054.	Infrastructure Enterprise security Design (SOC) and implementation for Konza secondary connectivity
		260,000,000	100 G activation Connectivity on NOFBI –GOK infrastructure Upgrade Mombasa to Nairobi to provide redundancy to KPLC/KETRACO OPGW Connection
		422,259,600.00	IAAS, SAAS Design and implementation for the Konza Data center a) Phase 1 Data Center Software (Database) b) Phase 1 Data Center Software (OS) c) Phase 1 Data Center Software Backup d) Phase 1 Data Center Software Security e) Phase 1 Data Center Startup costs f) Phase 1 Data Center 2019/20 consumables g) Phase 1 Data Center Software requirements h) Phase 1 Data Center Operations Recruitment & consultancy plan for 2019/2
		30,000,000	Capacity and skill set design and implementation for Smart City and Enterprise Datacenter operation and management
		50,000,000	Operational Budget
SUB_TOTAL		**2,403,480,060.00**	
GRAND TOTAL		**3,294,366,090.00**	

3.2 STATE DEPARTMENT FOR BROADCASTING AND TELECOMMUNICATIONS

48. The Cabinet Secretary submitted as follows:

49. The 2016/17-2018/19 Programme Performance review highlights the achievement achievements and impact of programme implemented under the 2nd and 3rd Medium Term Plan of Kenya Vision 2030. The programmes which are implemented through the Medium Term Budget cycles targeted to enhance universal access to information through development and review of policy, legal and institutional frameworks, modernization and expansion of Broadcasting and Telecommunications infrastructure, Promotion of ICT industries and development of ICT and Mass media skills in the country.

50. The subsector had three programmes, namely; General Administration and Support Services, Information and Communication Services and Mass Media Skills development. These programmes comprised of five sub-programmes namely; Administration, planning and Support services, News and information services; Kenya Yearbook initiative, Media Regulatory Services and Mass Media Skills development.

51. During the period under review, the Government in partnership with other stakeholders developed and reviewed several policies and legal frameworks including the National Broadband Strategy, National ICT Policy of 2016, reviewed Freedom of Information Bill National Addressing System Policy, KIMC Act 2017, E-commerce Roadmap (Block chain Technology Strategy), EAC Regional Interconnection Regulations, EAC Postal Development Strategy, EAC International Mobile Roaming Services Regulations among others. These policies and legal frameworks have enabled the ICT sector to grow by an average rate of 10% with 2018 registering 11.4% growth rate.

52. The subsector also initiated the process of restructuring Kenya Broadcasting Corporation and Postal Corporation of Kenya through the appointment two Taskforce that submitted reports on revitalization of the corporations in 2017. The Board of Directors reviewed and approved recommendations on reports for implementation which includes government financial bail out to support staff rationalization, modernization of facilities and settlement of historical pending bills.

53. The subsector gathered and disseminated news and information through the Kenya News Agency and Kenya Broadcasting Corporation-both print and electronic media. Over the period Kenya Yearbook Editorial Board (KYEB) continued the production of its publications by finalizing The Kenya Yearbooks 2016/17 and 2017/18 up to design layout stage and commenced the production of The Kenya Yearbook 2018/19. Other major publications carried out include the Kenya Yearbook: Children's Series, and the launch of History of Kenyan football "Kick Off" and The Journeys of Women Trailblazers in Kenya biographies. The Kenya Yearbook highlights progress and achievement of implementation of government programmes and vision 2030 projects. However, these editions have not been published due

to lack of funds. The 2016/17 and 2017/18 editions are in draft form and will be completed in the current year.

54. The subsector through Government Advertising Agency standardized and published Government Advertisements in the Weekly pull-outs of MyGov publications. A total of 124 Weekly pull-outs of MyGov Publication have been published since its inauguration in February 2017.

55. The National digital TV coverage increased from 78% to 86% due to the continued roll out digital TV broadcast infrastructure by both public and private operators. This has improved the household's access to digital broadcast signal especially in unserved and underserved areas. The government has continued to implement the public Digital broadcast infrastructure under the Signet by filling in the identified gaps. The installation of equipment for Digital TV Transmission in 10 sites in marginalized areas has further improved access to television coverage in the country. The subsector has partly migrated public broadcast (KBC) from medium wave to FM radio transmission except for Turkana, Marsabit, Wajir, Tana River areas. The subsector also established and operationalized five (5) Studios in Nairobi, Mombasa and Kisumu where artists produce and record their music and art for free and thus creating employment opportunities for the youth.

56. For the period under review the Postal Corporation of Kenya (PCK) provided postal and courier services through a network of 623 postal offices spread across the country. PCK rolled out agency banking throughout its network enabling integration with five banks on its platform thereby increasing access to banking services especially in underserved areas. PCK further released various stamp issues in commemoration of themes with National and International importance in society that included: Tourism-Big five (May 2017); SGR (May 2017); His Excellency President Barack Obama state visit to Kenya (Sep 2017); United Nations sustainable goals (Oct 2017); Mandela stamp issue (Oct 2018) and the Big 4 Agenda (May2019).

57. The sub-sector also resolved 69 media disputes through the Media Complaints Commission, monitored the media and ensured their compliance with the existing media laws. The sector also accredited 7221 journalists, 80 media enterprises and 100 middle level media training colleges. A total of 12 media performance reports were produced during the review period.

58. During the period under review, the sub-sector trained 1,153 middle level graduates in mass media and also set standards for mass media skills development through the Kenya Institute of Mass Communication. The sub-sector continued with the modernization of mass media training facilities and equipment where two 405 Bed Capacity Hostel and a catering, training studios were modernized and constructed Phase 2 of the tuition block. To sustain the high standards in mass media training the subsector through the Kenya Institute of Mass communications. Furthermore, the Institute reviewed 4 training curricular to incorporate emerging issues in the media and communication industry.

59. Finally, the subsector rolled out Government Unified Communications and County Connectivity Systems in twelve (12) State Departments and forty-six counties respectively. These developments improved the efficiency of telecommunications services in Government and saved on communications costs. The table 2.1 below summarizes the sub-sector performance against set targets during the period under review.

60. Performance of 1st Quarter for FY 2019/20 Financial for both recurrent and Development is as below (See annex for detailed non Financials performance)

61. Financial performance with respect to recurrent

No	Department	Printed Estimates FY 2019/20	Revised Estimates I FY 2019/20	Budget Utilization/ Expenditure as of Nov, 2019	% of Absorption
1.	Headquarter Administrative services.	250,498,990	218,682,956	59,348,952	27
2.	Directorate of Communication	14,660,248	10,812,698	3,172,254	28
3.	Department of information	336,419,304	298,322,039	57,941,242	19
4.	Government Advertising Agency	1,318,676,320	1,164,511,820	321,933,533	24
5.	Public Communication Office	39,745,188	34,795,978	5,291,446	14
6.	Office of Government spokesperson	**39,630,900**	**28,709,050**	**7,500,231**	**26**

62. Financial performance with respect to development

Department	Source	a) Printed Estimates FY 2019/20 (KShs.) Printed Gross	b) Revised Estimates I FY 2019/20	c)Quarter 1 Budget Utilization/ Expenditure as of Nov, 2019	d)Percentage of Absorption: (c/a)	Remarks/Impact
Kenya News Agency	GoK	214,000,000	102,000,000	50,363,905	49%	The reduction of KSh.112million will delay timely dissemination of information due to use of outdated equipment
Total		214,000,000	102,000,000	50,363,905	49%	

Submission on the Proposed 2019 Supplementary 1 by Recurrent and Development:

63. During FY2019/20 the Printed Estimates for the State Department was **Kshs.5, 159,800,000** out of which Recurrent **Kshs 4,412,800,000** and Development **Kshs 747,000,000**. Revised Estimates for FY 2019/20 State Department amounted to **Kshs 4,760,925,489** Recurrent **Kshs 4,179,925,489** and Development **Kshs 581,000,000.**

Sub Item Analysis Recurrent

Items	Approved 2018/19	Approved Estimates 2019/20	Revised Estimate 2019/20	Difference
Compensation of employees	368,250,000	393,000,000	393,000,000	0
Utilities Supplies Service	16,391,000	15,375,000	15,375,000	0
Communication Supplies and Services	14,346,300	15,109,544	7,554,771	(7,554,773)
Domestic Travel	40,317,517	34,734,431	17,367,213	(17,367,218)
Foreign Travel	8,984,350	9,248,835	4,624,416	(4,624,419)
Printing And advertising	3,500,322,682	1,288,893,351	1,144,446,675	(144,446,676)
Rentals of Produced Assets	65,674,775	58,903,652	58,903,652	0
Training Expenses	12,255,630	9,061,387	4,530,689	(4,530,698)
Hospitality and Supplies	15,080,275	15,205,639	7,602,818	(7,602,821)
Specialized Materials	33,211,760	22,213,183	11,106,590	(11,106,593)
Office n General	18,170,750	20,053,618	10,026,807	(10,026,811)
Fuel Oil and Lubricants	18,635,500	19,344,317	9,672,158	(9,672,159)
Other Operating Expense	52,282,559	31,125,700	25,918,092	(5,207,608)
Routine Maintenance	25,986,383	18,278,328	11,139,163	(7,139,165)
Total Use of goods and services.	**4,189,909,481**	**1,950,546,985**	**1,721,268,044**	**(229,278,941)**
Grants and Other transfers	1,228,461,500	2,448,800,000	2,448,800,000	0
Social Benefits	13,000,000	5,236,875	5,236,875	0
Acquisition of Non-Financial Assets	8,575,000	8,216,140	4,620,570	(3,595,570)
Total Gross Expenditure	**5,439,945,981**	**4,412,800,000**	**4,179,925,489**	**(232,874,511)**

64. **Impacts of Cuts**

a) Government Advertisement Agency (GAA) operation will be affected by 50% cuts which will lead to suspension of key advertising services to MDAs.

b) General Collection and dissemination of information will be affected.
c) Operation of Government Communication centre will be affected.
d) Government communication on Big 4 agenda will be affected
e) Monitoring and evaluation of Programmes and projects will be affected.
f) Government will not be represented in key international meetings where policy decision affecting our Country is made.

65. Status of Pending Bills in the Ministry

Unit/Department	Exchequer provision as at June 2019	Amount Paid as at 30/06/2019	Pending Bills as at November 2019
GAA		1,367,300,000	527,724,000
Administration	1,406,000,000	32,700,000	5,276,000
	1,406,000,000	1,400,000,000	533,000,000

66. Kenya Yearbook Editorial Board

	Approved Budget Q 1	Actual Expenditure Q1	Variance
Revenue	**Kshs '000**	**Kshs '000**	**Kshs '000**
Government Grants	**26,250**	**26,250**	**0**
Internally generated	1,000	1,378	378
Total Revenue	**27,250**	**27,628**	**378**
Expenditure			
Personnel Emoluments	12,104	12,074	30
Publishing & Printing	2,581	2,456	125

KYEB	Amount	2018/19 Supplementary II Allocation	2018/19 Supplementary II utilized	Remarks
Pending bills Gratuity, goods & services	24M 21m	45m	0	Supplementary II not released to KYEB
Total	**45m**	**45m**	**0**	
Stalled Project	Digital Printing Press project which cost Kshs. 300M has stalled due to lack of funds. The allocation to date is Kshs.29Million which has not been released.			

67. Media Council of Kenya Submission for Supplementary 1 allocation - Recurrent FY 2019/20

Programme	**Key Output**	**KPI**	**2019/20**	**Budgetary Requirement**	**Remarks**
Media Development (Media Sector Internship Program)					
Internship for Students undertaking media related courses.	Students in internship programme	Number of students placed under internship	1000	300	Being an enabler of the Big Four Agenda, the Media Council will provide student with internship opportunities where they will lean on thematic reporting. The Council will provide the students with opportunities for internship in six media enterprises both local and international the funds requested is meant to cater for their monthly stipend which is equivalent to the rates being paid by the Government in its internship programme.

68. Kenya Broadcasting Corporation

Project	Planned Targets	Revised Targets	Variance	Remarks
Operationalization of studios. **Mashinani**	5	0	(5)	Delayed operationalization will affect youth employment and empowerment as per the Big Four Agenda
Establishment of studio Mashinani	2	0	(2)	Non-compliance with the presidential directive on establishment of studios

S/N	Delivery Unit	Pending Bill as 30th June, 2019 (Kshs. Millions)	Pending Bills as at 30th September, 2019 (Kshs. Million)	Remarks
1	Kenya Broadcasting Corporation	84,250,963,508	84,223,694,221	Historical debts

4.0 COMMITTEE OBSERVATIONS

69. Based on the review and scrutiny of the Supplementary II Estimates and supporting documents as well as engagements with State Departments and respective agencies, the Committee makes the following key observations, :-

State Department of ICT

THAT:-

XI. Total proposed additional allocation in Supplementary I amounts to Ksh. 1.82 billion. Whereas adjustment under recurrent sub votes is a decrease amounting to kshs 462.95 million, that of the development sub vote is an increase of ksh 2.28 billion. This brings the total proposed allocation under the State Department to Ksh 30.05 billion, comprised of kshs 27.4 billion for development and Ksh 2.5 billion towards recurrent sub-vote.

XII. The proposed decrease under the recurrent sub vote is a net GOK Exchequer change while that of the development is based on adjustments in both external funding sources and net GoK.

XIII. There are new proposed projects towards providing internet connectivity to the big four projects with total allocation amounting to kshs 3.29 billion. The proposed big four projects include:

i. Connectivity to health facilities (Ksh 774.6 million),
ii. Connectivity to special Economic Zones (Naivasha Textile Park –Kshs 79.7 million),
iii. Connectivity to Leather Industrial Park (Kenanie – Ksh 28.7 million),
iv. Connectivity to Dongu Kundu Special Economic Zones (Kshs 8 million) and,
v. Konza Data and Smart City (Ksh 2.4 billion)

XIV. There was need for additional information and justification underpinning the proposed new projects towards connectivity of the big four projects to inform KPIs, expected outputs and targets. Further, the new allocation towards connectivity of big four projects may not be absorbed in view of the overall performance by the ministry in the 1st quarter and other challenges.

XV. Overall decrease are likely to affect achievement of key expected targets and operations of key departments and agencies under the State Department. That the revised adjustments were done without due consideration and taking into account the requirements and needs of spending and thus is likely to impact negatively projects under implementation.

XVI. Review of 1st quarter performance for programmes and projects under implementation indicated progress except challenges such as less than expected

exchequer releases. In addition , some of the notable achievement under the FY 2018/19 include submission of data protection bill 2019 to parliament which has since been enacted , 90% upgrade and maintenance of the Government Data Centre , procurement and distribution of 100,000 digital devices against committed target of 150,000 , Training of 15,200 youths on line jobs against a target of 120,000 youths, 15% development of the Konza projects under the Engineer, Procure, Construct and Finance framework, among others.

Broadcasting and Telecommunications

THAT:-

XVII. The Kenya Media Council is to undertake internship placement of 1000 students undertaking media related courses in six media enterprises both local and international. The project, as an enabler of the Big Four Agenda, will provide the students with internship opportunities to learn on thematic reporting, among other objectives. However, there is a funding gap particularly affecting key mandate such as payment of salaries, pensions for Board and staff members, rent, media engagement and other operating cost. The shortfall also affected the control of misleading and fake news and monitoring of media activities.

XVIII. The rationalization affected key flagship projects under implementation such as studio mashinani , Sinema Mashinani and agencies like Kenya News Agency as well as Kenya Year Book. This is likely to negatively impact achievement of key deliverables critical to employment creation through content enhancement and supporting the creative sector. This also includes establishment of talent centers at the county level and support the overall objectives of the big four plans. Further, despite the progress and achievement by Kenya Year Book , critical editions for the financial year 2016/17 and 2017/18 have not been published due to lack of funds and a modern printing press which among other things leads to high operational costs

XIX. Expenditure and exchequer releases were below target however, the State Department was committed to fast track the on-going work to achieve the committed target within the financial year.

XX. There was non-compliance on the part of the State Department and the Controller of Budget in submitting non-financial performance of all programmes and projects under implementation.

5.0 RECOMMENDATIONS

70. Based on the foregoing observations, the Ccommittee recommends as follows:

State Department of ICT

A: Financial Recommendations

That the proposed supplementary measures for the State Department for ICT & Innovation be approved subject to the following amendment by the Committee:

Recurrent Sub Vote

Reductions (Re-allocations)

i. Reduce Ksh 170 million from Head ICT shared services

Development Sub Vote

Reductions (Re-allocations)

i. Reduce kshs 354 million from Connectivity to Health Centres project
ii. Reduce kshs 886.5 million from Connectivity to Konza Data Center and Smart City Project
iii. Reduce ksh 10 million from Connectivity to leather industrial park – kenanie

Increases (Re-allocations)

iv. Allocate Ksh 386.5 million towards Sinema Mashinani projects under Kenya Film Classification Board,
v. Allocate by reinstating an amount of Ksh 500 million to the Ajira Fund (Seed Capital)
vi. Allocate Kshs 10 million to the Kenya Film School

B: Policy recommendations

i. National Treasury and The State Department to update a comprehensive Key Performance Indicators and expected outputs and targets under the proposed connectivity projects in the programme based budget upon approval of the Supplementary budget.

ii. The State Departments to comply to statutory requirements of reporting non-financial programme and projects information and performance to the Controller of Budget

State Department of Broadcasting and Telecommunication

A: Financial Recommendations

That the proposed supplementary measures for the State Department for Broadcasting and Telecommunication be approved subject to the following amendment by the Committee:

Recurrent Sub Vote

Reductions (Re-allocations)

i. Reduce kshs 117 million from the Government Advertising Agency (GAA) under the sub-item Advertising, Awareness and publicity Campaigns.

Increases (Re-allocations)

iv. Allocate Ksh 200 million to Media Council of Kenya towards media sector internship and placement and support related activities.

v. Allocate Kshs 80 million to the Media Council of Kenya, the Item Current Grant to Semi-Autonomous Government Agencies

vi. Allocate kshs 7 million to KBC , the Item Current Grant to Semi-Autonomous Government Agencies towards recurrent budget support for maintenance and rehabilitation activities

Development Sub Vote

Increases (Re-allocations)

i. Allocate and re-instate Ksh 54 million to KBC Rollout of Studio Mashinani project.

ii. Allocate kshs 300 million to the Kenya Year Book as Capital Grant to Semi Government Agencies

B: Policy recommendations

i. That the National Treasury ensure rationalization of approved allocation takes into account impact of the same on the programmes and projects under implementation

ii. The State Department to comply with statutory requirements of reporting non-financial programme and projects information and performance to the controller of budget.

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT
THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS

REPORT ON THE CONSIDERATION OF SUPPLEMENTARY ESTIMATES NO. 1 FY 2019/20

CLERK'S CHAMBERS,
DIRECTORATE OF COMMITTEE SERVICES,
PARLIAMENT BUILDINGS,
NAIROBI.

NOVEMBER, 2019

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1.0 PREFACE

Mr. Chairman,

The Departmental Committee on Defence and Foreign Relations is established under Standing Order No. 216. Its mandate pursuant to SO 216 (5) with the following terms of reference;

i) *investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and Departments;*
ii) *study the programme and policy objectives of the Ministries and Departments and the effectiveness of the implementation;*
iii) *study and review all legislation after First Reading subject to the exemptions under Standing Order 101 A (4);*
iv) *study and review all legislation referred to it;*
v) *study, assess and analyse the relative success of the Ministries and Departments as measured by the results obtained as compared with its stated objectives;*
vi) *investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House or a Minister; and*
vii) *make reports and recommendations to the House as often as possible, including recommendations of proposed legislation.*

1.1 Mandate of the Committee

The Committee is mandated to consider the following subjects:

i) Defence
ii) intelligence,
iii) foreign relations
iv) diplomatic and consular services,
v) international boundaries,
vi) international relations,
vii) agreements,
viii) treaties and
ix) Conventions.

In executing its mandate, the Committee oversees the following government Ministries, departments and or agencies, namely:

i) Ministry of Defence
ii) Ministry of Foreign Affairs
iii) Ministry of East African Community & Regional Development
iv) The National Intelligence Service

1.2 Membership of the Committee

The Hon. Katoo Ole Metito, EGH, MGH, MP **(Chairperson)**
MP for Kajiado South Constituency
Jubilee Party

The Hon. Richard Tongi, MP
(Vice Chairperson)
MP for Nyaribari Chache Constituency
Jubilee Party

The Hon. Yusuf Hassan Abdi, MP
MP for Kamukunji Constituency
Jubilee Party

The Hon. Charles Kilonzo, MP
MP for Yatta Constituency
Independent

The Hon. Patrick Makau King'ola, MP
MP for Mavoko Constituency
WDM-K Party

The Hon. Dido Ali Raso, MP
MP for Saku Constituency
Jubilee Party

The Hon. John Lodepe Nakara, MP
MP for Turkana Central Constituency
ODM Party

The Hon. Peter Mungai Mwathi, MP
MP for Limuru Constituency
Jubilee Party

The Hon. Beatrice Nkatha Nyaga,
HSC, MP
MP for Tharaka Nithi County
Jubilee Party

The Hon. Memusi Ole Kanchory, MP
MP for Kajiado Central Constituency
ODM Party

The Hon. Martha Wangari Wanjira,
MP
MP for Gilgil Constituency
Jubilee Party

The Hon. Major (Rtd.) Bashir Sheikh
Abdullah, MP
MP for Mandera North Constituency
Jubilee Party

The Hon. (Dr.) Lilian Gogo, MP
MP for Rangwe Constituency
ODM Party

The Hon. Nelson Koech, MP
MP for Belgut Constituency
Jubilee Party

The Hon. Moses Nguchine Kirima, MP
MP for Central Imenti Constituency
Jubilee Party

The Hon. Vincent Kipkurui Tuwei, MP
MP for Mosop Constituency
Jubilee Party

The Hon. Ernest Ogesi Kivai, MP
MP for Vihiga Constituency
ANC Party

The Hon. Caleb Amisi, MP
MP for Saboti Constituency
ODM Party

The Hon. Asha Hussein Mohamed, MP
MP for Mombasa County
ODM Party

1.3 Committee Secretariat

The Committee Secretariat has a composite of Eight (8) officers;

1. Mr. Victor Weke Imbo - First Clerk Assistant
2. Mr. Abdiaziz Shobay - Third Clerk Assistant
3. Mr. Ronald Walala - Legal Counsel
4. Ms. Grace Karanja Wahu - Research & Policy Analyst
5. Mr. Edison Odhiambo - Fiscal Analyst
6. Mr. Andrew Shangarai - Senior Sergeant at- Arms
7. Mr. Yaqub Ahmed - Media Relations Officer
8. Mr. Rodgers Kilungya - Audio-Recording Officer

1.4 Overview of the examination of the FY 2019/20 Supplementary Estimates No.1

The Departmental Committee on Defence and Foreign Relations held three sittings in consideration of the supplementary estimates. The meetings included a briefing by the Parliamentary Budget Office, meeting with the three Ministries affected and for adoption of the report.

Overally, the committee observed that some of the cuts affected development programmes and will definitely compound existing pending bills, a contradiction to what the National Treasury intends to achieve.

The Committee recommends the following re-allocations within the Development Vote of the Ministry of Foreign Affairs;

	Project	**Approved in KSh. Millions**	**Supplementary in KSh. Millions**	**Revised in KSh. Millions**
1)	Construction and various Renovations in Pretoria	30	220	250
2)	Construction of an Office Block and other works in Mogadishu	20	25	45
3)	Renovation of Chancery in Rome	250	(104)	146
4)	Renovations in London	250	(150)	100
5)	Renovations in New York	-	9	9

Mr. Chairman,

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2019/2020 Supplementary Estimates No. 1.

Finally, I wish to express my appreciation to the Honorable Members of the Committee who made useful contributions, and the secretariat towards the preparation and production of this report.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Defence and Foreign Relations to submit its Report on the consideration the 2019/2020 Supplementary Estimate No. 1.

Signature.....**Date:** 21st/11/2019

THE HON. KATOO OLE METITO, E.G.H, M.G.H, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON DEFENCE AND FOREIGN RELATIONS

2.0 PART II

2.1 Broad overview of the Supplementary Estimates

1. For the **Ministry of Foreign Affairs**, the gross estimates have been revised upwards to KSh.19.4 billion in FY 2019/20 Supplementary Estimates I comprising of KSh. 17.4 billion and KShs. 2.0 billion for current and capital expenditures respectively. This reflects **a net increase of KShs. 152.4 million**. The change is on account of: additional funding for hosting of the Africa Caribbean Pacific Summit, and the International Conference on Population and Development; additional funding for Kenya's Candidature to the United Nations Security Council; enhanced funding for State Visits; and reduction of current expenditures on account of austerity measures.
2. The budgetary allocation for the **Ministry of Defence** under Supplementary Estimates No.1 amounts to KSh.121.5 billion. This comprises of KSh.104.4 billion and KSh.17.1 billion for current and capital expenditures respectively. This reflects **a net decrease of KSh.119.5 million** mainly on account of rationalization of operation and maintenance expenditure. This reduction affects only civilian operations of the ministry.
3. The Approved gross allocation for the **State Department of East African Community** for the FY2019/20 amounts to **KSh.671.3 million**, all expenditure being deemed recurrent. The Approved Estimates have been adjusted to **KSh.619.6 million** under Supplementary Estimates 1, reflecting a decrease of **KSh.51.7 million** on account of rationalization of expenditure under the East African Affairs and Regional Integration Programme
4. The Approved Estimates for the **State Department for Regional and Northern Corridor Development** have been adjusted to KSh.4.9 billion under Supplementary Estimates 1. This comprises of KSh.2.0 billion and KSh.2.9 billion for current and capital expenditure respectively, reflecting a net decrease of KSh.407 million. This is on account of rationalization of expenditure under the Integrated Regional Development Programme. Affected are the Ewaso Ngiro North Catchment Conservation (Kshs. 187 m), Arror Multi-purpose dam (Kshs. 115.8 m), Mwache dam (Kshs. 50 m) and Boji farmers irrigation (Kshs.20 m).
5. The National Intelligence Service which the Committee oversights was not affected by the Supplementary Estimates.

2.2 Committee review Ministry by Ministry

The Committee met the three Ministries that fall under its mandate on Wednesday 19th November 2019. The following was presented;

2.2.1 Ministry of Foreign Affairs

6. The Ministry had an approved budget of Kshs. 19.247 billion, comprising of Kshs. 17.289 billion and Kshs. 1.958 billion for recurrent and development programmes respectively.
7. The Ministry had absorbed 33% of its recurrent budget, at Kshs. 5.763 billion in achieving the following activities;
   i. Strengthened foreign relations through 14 outbound and 15 inbound state visits;
   ii. Promoted peace and security within the region through activities with AU, IGAD and the UN;
   iii. Strengthened Nairobi as a diplomatic hub and venue for international conferences, including the just concluded ICPD25 population conference and a scheduled African Caribbean Pacific Head of States summit in December 2019;
   iv. Enhanced economic cooperation, trade and investment through active participation at for a such as Sochi, Russia forum, TICAD conference, and the ratification of African Continental Free Trade Area treaty;
   v. Inaugural direct flights by Kenya Airways to New York and Geneva;
   vi. Campaigns for country and individual candidatures in various bodies including the quest for a non-permanent seat at the UN Security Council;
   vii. Strengthened multi-lateral engagements;
   viii. Training and induction of three cohorts of Ambassadors;
   ix. Increase of Kenya's diplomatic footprint through opening of new missions.

8. On the development budget, the Ministry reported that it had absorbed 50% of its budget, translating to Kshs. 977 million. This was in construction and acquisition of chanceries in Geneva, Pretoria, Mogadishu, renovations in Dar es Salaam and New York.
9. The Ministry added that it had a resource need of Kshs. 38.401 billion against approved estimates of Kshs. 17.288 billion. This, coupled with reduction in certain programmes under the supplementary estimates had severely hampered critical functions.
10. On pending bills, the Ministry had as at 31st October 2019 pending bills amounting to Kshs. 111,763,929.14.

2.2.2 Ministry of Defence

11. The Ministry of Defence had a total approved budget of Kshs. 121.61 billion. Out of this, Kshs. 104.531 billion was for recurrent activities.
12. In the proposed supplementary estimates, the recurrent budget was reduced to Kshs. 119.5 million under General Administration and Support Services Programme. This had forced the ministry to scale down on critical administrative planning and support services.
13. On the status of budget implementation, Kshs. 32.637 billion (32%) had been spent from the recurrent budget. On revenue collection, Kshs. 2.2 billion had been collected in the first quarter out of an annual projection of Kshs. 6 billion.
14. Budgetary performance had seen operational posture to defend the country's border and ensure territorial integrity, including deployment in AMISOM attained. Other development programmes were in progress including the slipway project at Mtongwe,

acquisition of new air platforms, VVIP hangar at Embakasi, border securitization and improvement of infrastructure including a new barracks at Garissa.

15. The Ministry confirmed having no pending bills.

2.2.3 Ministry of East African Community and Regional Development

16. The Ministry had two state departments; East African Community and Regional and Northern corridor Development.
17. The State Department for East African Community had a total budget of Kshs. 671.3 million, now revised downwards through the supplementary by Kshs. 51.7 million. All of the budget is recurrent.
18. The State Department for Regional and Northern Corridor Development had an approved budget of Kshs. 4.966 billion. The Supplementary estimates had deducted Kshs. 407 million, comprising of Kshs. 54.5 million recurrent and Kshs. 352.5 million development.
19. On budgetary performance, the State Department for East African Community had utilized 60% of its first half yearly provision. This may imply they may seek for additional resources before the end of the financial year.
20. The State Department for Regional and Northern Corridor Development on the other hand had utilized 55% recurrent and 59% development 1st half year allocations.
21. The supplementary budget cuts would greatly hamper payment of feasibility studies and pending bills attributable to Arror dam, Mwache dam and Lower Ewaso Ngíro dam, to the tune of Kshs. 307 million. Further, Kshs. 54 million for headquarter operations and Kshs. 45 million for land compensation for the Arror dam would also be affected.
22. This would compound the pending bills of Kshs. 6.004 billion as at 31st October 2019.

2.3 Observations

Ministry of Foreign Affairs

23. The proposed reduction of KSh. 182.6 million under Foreign Relations and Diplomacy programme would affect critical services such as the issuance of passports and visas.
24. The proposed overall reduction across recurrent items did not meet Treasury's 50% reduction across board because the Ministry is unique and a bulk of its core duties involves travel, both within host nations and from headquarters.

Ministry of Defence

25. The proposed reduction of KSh. 119.5 million would not affect the operations of the ministry significantly. The Ministry could still operate by adopting austerity measures to deliver the set targets with lesser resources.

State Department for Regional and Northern Corridor Development

26. The proposed reduction of KSh.352.9 million under the state Department for Regional and Northern Corridor Development was a reversal of committee resolutions towards development projects under RDAs. It was a concern that out of the additional KSh. 500 million the Committee approved as additional allocation, KSh 352 was being reversed through the supplementary.

3.0 PART III: RECOMMENDATIONS

3.1 Policy recommendations

27. Going forward, the State Department for Regional and Northern Corridor Development in liaison with Treasury should immediately draw an implementation plan of all the projects under regional development authorities that have commenced, before embarking on any new projects;

3.2 Financial recommendations

28. The Committee recommends that the National Assembly approves re-allocations within the Ministry of Foreign Affairs as follows;

	Project	Approved in KSh. Millions	Supplementary in KSh. Millions	Revised in KSh. Millions
1)	Construction and various Renovations in Pretoria	30	220	250
2)	Construction of an Office Block and other works in Mogadishu	20	25	45
3)	Renovation of Chancery in New York	250	(104)	146
4)	Renovations in London	250	(150)	100
5)	Renovations in Rome	-	9	9

29. The committee is further agreeable to the proposals by the National Treasury that: -

a) additional **KSh. 152,377,975** be allocated towards the Ministry of Foreign Affairs
b) a sum of KSh. **119,516,505** be reduced from the Ministry of Defence
c) a sum of **KSh. 51,660,615** be reduced from the State Department for East African Affairs
d) a sum of KSh. **407,350,012** be reduced from the State Department for Regional and Northern Corridor Development

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

COMMITTEE ON EDUCATION AND RESEARCH

REPORT ON THE CONSIDERATION OF THE 2019/2020 FY FIRST SUPPLEMENTARY BUDGET ESTIMATES FOR THE MINISTRY OF EDUCATION AND THE TEACHERS SERVICE COMMISSION

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NOVEMBER 2019

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PART I

1.0 PREFACE

1.1 Introduction

Chairperson,

1. This is the report of the Departmental Committee on Education and Research on its consideration of the FY2019/2020 Supplementary Budget Estimates I for the Education Sector. The report is as a result of deliberations between the Committee and the officials from the Ministry of Education and the Teachers Service Commission.

2. The report contains the discussions, observations and recommendations of the Committee as regards the proposed 2019/2020 Supplementary Budget Estimates for the Ministry of Education and the Teachers Service Commission.

1.2 Mandate and Membership of the Committee

1. The Departmental Committee on Education and Research is established under Standing Order 216 and mandated to consider all matters relating to the Education Sector. Thus, in terms of budget oversight, the Committee covers the Ministry of Education and the Teachers Service Commission.

2. Therefore, this report covers the proposed 2019/2020 Supplementary Budget Estimates for the Education Sector which consists of the Ministry of Education which is made up of four (4) State Departments and the TSC as indicated below:

    i. State Department for Early Learning and Basic Education;
    ii. State Department for Vocational and Technical Training;
    iii. State Department for University Education and Research;
    iv. State Department for Post Training and Skills Development; and,
    v. Teachers Service Commission.

3. The Education Committee was constituted by the House on Thursday 14th December, 2017 and comprises the following Members;

Name	Party	Constituency/County
1. Hon. Julius Melly, MP - **Chairperson**	JP	Tinderet
2. Hon. Amos Kimunya, EGH, MP- **Vice-Chairperson**	JP	Kipipiri
3. Hon. Moses Malulu Injendi, MP	JP	Malava
4. Hon. Geoffrey Makokha Odanga, MP	ODM	Matayos
5. Hon. (Dr.) Pamela Ochieng, MP	ODM	Migori
6. Hon. (Eng.) Nzambia Thuddeus Kithua, MP	WDM-K	Kilome
7. Hon. (Prof.) Zadoc Abel Ogutu, MP	IND	Bomachonge Borabu
8. Hon. Catherine Wambilyanga, MP	Ford-K	Bungoma
9. Hon. Eric Muchangi Njiru, MP	JP	Runyenjes
10. Hon. Eve Obara, MBS, MP	ODM	Kabondo Kasipul
11. Hon. Jackson Lekumontare, MP	KANU	Samburu East
12. Hon. Jerusha Mongina Momanyi, MP	JP	Nyamira
13. Hon. John Oroo Oyioka, MP	PDP	Bonchari
14. Hon. Joseph Kipkosgei Tonui, MP	JP	Kuresoi South
15. Hon. Lilian Cheptoo Tomitom, MP	JP	West Pokot
16. Hon. Omboko Milemba, MP	ANC	Emuhaya
17. Hon. Peter Lochakapong, MP	JP	West Pokot
18. Hon. Wilson Sossion, MP	ODM	Nominated
19. Hon. Wilson Kipng'etich Kogo, MP	JP	Chesumei

Abbreviations and Acronyms – Political Parties

ANC	-	Amani National Congress
Ford-K	-	Ford Kenya
IND	-	Independent
JP	-	Jubilee Party
KANU	-	Kenya National African Union
ODM	-	Orange Democratic Party
PDP	-	Peoples Democratic Party
WDMK	-	Wiper Democratic Party of Kenya

1.3 Committee Secretariat

The Committee secretariat comprises the following officers: -

1. Mr. Daniel Mutunga - Principal Clerk Assistant I
2. Mr. Philip Lekarkar - Clerk Assistant III
3. Ms. Christine Odhiambo - Legal Counsel I
4. Mr. Eric Kanyi - Fiscal Analyst III
5. Ms. Annceta Gacheri - Research Officer III
6. Ms. Winnie Kiziah - Media Relations Officer III
7. Mr. Mutai Kibet - Audio Officer
8. Ms. Catherine Mukunyi - Serjeant-At-Arms

1.4 Overview on the Examination of the proposed 2019/2020 Supplementary Budget Estimates

1. The 2019/2020 Supplementary Budget Estimates were submitted and tabled in the National Assembly pursuant to Article 223 of the Constitution. The Constitution and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Supplementary Budget Estimates and make recommendations before approval of the submitted estimates.

2. As has been the practice guided by the provision of our Standing Orders, the Supplementary Estimates were committed to the Committee to deliberate upon according to its mandate and make recommendations to the Budget and Appropriation Committee.

3. During the consideration of the 2019/2020 Supplementary Budget Estimates for the Education Sector, the Committee was briefed by the Parliamentary Budget Office on Tuesday 19th November 2019 on the contents and key areas affected by the Supplementary budget. **Details on this presentation is annexed in this report.**

4. Afterwards, the Committee held discussions with the Ministry of Education and the Teachers Service Commission on the same. During the entire period of the Supplementary budget scrutiny, the Committee held seven (3) sittings the precincts of Parliament.

1.5 Acknowledgement

1. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2019/2020 Supplementary Budget Estimates.

2. On behalf of the Departmental Committee on Education and Research, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the proposed 2019/2020 Supplementary Budget Estimates for the Ministry of Education and the Teachers Service Commission.

SIGNED ..... **DATE**.....22/11/2019.....

HON. JULIUS MELLY, MP
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH)

PART II

2.0 Broad overview of the 2019/2020 Supplementary Budget Estimates for the Education Sector

1. As a recap, the 2019/20 the approved budget for the Education sector was **Kshs 494 billion** and this allocation was spread across the five (5) spending agencies within the Sector.

2. The overall effect of the proposed adjustments to the 2019/20 approved budget estimates for various votes within the Education sector budget is the revision of the budget downwards by **Kshs 978 million**. The overall recurrent budget has been reduced by **Kshs 885 million** whereas the overall development estimates has been reduced by **Kshs 93 million**.

3. The following tables highlight the adjustments made to the 2019/20 budget estimates within the various spending agencies and the advanced reasons for the adjustments.

a) Recurrent Budget changes

MDA	Approved Budget Estimates	Supplementary Estimates	Revised Estimates	Reasons
State Department for Vocational and Technical Training	17,139	(39)	17,100	Reduction as a result of austerity measures
State Department for Early Leaning and Basic Education	90,214	(365)	89,849	Reduction as a result of austerity measures
State Department University Education and Research	108,821	(97)	108,724	Reduction as a result of austerity measures
State Department Post Training and Skills Development	201	(74)	127	Reduction as a result of austerity measures
Teachers Service Commission	252,898	(311)	252,587	Reduction as a result of austerity measures
Total	**469,273**	**(886)**	**468,387**	Reduction as a result of austerity measures

b) Development budget changes

MDA	Approved Budget Estimates	Supplementary Estimates	Revised Estimates	Reasons
State Department for Vocational and Technical Training	9,178	(413)	8,765	Reduction in allocation to projects especially on the ongoing construction of TTI's across constituencies
State Department for Early Leaning and Basic Education	7,064	1,315	8,379	Additional allocation of Kshs 1.3 Billion is on account of donor support under Kenya Primary Education project (GPE)
State Department University Education and Research	9,239	(1,886)	7,353	Reduction in various ongoing capital projects being implemented in public universities
Teachers Service Commission	54	891	945	Additional allocation is a donor support project on Secondary schools quality improvement project of Kshs 945 Million
Total	**25,535**	**(93)**	**25,442**	

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

The Ministry of Education appeared before the Committee on Wednesday 20th November, 2019 and the various State Departments made submissions/presentations **(see annexures for more details)** regarding the 2019/20 Supplementary Budget Estimates. In their submissions, the State Departments highlighted areas which have been affected by the Supplementary estimates as well as submitted the necessary information which was requested by the Committee in the invitation letter.

A summary of departments' submissions is as highlighted below:

3.1 State Department for Early Learning and Basic Education

The State Department highlighted on particulars of affected areas which have been affected under the recurrent budget as highlighted in the table below.

Existing Programmes	**Printed Estimates** 2019/20 FY	**Supp I** Reduction	**Changes to key Performance Indicators**
Field Offices	Kshs. 2,827M	The budget reduced by Ksh. 175M on operations and maintenance	The reduction in the budget allocation will adversely affect the operation in field offices, hence the directors will not be able to undertake fully their core mandate
Education Assessment Centres (EARC)	974.6M	Reduced by ksh 25M	Reduction in capitation funds to these Centres will greatly affect their operations and progress
Adult Education Centres	89.6M	Reduced by 8.3M	Reduction in capitation funds to these Centres will greatly affect their operations and progress
School feeding Program Fumigation	1,994M	Reduction of 16M	These are funds meant for preservation of foodstuffs under school feeding program
Headquarters-Fuel	106.5M	Reduced by 53M	This will affect the efficient and effective implementation of the State department mandate at the county and sub county level. Monitoring of projects will be difficult
School Audit	276.9M	Reduced by sh 15M	Schools are not audited by Office of Auditor General; hence school auditors need to travel across all the schools for auditing. These reductions will affect the performance of the audit function

The Ministry submitted that the key areas which will be negatively impacted by the reduction in the recurrent budget is the school feeding programmes and the school audit and made an appeal to the Committee to consider giving resources to this areas.

The State Department further submitted that the development budget has been enhanced by Kshs 1.3 Billion on account of donor support and additional allocation of Kshs 60 Million towards infrastructure support to primary and secondary schools.

3.2 State Department for Vocational and Technical Training

The State Department submitted on the particulars of affected programmes as a result of the Supplementary estimates I for 2019/20 FY as and indicated that the recurrent budget has been reduced by Kshs 38 Million majorly on account of austerity measures.

That the reduction is spread across various programmes as indicated below:

Description	Printed Estimates	Proposed Changes	Supplementary Estimates	Reasons
Technical Vocational &Training Programme	16,930,102,734	(8,864,887)	16,921,237,847	-AIA for KNQA 15m -DTE Austerity cuts (23,864,887)
Youth Training & Development	45,156,558	(5,004,126)	40,152,432	DVET Austerity cuts
General Administration services	164,025,309	(24,552,773)	139,472,536	HQ Austerity Cuts
TOTAL	**17,139,284,601**	**(38,421,786)**	**17,100,862,815**	

On the development budget, the Department submitted that there is a reduction of Kshs 412 Million and this mainly touches on the ongoing infrastructural projects which the Department is implementing. In addition, a new donor supported project has been introduced as well as one GOK funded project on infrastructure development in Kitale National polytechnic.

That the reduction is spread across various programmes as indicated below:

Description	Printed Estimates	Proposed Changes	Supplementary Estimates	Remarks
Technical Vocational &Training Programme	7,129,600,000	(449,500,000)	6,679,500,000	Cuts in Projects Kshs 1,264,500,000 -Eastrip-allocation of Kshs 700M
Youth Training & Development	2,049,600,000	37,041,000	2,086,641,000	Inclusion of donor supported projects to youth polytechnics as grants
TOTAL	**9,178,600,000**	**(412,459,000)**	**8,766,141,000**	

3.3 State Department for University Education and Research

The State Department submitted on the particulars of affected programmes as a result of the Supplementary estimates I for 2019/20 FY as follows:

Recurrent Vote

The reduction of the recurrent budget from kshs 512,891,532 to Kshs 415,420,601 by an amount of **kshs. 97,470,931** has affected the implementation of recurrent programmes in the State Department. A summary of the effect of the budget revision is as follows:

(a) Procurement of essential services and goods that are critical for operations of the State Department have been affected. More, so payment of services already rendered by service providers may occasion pending bills.

(b) The State Department will not be able carry out capacity building of staff as planned.

(c) The State Department is implementing numerous projects across the country that require periodic monitoring and evaluation to ensure effective and efficient implementation. However due to the reduction on budget this activity has been downscaled and will affect the quality of outcomes.

Development Vote

The reduction of the development budget **by Kshs. 2 Billion** will adversely affect project implementation including critical infrastructure in the Universities. That institutions have pending certificates that remain unpaid and could potentially generate penalties and other litigation costs. In

addition, delay in the release of exchequer for development funding has further stalled implementation of these projects.

3.4 State Department for Post Training and Skills Development

The State Department submitted report on particulars of affected programmes including changes to key performance indicators, outputs and targets as a result of the Supplementary estimates as follows:.

i. That the General Administration, Planning and Support Services programme's non-core recurrent expenditure has been revised downwards by Kshs. 29,415,000 representing a 54.46 per cent reduction.

ii. The Work Place Readiness Services and Post Training Information Management programmes' recurrent expenditure has been revised downwards by Kshs. 23,250,000 and Kshs, 22,235,000 respectively on account of austerity measures

The gross non-core recurrent expenditure has been revised downwards to Kshs. 72,200,000 from kshs. 146,800,000 representing a reduction by Kshs. 74,600,000.

That the average change in the proposed Supplementary estimates is 50.82 per cent decrease in the approved estimates which will severely affect the implementation of various programmes in the Department and that the proposed Supplementary will affect delivery of the key set performance targets.

3.5 The Teachers Service Commission

Similarly, the Teachers Service Commission also appeared before the Committee and made a presentations (see annexures on the details) on their proposed 2019/20 Supplementary Budget Estimates.

The Commission submitted that **Kshs 311 million** has been reduced from the budget on account of reduction in noncore areas and that this will affect the effective functioning of the Commission. On the development allocation, the Commission submitted that it is occasioned by the donor support under the secondary schools quality improvement project and that the GOK component of the development budget has been reduced in its entirety.

As a result of the budget adjustments, the Commission submitted as follows in terms on how the KPI's are changing.

a) Programmes positively affected by Supplementary Budget.

Sub-programme	Key out put	Key performance indicators	Target 2019/2020	Revised 2019/2020 targets	Reason for variance
Teacher Management –Secondary	Staffing norms	Percentage completion of staffing norms	-	50%	Funds provided in Supplementary budget under Kenya Secondary Education Quality Improvement Project (SEQIP)
	Teachers trained	Number of teachers trained	-	25,000	
	Field staff trained	Number of field staff trained	-	1,000	
	Modules printed	Number of copies	-	20,000	

(b) Programmes negatively affected by the Supplementary budget

Sub-programme	Key out put	Key performance indicators	Target 2019/2020	Revised 2019/2020 targets	Reason for variance
Teacher professional development	Improved level of compliance with code of regulations and ethics	Reduction in the number of disciplined cases registered	1,200	600	This has been affected by austerity measures
Teacher Capacity development	Capacity of teachers improved	Number of teachers trained	300,000	96,836	CBC training conducted during august holiday, no allocation to cater for December and April training
Policy Planning and Support Services	Effective service delivery	Number of officers trained on anti-corruption	1,600	-	affected by austerity measures
	Effective service delivery	Number of construction	2	-	No allocation

Sub-programme	Key out put	Key performance indicators	Target 2019/2020	Revised 2019/2020 targets	Reason for variance
		projects complete			
Field Services			1,080		affected by austerity measures
	Improved investigation of discipline cases	Number of administrators sensitized	2,000	-	
		Number of BOM sensitized	-	-	affected by austerity measures
		Number of County staff sensitized	1,000	200	affected by austerity measures
	Enhanced professionalism and integrity	Number of teachers trained on professionalism and integrity	50,000	5,000	affected by austerity measures

PART III

4.0 COMMITTEE OBSERVATIONS

The Committee having scrutinized the 2019/20 Supplementary Budget Estimates for the sector and also having considered the various submissions during the scrutiny, made the following observations:

a) General Observations

i. That there is a general reduction on the recurrent budget of all agencies within the Education sector as a result of austerity measures where various none core areas on spending allocation have be reduced. The Committee is concerned that these reductions even though they are on account of austerity measures, may have negative implications on the effective functioning of the various Agencies;

i. The Committee observed that some additional projects which emanated from the 2019/20 budget public/consultations have been allocated funds under the Supplementary Budget. Some of the projects include construction of a health unit in Bomet University and infrastructure support to the Kitale National Polytechnic. However, it is regrettable that the allocation for other ongoing projects within the sector has been reduced significantly which pose other challenges such as stalling and accumulation of pending bills.

b) Specific observations

a. State Department for Early Learning and Basic Education

i. The Committee has observed that **Kshs 60 million** has been enhanced under the primary and secondary school infrastructure improvement. According to the Ministry submissions only 4 schools will benefit from this allocation. The Committee considers that this allocation is high. While the Committee agrees with this allocation, the State Department should spread it across to cover more schools with infrastructural needs.

ii. The Committee observed that the **Kshs 31 million** reduced from the school audit and the school feeding programme will adversely affect quality of education in learning since these areas are directly linked to supervision of schools and retention of learners in primary schools.

iii. That the State Department has revised the various key performance indicators (KPI's) and targets for the affected capital projects based on the revised development budget, some of which are indicated below:

Project	KPI	Initial target	Revised target
Kenya Primary Education project	No. of early grade mathematics textbooks distributed	0	3,100,000
	No. of Teachers Trained on early grade mathematics	0	100,000
Primary School Infrastructure improvement	New Classrooms constructed	145	160
Secondary Schools infrastructure improvement	No. of schools expanded/rehabilitated	2,359	2,361
School infrastructure in Nyamira/Borabu	No of primary and secondary schools covered	68	34

iv. That the donor support towards improvement of schools (primary and secondary) in Nyamira/Borabu boarder has always been provided in the budget but this support is never received from the donor which is an indication that the State Department and the development partner have not agreed on this issue;

b. State Department for Vocational and Technical Training

i. That the reduction in development budget has affected a number of ongoing projects especially on the construction of the TTI's. One of the key reductions in the capital projects is the construction of 30 Technical Training Institutes (Phase III TTI's) where the allocation has been reduced by **Kshs 512 million** and construction and equipping of TTI's (Phase II) which has been reduced by **Kshs 258 million** as well as GOK counterpart funding reduction of Kshs **252 million** under the AFDB TTI construction and equipping projects. This may

affect the progress made in the implementation of these projects since as indicated, the targets in terms of completion levels have already been revised downwards.

ii. That the State Department has revised the various key performance indicators (KPI's) and targets for the affected capital projects based on the revised development budget, some of which are indicated below:

Project	KPI	Initial target	Revised target
Construction and equipping of TTI's (Phase II)	Completion level	90%	45%
EA Skills Transformation and regional integration (World Bank)-Kshs 700 million-new project	No. of polytechnics improved to regional centres of excellence	0	3
Infrastructure development of Kitale National Polytechnic-Kshs 100 million	No. of Departments provided with modern equipment	0	2

c. State Department for University Education and Research

i. That there is uniform reduction in allocation to capital projects in public universities by 26%. This begs the questions on whether these reductions are based on any information regarding the status of the projects so that informed rationalization can be effected.

ii. The Committee also observed that again, in 2018/19 the reduction in various projects in the universities was also done in the same manner. The Committee is concerned that if this trend continues it will leave the public universities exposed to adverse outcomes relating to these projects such as contractual issues (pending bills), litigations as well as possibility of the projects stalling.

d. Teachers Service Commission (TSC)

i. That TSC recurrent budget has been reduced by **Kshs 311 million** on account of reduction in non-core areas of spending such as domestic travel and training among others. The Committee is concerned that despite these allocations being none core they are very critical for the

effective functioning of the Commission especially on the field service activities. Specifically the field services whose reduction is **Kshs 68 million** will adversely affect the Commission.

ii. That the GOK development allocation of **Kshs 54 million** to support the ongoing construction of county offices have been entirely reduced despite the fact that the Commission intended to use this allocation to pay for pending certificates of work which have already been presented. This project in Bomet is at 67% completion level.

5.0 COMMITTEE RECOMMENDATIONS

The Committee having received submissions from the Ministry of Education and the Teachers Service Commission, makes the following recommendations regarding the 2019/2020 Supplementary Budget Estimates for the Education Sector: -

a) Policy Recommendation

The Committee recommends that the enhanced allocation of **Kshs 60 million** under the primary and secondary school infrastructure improvement should be spread across to cover more schools with infrastructural needs. This is informed by the fact that this allocation is high considering that it covers only four (4) schools as submitted by the State Department for Early Learning and Basic Education. The Committee will follow up to ensure that more schools benefit from this enhanced allocation.

b) Financial recommendations

The Committee makes the following recommendations under the various State Departments within the Sector. The recommendations are based on the fact that **no significant additional allocations have been provided in the sector to allow reallocations to fill the gap left by the significant reductions made especially on core ongoing capital projects in the sector.**

a) State Department for Early Learning and Basic Education

That the Budget Committee considers reversing/reinstating the reductions which have been proposed in the recurrent Supplementary Estimates as follows:

Programme	Item	Amount to be reinstated	Justification
Primary education	School Feeding Programme	Kshs 16 million recurrent reduction	These reductions even though noncore are critical in sustaining the quality of education in public schools in terms of schools supervision and retaining learners in ASAL areas
Quality Assurance and Standards	School Audit	Kshs 15 million recurrent reduction	
Total		**Kshs 31 Million**	

b) State Department for Vocational and Technical Training

That the amounts stated in the table below be reinstated:

Programme	Project	Amount to be reinstated	Justification
Technical Education	Construction of 30 TTI's (Phase III)	Kshs 511 million	These projects are at advanced levels in terms of completion levels and the reductions effected will slow down the progress made in terms of implementation.
	Construction and equipping of TTI's (Phase II)	Kshs 258 million	
	38 GOK-AFDB TTI's funded-construction and equipping	Kshs 252 million GOK counterpart funding	
Total		**Kshs 1,021 million**	

c) State Department for University Education and Research

That the amounts stated in the table below be reinstated:

Programme	Item	Amount to be reinstated	Justification
University Education	Capital projects in various universities (see the attached list)	Kshs 1.8 billion	The reduction will adversely affect project implementation including critical infrastructure in the Universities. Further, the institutions have pending certificates that remain unpaid and could potentially generate penalties and other litigation costs.

d) Teachers Service Commission

That the amounts stated in the table below be reinstated:

Programme	Item/project	Amount to be reinstated	Justification
General Administration, Planning and Support services	Field services	Kshs 68 million recurrent	Field services is a critical component in the working of the Commission and the reduction if effected may jeopardize the operations of the Commission
Quality Assurance and Standards	Construction of county accommodation offices	Kshs 54 million under the development	These projects have already pending certificates which need to be paid and if this reduction is effected may create pending bills for the Commission
Total		**Kshs 122 million**	

e) State Department for Post Training and Skills Development

The Committee approves the proposed budget adjustments for the State Department for Post Training and Skills Development.

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION, 2019

REPORT OF THE DEPARTMENTAL COMMITTEE ON ENERGY ON THE CONSIDERATION OF SUPPLEMENTARY I ESTIMATES FOR FY 2019/20 FOR THE FOLLOWING VOTES:

VOTE 1152 – STATE DEPARTMENT OF ENERGY
VOTE 1193 – STATE DEPARTMENT FOR PETROLEUM

CLERK'S CHAMBERS
NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2019

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1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Energy and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the Supplementary I Estimates for Financial Year 2019/20.

1.1 Mandate of the Committee

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

a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
b) Study the Programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
c) Study and review all legislation referred to it;
d) Study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
e) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
f) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
(fa) examine treaties, agreements and conventions;
g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
h) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
i) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
j) Examine any questions raised by Members on a matter within its mandate.

In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters relating to the Fossil Fuel Exploration, Development, Production, Maintenance and Regulation of Energy.

1.2 Oversight

In executing this mandate, the Committee oversees various State Departments and the SAGAs under its respective purview, namely:

a) State Department of Energy
b) State Department for Petroleum

1.3 Committee Composition

The Departmental Committee on Energy comprises the following Members:

Chairperson
The Hon. David Gikaria, M.P.
Nakuru Town East Constituency
Jubilee Party

Vice Chairperson
The Hon. (Dr.) Robert Pukose, M.P.
Endebess Constituency
Jubilee Party

The Hon. Cecily Mbarire, M.P.
Nominated Member, Deputy Minority Whip
Jubilee Party

The Hon. Ekomwa Lomenen James, M.P.
Turkana South Constituency
Jubilee Party

The Hon. Joseph Wathigo Manje, M.P.
Kajiado North Constituency
Jubilee Party

The Hon. Lemanken Aramat, M.P.
Narok East Constituency
Jubilee Party

The Hon. Oscar Sudi, Kipchumba, M.P.
Kapseret Constituency
Jubilee Party

The Hon. (Eng.) Vincent Musyoka Musau, M.P.
Mwala Constituency
Maendeleo Chap Chap Party

The Hon. Amina Gedow Hassan, M.P
Mandera County Women Representative
Economic Freedom Party

The Hon. Abdikhaim Osman Mohamed, M.P
Fafi Constituency
Kenya Africa National Union (KANU)

The Hon. Clement Muturi Kigano, M.P.
Kangema Constituency
Jubilee Party

The Hon. Elisha Odhiambo, MP
Gem Constituency
Orange Democratic Movement (ODM)

The Hon. Elsie Muhanda, MP
Kakamega County Women Representative
Orange Democratic Movement (ODM)

The Hon. Gitau Faith Wairimu, M.P.
Nyandarua County Women Representative
Jubilee Party

The Hon. Julius Mawathe, MP
Embakasi South Constituency
Wiper Democratic Movement – Kenya

The Hon. Ken Chonga, MP
Kilifi South Constituency
Orange Democratic Movement (ODM)

The Hon. Tindi Nicholas Mwale, MP
Butere Constituency
Amani National Congress Party (ANC)

The Hon. Walter Owino, MP
Awendo Constituency
Orange Democratic Movement (ODM)

The Hon. Mohammed Ali Lokiro, MP
Turkana East Constituency
Orange Democratic Movement (ODM)

1.4 Committee Secretariat

The Committee is resourced with the following technical staff, representing the Office of the Clerk:

1. Ms. Rose M. Wanjohi - Clerk Assistant (**Lead Secretariat**)
2. Mr. Douglas Katho - Clerk Assistant
3. Mr. Ronald Walala - Legal Counsel
4. Mr. Abdirahman Gorod - Fiscal Analyst
5. Mr. David Ngeno - Research Officer
6. Ms. Deborah Mupusi - Media Relations Officer
7. Ms. Rose Apaalat - Audio Recording Officer
8. Ms. Sheila Chebotibin - Sergeant at Arms

1.5 Overview on the Supplementary I Estimates

The Supplementary I Estimates of FY 2019/20 were submitted to the House on 12th November, 2019 and thereafter in accordance with Standing Orders 235 referred to the Departmental Committee on Energy for consideration and subsequently report to the Budget and Appropriations Committee.

This is pursuant to Article 223 of the Constitution and Sections 43 and 44 of the PFM Act 2012 as well as PFM (National Government) Regulations 2015. That supplementary budgeting is mainly to cater for unforeseen expenditure or for a need that has arisen which was not catered in the approved (annual) appropriation.

In that regard, the Committee met with the two State Departments for Energy and Petroleum as well as their Semi-Autonomous Government Agencies (SAGAs) under its purview with a view to deliberate and interrogate on the proposed measures and impact of the revised estimates on the various policies and programmes under implementation for the period under consideration.

The Committee held three sittings. On Monday 18th November 2019, the Committee received a brief from the Parliamentary Budget Office (PBO) on proposed allocation for the various State Departments and respective SAGAs falling within its purview. On the same day, the Committee met with the State Department of Energy and State Department of Petroleum and received their submissions. The submissions covered implication of the proposed measures taking into account provisions of Article 223 of the Constitution and relevant legislation such as PFM Act 2012. Thereafter, the Committee held a third sitting to consider and adopt the draft report on the Supplementary I Estimates FY 2019/20.

1.6 Committee Observations

Based on the review and scrutiny of the **Proposed Supplementary I Estimates** and supporting documents as well as deliberations with key stakeholders, the Committee makes the following observations under each of the State Departments:

1.6.1 State Department of Energy

1. The overall proposed adjustments amounts to **Kshs. 10.202 billion** relative to the original approved Estimates, of which adjustments under recurrent sub vote is an increase of Kshs. 562.6 million and the development sub vote by Kshs. 9.64 billion;
2. That there is an increase in recurrent budget of **Kshs. 562,666,844** under current transfers to KETRACO financed by local AIA.
3. In the 2019/20 Supplementary I Estimates development Budget Exchequer allocation has increased by **Kshs.7, 989,027,999**. However, there is reduction of **Kshs. 750,000,000** which the affected the following projects;
    - Bogoria Silali project **Kshs. 250,000,000.**
    - Menengai Geothermal Development project **Kshs. 400,000,000.**
    - Nuclear Power Plant Siting **Kshs. 100,000,000.**
4. The proposed allocation includes new projects with total allocation amounting to kshs. 10.55 billion. That, out of Kshs. 10.55 billion, Kshs 7.5 billion is an exchequer amount towards providing connectivity to the Big Four projects while Kshs 3.00 billion is an external funds towards Kenya Off Grid Solar Access Projects in fourteen (14) Arid and Semi-Arid Lands (ASAL) Counties. The Big Four projects includes:
    i. Electrification of Level 4 & Level 3 Hospitals (Kshs 1.55 billion),
    ii. Electrification of Economic Zones such as Naivasha Industrial Park and Konza Technopolis Complex amounting to Kshs. 4.78 billion,
    iii. Electrification of Food Processing Plants (Kshs. 353 million), and
    iv. Electrification of 6 government housing schemes (Kshs. 865 million).
5. Observed an increase allocation towards transmission and distribution which is to enhance connectivity, demand creation and utilization of available power. This is to support the completion of planned transmission lines which are grossly underfunded.
6. The proposed increases under recurrent sub votes is financed through local AIA and while the development expenditure is financed through revision of approved external funding including grants and new additional external funding as well as net Gok. Most projects allocations adjusted on the basis of the National Treasury Circular requesting re-orientation and prioritization to the big four projects and scaling down external funds where absorption be less than expected.
7. There is an additional item Allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation. The payment was made in August 2019 within the FY of 2019/20, and that the State Department for Energy was seeking regularization. The Special audit on the payments for deemed generation that was to be undertaken by the Office of the Auditor General following House resolution on the same is yet to be concluded.
8. That there are three additional projects proposed for implementation under the Street lighting projects amounting to Kshs. 25 million, bringing the total allocation under the Street Lighting Project to Kshs. 1.025 billion up from Kshs. 1.000 billion. The Committee was informed that these projects were not proposed by the State Department for inclusion in the supplementary budget I under consideration. That any extra allocation

should be to enhance and support planned projects for the FY 2019/20 and not to the listed projects.

9. The Committee noted the performance of the 1st Quarter of the FY 2019/20, in which there were no major challenges of implementation to on-going projects. However, the Committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.
10. Energy and Petroleum Regulatory Authority is slow in issuing licence and approvals. For instance KETRACO did not receive their applied approval for the tariffs in the FY 18/19 as requested.
11. The Committee is concerned about the pace and process of settling pending bills particularly by GDC to its suppliers and REREC to KPLC for projects done by the latter based on mutual arrangement/agreements. This is also despite grant additional allocation under supplementary II of FY 2018/19 which was also informed by the presidential directive to clear outstanding pending bills by end of June 2019, thus end of FY 2018/19.
12. Any project proposed during public participation and subsequently approved for allocation should be considered when finalising the Annual Estimates. National Treasury should avoid proposing such projects in the supplementary project.

1.6.2 State Department of Petroleum

1. The overall proposed adjustments amounts to a reduction of Kshs. 32 million relative to the original approved Estimates, of which adjustments were the under recurrent sub votes while there were no proposed changes to the allocation under the development votes.

2. The proposes reduction under recurrent sub votes is on account of the proposed rationalization and the state department informed the committee that changes will affect delivery of approved outputs and targets

3. The Committee noted the performance of the 1st Quarter of the FY 2019/20, in which there were no major challenges to ongoing projects. However, the committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.

1.7 Committee Recommendations

Based on the review and scrutiny of the proposed Supplementary I Estimates and supporting documents as well as consultations with key stakeholders, the Committee makes the following recommendations under each of the State Department.

1.7.1 State Department of Energy

1. That, the proposed adjustments amounting to an increase of **Kshs. 9.6 billion** under Development be approved subject to the following amendments:

   Development

   Reductions (Re-allocation)

i. Reduce **Kshs 300 million** from the proposed new allocation to Electrification of level 3 & 4 Hospitals Project bringing the total proposed allocation to **Kshs. 1,251,891,811**;

ii. Reduce **Kshs. 500 Million** from the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park, bringing the proposed allocation to **Kshs. 3, 884,889,511;**

iii. Reduce **Kshs. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme bringing the proposed allocation to **Kshs. 342,759,907;**

iv. Reduce **Kshs. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme bringing the proposed allocation to **Kshs. 342,759,907;**

Increases (Re- allocation)

v. Increase by **Kshs. 400 Million** to Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centres across the Country; and

vi. Increase by **Kshs. 500 Million** to Kenya Power Transmission Project to support the Konza Technopolis.

- Gilgil –Thika-Konza, 400KV, 250 Km
- Loiyangalani- Marsabit 180 Km 400KV.

2. That, the proposed allocations under recurrent sub-vote be approved as proposed.

3. That, the National Treasury confirms the allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation was not paid as per the approval given under Supplementary II estimates 2018/19.

4. That, the special Audit that was the condition for approval of the payments under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation be concluded by the Office of the Auditor General as resolved previously by the House and the audit report tabled in the National Assembly.

5. That the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.

6. Allocation to key projects and outstanding commitments should be comprehensively considered under the Annual budget and not through the supplementary budgeting approach. That the State Department to apprise the Committee on compliance to this recommendation and measures taken to ensure comprehensive and sound budgeting by February 2020. Further increases due to performance of local AiA collection by SAGAs under the State Department should be re-oriented towards development expenditure and the same be reflected in the 2020 BPS.

That, any project proposed during public participation and subsequently approved for allocation should be considered when finalizing the Annual Estimates. National Treasury should avoid proposing such projects during supplementary budgeting

1.7.2 State Department for Petroleum

1. Approves the overall proposed adjustments be approved. That, the relates to total reduction of **Kshs 32 million** relative to the original approved Estimates, of which the adjustments were towards the recurrent sub votes.
2. That, the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.

1.8 Acknowledgements

The Committee appreciates the support offered by the Offices of the Speaker and of the Clerk of the National Assembly for both logistical and technical support during its sittings and deliberations. The Committee wishes to thank the State Department of Energy and State Department of Petroleum for their submissions and deliberations during the sittings on the revised measures.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this Report.

Honourable Chair, It is my pleasant duty and privilege, on behalf of the Departmental Committee on Energy to submit its Report on the scrutiny of the of Supplementary I Estimates, FY 2019/20.

SIGNATURE: ..... **DATE:** 21-11-19

THE HON. DAVID GIKARIA, M.P – CHAIRPERSON

DEPARTMENTAL COMMITTEE ON ENERGY

2.0 INTRODUCTION

1. Pursuant to Article 223 of the Constitution and relevant sections of the Public Financial Management (PFM), 2012 the Supplementary I Estimates of FY 2019/20 was laid before the House on 12th November, 2019 and thereafter committed to the respective Departmental Committees in accordance with the provisions of the National Assembly Standing Order 235(3).

2. The Committee is mandated to consider and review the Estimates in line with its mandate (Standing Order 235(4), and among other things, take into account the need to ensure efficiency in spending, utilization of funds under Article 223 of the Constitution and absorption levels; challenges experienced during the period under considerations and programme status. Subsequently, the Committee submits its report to the Budget and Appropriations Committee (BAC) for onward tabling and approval in the House.

3. The Departmental Committee on Energy held three sittings in which it was briefed by the Parliamentary Budget Office and thereafter, held meetings with the two State Departments, namely, State Department for Energy and the State Department for Petroleum. Both State Departments made oral and written submissions to the Committee.

4. The submissions from the State Department covered budget performance and the rationale underpinning the revised Supplementary I Estimates, as well as pending bills under Access to Government Procurement Opportunity (AGPO) and challenges arising towards implementation of key flagship interventions.

3.0 SUBMISSIONS

3.1 Parliamentary Budget Office

The Parliamentary Budget Office briefed the Committee on the proposed Supplementary I Estimates with respect to the two departments and submitted the following highlights:-

5. Supplementary Budgeting is provided for in Article 223 of the Constitution; Sections 43 and 44 of the PFM Act 2012; and Regulation 40 of the PFM (National Government) Regulations 2015. The provisions provide for budgeting adjustments to cater for unforeseen expenditure or a need has arisen which was not catered in the approved appropriation.
6. The submissions covered the proposed changes and its impact on programmes under implementation, the revised expenditure items including the impact of the adjustments on the various Key Performance Indicators (KPIs) and approved targets.
7. The Committee oversees the following votes, namely, Vote 1152 (State Departments of Energy) and Vote 1193 (State Department for Petroleum) as well as the SAGAS under the purview of respective State Departments.
8. The total original approved allocation for the State Department amounts to Kshs.77.41 billion, of which recurrent expenditure allocation is Kshs.5.75 billion and Development expenditure is Kshs.71.66 billion.

9. Whereas the recurrent budget is fully financed through Government of |Kenya (GoK) local Appropriation in Aid (A.i.A) and net exchequer), the development expenditure is financed through additional sources of funding including external funding. Review of

financing framework for the approved Development Estimates is composed of Net Exchequer Issues (GoK) amounting to Kshs.16.6 billion, external funding of Ksh.47.92 billion and a further share of local A.i.A from productive assets and other levies estimated at Kshs.7.01 billion.

3.1.2 Committee Resolutions during approval of the 2019/20 Budget

10. During the legislative processing of the 2019/20 budget, the Committee made a number of resolutions towards effective implementation of the various programmes and projects under the State Department of Energy. Some of the key resolutions were:-
    A. There was need to scale up allocations under on-going priority projects to support universal access to electricity, which key among them include: Last Mile Electricity Connectivity, Street Lighting Project, Installation of Transformers in Constituencies, among others.
    B. All A.I.A component under GDC, KETRACO, REREC, Kenya Nuclear Power Agency and other agencies under the purview of the ministry are declared and budgeted under the annual Estimates of Revenue and Expenditure submitted to Parliament for considerations and approval.
    C. Outstanding obligations owed by counties to Kenya Power & Lighting Company (KPLC) be settled through a special provision under the inter-governmental framework if counties fail to honour such obligations.
    D. Materialization of guarantees and penalties (contingent liabilities) under the energy sub sector be budgeted and provided for under the Vote of National Treasury and payments made according to the relevant and applicable accounting procedures and classification of expenditure. The House particularly ordered for special audit relating to payments towards deemed generation claims by Lake Turkana Wind Power.
    E. Rural Electrification and Renewable Energy Corporation (REREC) to prioritize payments of pending bills owed to KPLC on account of projects implemented and completed on behalf of REREC for the FY 2016/17 and FY 2017/18.
    F. Geothermal Development Company (GDC) to ensure all pending bills for the period FY 2016/17 and FY 2017/18 are paid on priority basis within the 1st Quarter of the FY 2019/20.
    G. Fast-tracking utilization of already developed and available steam equivalent in the Menengai Geothermal Fields with the aim of lowering cost of power and improving the affordability of the overall mix of available power. Critically, the State Department of Energy and GDC to ensure the three investors identified to construct geothermal power plant in Menengai Geothermal Fields are monitored for compliance to the Terms of Reference including critical timelines to deliver agreed output (105mw)
    H. Compliance on quarterly reporting for both ministry and SAGAs under its purview covering both financial and non-financial (budget performance) to the National Treasury and Controller of Budget as per the requirement of PFM Act 2012 and Controller of Budget Act 2016.

3.1.3 Status of Recent Budget Implementation: First Quarter FY 2019/20

11. In regards to budget performance, the 1st quarter net exchequer releases to finance various activities and projects stood at 20% and 24% for development and recurrent sub

votes, respectively. However, the exchequer releases for the development vote is not disaggregated to determine performance of each source of funding including the component of external funding.

12. On the other hand, expenditure towards implementing the various activities stood at a Kshs.19.532 billion, of which recurrent expenditure amounts to Kshs.406 million while development expenditure (mainly towards project disbursements) amount to Kshs.19.126 billion.
13. According to submissions tabled to the National Assembly, the reported development expenditure for the quarter is inclusive of A.I.A utilization amounting to Kshs.13.814 billion. However, this does not indicate the specific A.I.A to determine the performance of both external sources as well as levies and charges collected and used at source by the ministry and relevant agency.

3.1.4 Concerns on previous supplementary Budget: FY 2018/19 Supplementary Budget

14. Some of the key concerns then included:-
    i. Non adherence to comprehensive budgeting where critical and priority expenditure needs are omitted/not considered in the annual budget. These critical expenditure are later introduced at supplementary level such as provision for penalties and or outstanding liabilities (Loiyangalani – Suswa Transmission line and Deemed Generation in which proposal for approval for due payments was in the FY 2018/19 supplementary budgets amounting to Kshs.1.160 billion), personnel emoluments, various transmission lines and other externally funded projects.
    ii. Non-payment of pending bills despite provision for the same as was the case with GDC, REREC and KETRACO among others.
    iii. Expenditure rationalization targeting priority projects such as Last mile connectivity, street lighting and transformers for constituencies, Garissa solar power plant, among others.
    iv. Inadequate disclosure of local A.I.A from productive assets/sources in the annual budget for parliamentary approval. These includes wheeling charges under KETRACO and steam sales under GDC.
15. Some of the key Committee resolutions on past supplementary budgeting include the following:
    i. Re-instatement of reduced allocation affecting particularly affecting externally funded projects whose allocation is already utilized (such as the Geothermal Exploration and Development towards activities in the Coast, Kenya Development of Solar Power Plants (Garissa), among others.).
    ii. Any allocation and or payments relating to call on guarantees and/or arising penalties (contingent liabilities) under the energy sub sector be budgeted and provided for under the Vote of National Treasury. This is primarily to ensure due diligence process is enhanced while relevant and applicable accounting procedures and correct classification of such expenditure is adhered to and informs reporting.
    iii. State Department to enhance due diligence with respect to measures outlining cuts on approved allocations, and take into account commitments and payable outstanding bills as well as actual expenditure absorption levels.

3.1.5 Impact on Programmes

16. The Supplementary Estimates proposes an additional Ksh.10.20 billion compared to the original approved budget for the State Department of Energy
17. The Power Transmission and Distribution programme and Alternative Energy Technologies programme are proposed to be increased by Ksh.7.87 billion and Ksh.3 billion respectively. However, Power Generation Programme is reduced by Kshs. 670 million while there is no overall change in the Administration Planning and Support Services programme.

3.1.6 Impact on Development Allocation by projects

18. A further review of the projects under the four programmes reflect substantial reductions and increases. In addition, there are new supplementary item allocation and re-allocations, which as per the PFM Act 2012, also negate comprehensive annual planning and budgeting as earlier stated.
19. Further, substantial scale down of external sources for projects under implementation points to lack of clear basis or costing framework that is effectively linked to work plans that may inform project implementation in the period under consideration as the case with the following projects:
    i. The Eastern Electricity Highway Project (Ethiopia- Kenya Interconnector) that was reduced by Ksh.2.8 billion. (Or -13%);
    ii. Nairobi City Centre E.H.V & 66KV Network Upgrade & Reinforcement where the approved allocation amounting to Ksh.2.5 billion is proposed to be reduced to nil.
    iii. Bogoria - Silali Geothermal Project reduced by Ksh.941 million, from approved amount of Kshs. 2 billion to Ksh.1.05 billion, translating to 47% reduction.
20. With regards to new additional allocation, Kshs 1.160 billion is reflected Loiyangalani – Suswa Transmission Line. Further submissions from the National Treasury indicates the amount as towards Lake Turkana Wind Power. It is not clearly indicated whether this additional line item expenditure is already incurred or proposed to be utilized given that the project was completed and commissioned in September 2018. Moreover, the expected output under this proposed allocation in the Programme Based Budget is 100% completion of the Transmission line, a scenario pointing to a mismatch between proposed allocation and the KPIs expected to be delivered.
21. Some of the other key new item allocation or are under ongoing projects include:
    i. Additional three street lighting projects under the Street lighting projects, namely , (a) ebalezi -Karinde (Karen) -gitiba – Mutuini (Ksh.5 million), (b) street lighting in Embakasi Central, North, West And Mathare (Kshs.15 million), and (c) installation of street lights on roads in Changamwe (Ksh.5 million).
    ii. Rabai - Kilifi Transmission Line Rehabilitation and civil works by Kshs. 396.76 million, in form of external funds

3.1.7 New projects and Measures in the Supplementary I Estimates

22. The proposed Supplementary I contains a number of new projects. According to the submissions, the proposed new projects are aimed at electrification of public utilities such as level 4 & 3 hospitals and special economic zones as well as food processing plants, towards enabling and supporting key project portfolios under the Big Four Plan. However, the status of these projects identified for electrification is not provided as they

could be under implementation by other MDAs outside the purview of the ministry. The new projects are

Table 5: List of new projects and respective allocations

S/No.	Project codes and Name	Approved FY 2019/20 Estimates	Proposed Supplementary Estimates	Sources and type of funding	Expected output as per the KPI
A	**Electrification of Level 4 & Level 3 Hospitals**	-	**1,551,891,811**	**GoK Exchequer**	5 level 4 and 35 level 3 hospitals electrified
A1	Electrification of Level 4 & Level 3 Hospitals	-	1,551,891,811	"	
B	**Electrification of Economic Zones**	-	**4,783,226,131**	**GoK Exchequer**	30% completion for 66KV and 220 kV Transmission lines constructed, 90% completion of distribution lines constructed, 95% associat substations constructed
B1	Naivasha Industrial Park	-	4,384,889,511	"	
B2	Konza Technopolis Complex	-	398,336,620	"	
C	**Electrification of Food Processing Plants**	-	**353,722,919**	**GoK Exchequer**	14 Livestock holding grounds electrified
C1	Electrification of Food Processing Plants	-	353,722,919		
D	**Electrification of Government Housing Schemes**	-	**865,187,138**	**GoK Exchequer**	6 Government housing schemes electrified
D1	Starehe Housing Scheme	-	15,933,465	"	
D2	Shauri Moyo Housing Scheme	-	23,900,197	"	
D3	Ruai Housing Scheme	-	392,759,907	"	
D4	Kibera Housing Scheme	-	23,900,197	"	
D5	Mariguini Housing Scheme	-	15,933,465	"	
D6	East Africa Portland	-	392,759,907	"	
E	**Kenya Off-Grid Solar Access Project for Underserved Counties (KOSAP)**	-	**3,000,000,000**	**External Loan Revenue**	20 community mini-grids constructed, 6000 stand-alone solar home systems installed, 80 Solar water pumping facilities installed, 47 Training report for KOSAP PCU/PIU a County project personnel
E1	K-OSAP: State Department of Energy	-	3,000,000,000		
Total		-	**10,554,027,999**		

3.1.8 Impact on recurrent budget

1. The overall change in the approved recurrent budget is additional Kshs.562.6 million, been towards grants and transfers to government agencies.
2. A further review reflects the increase is under KETRACO, an energy sector transmission company responsible for construction and maintenance of high voltage transmission lines, where allocation is proposed at Ksh.2.93 billion up from Ksh.2.37 billion.

3. Moreover, there is no evidence of austerity measures or rationalization subjected to the Operations & M items in the recurrent budget as per the National Treasury circular. This therefore means the allocation remains as approved except the additional proposed expenditure towards KETRACO.

23. However, the proportion of the local A.i.A proceeds towards recurrent activities, as the case with proposed allocation of Ksh.562 million under KETRACO which is increasing approved baseline recurrent allocation by 24%, may require further justification with a view to directing and funding critical energy priorities in the development budget.

3.1.9 Policy implications of Supplementary I Estimates

24. The proposed Supplementary I contains a number of new projects that are aimed at electrification of public utilities such as level 4 & 3 hospitals and special economic zones as well as food processing plants , towards enabling and supporting key project portfolios under the Big Four Plan.

    However, the status of these big four projects identified for electrification is not provided since they are under implementation by other MDAs outside the purview of the ministry. Moreover, the Targets to be achieved are not specific and the KPIs are not comprehensive to ensure effective delivery of expected outputs.

25. The re-allocation and adjustments as well as well as the proposed new intervention point to inadequacies in both planning and comprehensive annual budgeting. These are evident in the scale down of externally funded projects, supplementary budgeting of external funded projects such as KOSAP, among others. The State Department to ensure that all projects are adequately and comprehensively planned and budgeted during the annual budgeting phase with a view to minimize in-year revisions that are beyond the provisions of Art 223 of the Constitution (Supplementary Budgeting).

26. In view of the proposed submission, there is need for enhanced legislative oversight by scaling up monitoring on actual implementation with a view to ensure programme objectives are delivered by responsible entities such as KETRACO, REREC and Kenya Power.

27. The additional allocation of Kshs 1.160 billion is reflected Loiyangalani –Suswa Transmission Line (Headquarters). the expected output under this proposed allocation in the Programme Based Budget is 100% completion of the Transmission line, a scenario pointing to a mismatch between proposed allocation and the expected KPIs and output given that the project was completed and commissioned in September 2018.In addition, not clearly indicated whether this additional line item expenditure is already incurred or proposed to be utilized in which case the committee may seek the underlying contracts or agreements as well as further disclosure why this was not prioritized under the 2019/20 budgeting phase.

28. On account of substantial scale down of external allocation for some projects such as the Ethiopia –Kenya Interconnector, Bogoria- Silali geothermal, Nairobi City Centre E.H.V & 66KV Network Upgrade & Reinforcement, among others, may point to lack of clear basis such as approved costing framework and work plans that also inform project

implementation in the period under consideration. The Committee may ascertain the status of critical plans necessary for projects implementation such as work plans, cash flow plans and procurement plans so as to improve credibility and predictability of the sector budget.

29. In view of the proposed submission, there is need for enhanced legislative oversight by scaling up monitoring on actual implementation with a view to ensure programme objectives are delivered by responsible entities such as KETRACO, REREC and Kenya Power, GDC, and Departments under the Headquarters.

Overview of FY 2019/20 Supplementary I Estimates for the State Department of Petroleum

30. The total approved allocation for the State Department amounts to Kshs. 5.70 billion, of which allocation to recurrent expenditure is Kshs. 269 million and development expenditure outlay is Kshs. 5.43 billion.

3.1.10 Committee Resolutions during the approval of the FY 2019/20 Budget Estimates for State Department for Petroleum

31. During the legislative processing of the FY 2019/20 Budget, the Committee made a made key resolutions as follows:
    i. The necessary legal and regulatory basis including the banking framework/arrangement for oil proceeds be fast tracked in view of the first export of crude oil and for purposes of ensuring accountability and reporting;
    ii. State Department for Petroleum to ensure compliance to quarterly reporting for both the ministry and SAGAs under its purview covering both financial and non-financial (budget performance) to the National Treasury and Controller of Budget as per the requirement of PFM Act 2012 and Controller of Budget Act 2016.
    iii. State Department of Petroleum to undertake quarterly monitoring and evaluation of the First oil monetization/First oil pilot scheme currently been spearheaded jointly by Tullow Oil Kenya with focus on ensuring due diligence on the cost involved and sound management of the pilot phase.
    iv. special audit be carried out by the Auditor General on the Capital Transfer of Ksh.280 million to National Oil Corporation for purposes of Petroleum Exploration in Block 14T for the period covering 2016/17 and 2017/18 and the findings be reported to the National Assembly

3.1.11 Status of Recent Budget Implementation: First Quarter FY 2019/20

32. 1st quarter net exchequer releases to finance various activities and projects stood at 9% and 19 % for development and recurrent sub votes, respectively. However, this way below quarterly performance and is likely to lead to underperformance and pending bills if commitments are made on the basis of the approved levels.
33. Moreover, the exchequer releases for the development vote is not disaggregated to determine performance of each source of funding including component of external funding.
34. On the other hand, expenditure towards implementing various activities stood at a total amount of Ksh.149.78 million, of which recurrent expenditure amount to Ksh.49.43 million while development expenditure amount to Ksh.100.35 million. Moreover, no reported expenditure relating to local A.i.A such as use of royalties, PDL, surface fees

paid on the basis of licensed exploration works, among others. In addition, submissions from the National Treasury does not indicate performance of external sources.

3.1.12 Supplementary Estimates Review for State Department for Petroleum: Supplementary Budget FY 2018/2019

35. Some key concerns included:
    i. Non adherence to comprehensive budgeting where critical expenditure needs are omitted/not considered in the annual budget. Subsequently this leads to non-payment of pending bills that are incurred. The most affected was under the Mwananchi gas project with substantial pending bills, which were pending bills under the category of AGPO.
    ii. Rationalization of already expended allocation such as for the case of KEPTAP
    iii. Failure to adhere to comprehensive reporting relating to output based performance of the programmes/projects under the ministry. The most affected project was upstream petroleum exploration in Block 14 T include the supported through annual capital transfers of Ksh.280 million to the NOCK.

    Past submissions by National Oil Corporation on the status of past capital transfers indicated inconsistent performance indicators, unclear targets and output achieved as well as the use of allocation for other non-priority expenditure.
36. Some of the key Committee resolutions on past supplementary budgeting included: that the National Treasury and the State Department ensures projects with payable outstanding bills are not subjected to cuts below the expenditure amounts already utilized, and that due diligence informs proposed revisions.

Review of the proposed Supplementary I Estimates FY 19/20

37. The original approved Estimates have been revised to Kshs. 5.6 billion, down from Kshs 5.7 billion. This reflects a net decrease of Kshs. 32 million under the recurrent budget on account of budget rationalization.

Impact on Development projects

38. There were no changes on the development allocation and the approved allocation remains the same. The approved budget by projects is as per the annex

Policy implications of Supplementary Estimates

39. The austerity measures are affecting the recurrent budget and is likely to affect implementation of the development projects. However, the State Department may employ efficiency to ensure the adjustments does not impact performance for the FY 2019/20.

40. The 1st Quarter development expenditure indicates a 2% performance, which likely is to impact the projects for the period under consideration. The Committee may be apprised by the State Department on the status of the development project performance to ensure delivery of expected targets.

3.2 Submission by State Departments for Energy

The Cabinet Secretary, Ministry of Energy Hon. Charles Keter, accompanied by the Principal Secretary, Dr.(Eng.) Joseph Njoroge and other Ministry officials submitted that:-

41. The Ministry of Energy under Vote 1152, of the 2019/20 Financial Year Supplementary I Estimates allocations are as follows;

Table 1:

VOTE 1152: STATE DEPARTMENT FOR ENERGY			
	Estimates 2019/20		
	Gross Expenditure	**A-I-A**	**Net Expenditure**
	Kshs.	Kshs.	Kshs.
VOTE 1152	**87,624,253,403**	**52,316,459,814**	**35,307,793,403**

42. A.I.A comprises of:

Under Development:

i. Loan AIA of **Kshs. 40,745,792,970**
ii. Local AIA of **Kshs.7,152,000,000** and
iii. Grant AIA of **Kshs. 50,000,000**

Under Recurrent: Local AIA of Kshs. **4,368,666,844**

The Net Expenditure Comprises of:

Under Development:

i. Kshs. **8,639,765,590** Loan Revenue,
ii. Kshs. **61,000,000** Grant Revenue
iii. Kshs. **24,661,027,999** GOK (Exchequer)

Under Recurrent: Kshs. **1,946,000,000** GOK (Exchequer)

This resource allocation is further broken down into Recurrent and Development Votes as follows;

Table 2: VOTE 1152: MINISTRY OF ENERGY

(AMOUNT Kshs.)			
	PRINTED ESTIMATES 2019/120	**SUPPLEMENTARY I ESTIMATES 2019/20 FY**	**NET CHANGE**
RECURRENT	5,752,000,000	6,314,666,844	562,666,844
DEVELOPMENT	71,667,000,000	81,309,586,559	9,642,586,559
VOTE 1152 GROSS EXPENDITURE	**77,419,000,000**	**87,624,253,403**	**10,205,253,403**

43. The distribution of the resources under the Recurrent and Development votes is as follows;

Table 3: RECURRENT

Recurrent	**PRINTED ESTIMATES 2019/20**	**SUPPLEMENTARY I 2019/20FY**	**NET CHANGE 2019/20**
Salaries	416,000,000	416,000,000	0
Operations and Maintenance	277,000,000	277,000,000	0
Current Transfers to Sagas	5,059,000,000	5,621,666,844	562,666,844
Gross	**5,752,000,000**	**6,314,666,844**	**562,666,844**

AIA	3,806,000,000	4,368,666,844	562,666,844
Total Net	**1,946,000,000**	**1,946,000,000**	**0**

NOTE: The Increase in the recurrent vote of Kshs. 562,666,844 relates to Local AIA under KETRACO

Table 4: DEVELOPMENT

Development	**PRINTED ESTIMATES 2019/20**	**SUPPLEMENTARY I 2019/20FY**	**NET CHANGES 2019/20**
	Kshs.	**Kshs.**	**Kshs.**
Donor	47,923,000,000	49,496,558,560	1,573,558,560
GOK(Exchequer)	16,672,000,000	24,661,027,999	7,989,027,999
Local AIA	7,072,000,000	7,152,000,000	80,000,000
Total Gross	**71,667,000,000**	**81,309,586,559**	**9,642,586,559**

Table 5: RECURRENT BUDGET BY IMPLEMENTING AGENCY

AGENCY	**DRAFT ESTIMATES 2019/20 (Kshs. Millions)**			**SUPPLEMENTARY I ESTIMATES 2019/20 (Kshs. Millions)**			**Gross CHANGE (Kshs. Millions)**
	Kshs.						
	Gross	**Local AIA**	**Exchequer**	**Gross**	**Local AIA**	**Exchequer**	
KETRACO	2,376	2,106	270	2,939	2,669	270	563
KNEB	255	0	255	255	0	255	
REA	953	523	430	953	523	430	
KPLC	0	0	0	0	0	0	
KENGEN	0	0	0	0	0	0	
GDC	1,475	900	575	1,475	900	575	
MOE HQS	693	277	416	693	277	416	
Grand Total	**5,752**	**3,806,**	**1,946**	**6,315**	**4,369**	**1,946**	**563**

DEVELOPMENT

Table 6: BIG FOUR AGENDA PROJECTS

Implementing Agency	**Project Title**	**PRINTED ESTIMATES 2019/20**	**SUPPLEMENTARY I 2019/20 FY**
	1.Universal Health Care		
KPLC	1152108900 Electrification of Level 4 and 3 Hospitals	0	1,551,891,811
	1152108801 Electrification of healthcare facilities (Isiolo County)	800,000,000	800,000,000
	2.Manufacturing (Electrification of Economic Zones)		
KETRACO/ KPLC	1152109001 Naivasha Industrial Park	0	4,384,889,511
	1152109002 Konza Technopolis Complex	0	398,336,620
	3.Food Security		
KPLC	1152109101Electrification of Food Processing Plants		353,722,919

Implementing Agency	Project Title	PRINTED ESTIMATES 2019/20	SUPPLEMENTARY I 2019/20 FY
	1.Universal Health Care		
	4.Affordable Housing (Electrification of Government Housing Schemes)		
KPLC	1152109201 Starehe Housing Scheme	0	15,933,465
	1152109202 Shauri Moyo Housing Scheme	0	23,900,197
	1152109203 Ruai Housing Scheme	0	392,759,907
	1152109204 Kibera Housing Scheme	0	23,900,197
	1152109205 Mariguini Housing Scheme	0	15,933,465
	1152109206 East Africa Portland	0	392,759,907
TOTAL budget for big four agenda			**8,354,027,999**

Table 7: Projects Affected by Supplementary I Estimates Budget 2019/20 GOK (EXCHEQUER) Cuts or Increments

Project Title	Printed Estimates 2019/20 (Amount Kshs.)	Supplementary I Estimates 2019/20 (Amount Kshs.)	Net Change (Amount Kshs.)
	GOK Exchequer	**GOK Exchequer**	
1152100501 Bogoria Silali	500,000,000	250,000,000	(250,000,000)
1152100401 Loiyangalani Suswa Line		1,160,000,000	1,160,000,000
1152102201 Menegai Geothermal Development Project	800,000,000	400,000,000	(400,000,000)
1152103502 Street lighting Ebalenzi-Karinde (Karen) Gitiba -Mutuini	0	5,000,000	5,000,000
1152103503 Street lighting Embakasi Central, North, West Mathare Constituencies	0	15,000,000	15,000,000
1152103504 Installation of Street lights in Changamwe	0	5,000,000	5,000,000
1152105101 Nuclear Power Plant Siting	200,000,000	100,000,000	(100,000,000)
1152108900 Electrification of Level 4 and 3 Hospitals	0	1,551,891,811	1,551,891,811
1152109001 Naivasha Industrial Park	0	4,384,889,511	4,384,889,511
1152109002 Konza Technopolis Complex	0	398,336,620	398,336,620
1152109101 Electrification of Food Processing Plants	0	353,722,919	353,722,919
1152109201 Starehe Housing Scheme	0	15,933,465	15,933,465
1152109202 Shauri Moyo Housing Scheme	0	23,900,197	23,900,197
1152109203 Ruai Housing Scheme	0	392,759,907	392,759,907
1152109204 Kibera Housing Scheme	0	23,900,197	23,900,197
1152109205 Mariguini Housing Scheme	0	15,933,465	15,933,465
1152109206 East Africa Portland	0	392,7599,07	392,7599,07
Total	**1,500,000,000**	**9,489,027,999**	**7,989,027,999**

Table 8: Donor Financed Affected Projects

Project Title	Printed Estimates 2019/20 (Amount Kshs.)	Supplementary I Estimates 2019/20 (Amount Kshs.)	Net Change (Amount Kshs.)
1152100501 Bogoria Silali	**1,500,000,000**	**809,000,000**	**(691,000,000)**
1152101401 Turkwel Ortum Kitale Project	**0**	**165,000,000**	**165,000,000**
1152101601 Nairobi 132KV and 66KV Network Upgrade and Reinforcement	**950,000,000**	**2400,000,000**	**1,450,000,000**
1152101801 Eastern Electricity Highway Project (Ethiopia Kenya)	**21,250,000,000**	**17,783,000,000**	**(3,467,000,000)**
East Africa Skills Transformation and Regional Integration Project	**0**	**200,000,000**	**200,000,000**
1152102201 Menengai Geothermal Development Project	**0**	**691,000,000**	**691,000,000**
1151102701 Last Mile Connectivity Project	**3,500,000,000**	**4,550,000,000**	**1,050,000,000**
1152103001 Garissa 50MW Project	**380,000,000**	**721,792,970**	**341,792,970**
1152104001 Machakos Konza Kajiado, Namanga	**69,000,000**	**356,000,000**	**287,000,000**
1152107101 Nairobi City Centre EHV and 66KV Network Upgrade and Reinforcement	**2,500,000,000**	**0**	**(2,500,000,000)**
1152107901 Kenya Power Transmission Expansion Project	**0**	**650,000,000**	**650,000,000**
1152108001 Kenya Off -grid Solar Access Project (KOSAP)	**0**	**3,000,000,000**	**3,000,000,000**
TOTAL	**30,149,000,000**	**31,325,792,970**	**1,176,792,970**

Note: The analysis above only shows the donor component of projects where there is an increase, decrease or reallocations under the proposed supplementary I Estimates 2019/20.

3.2.1 OBSERVATIONS:

RECURRENT

44. An increase in recurrent budget of **Kshs. 562,666,844** under current transfers to KETRACO financed by Local AIA.

DEVELOPMENT

45. In the FY 2019/20 Supplementary I Estimates Budget Exchequer allocation has increased by **Kshs. 7,989,027,999**. However, there was also reduction of **Kshs, 750,000,000**.

46. The exchequer increase is attributed towards funding of the Big Four Agenda projects to the tune of **Kshs. 7,554,027,999, Kshs. 1,160, 000,000** for Loiyangalani-Suswa Project

and an additional **Kshs. 25,000,000** for Installation Street lights in various parts of the country.

47. The Reduction in Exchequer of **Kshs. 750,000,000** affected the following projects;

    i. Bogoria Silali project **Kshs. 250,000,000**
    ii. Menengai Geothermal Development project **Kshs. 400,000,000**
    iii. Nuclear Power Plant Siting **Kshs. 100,000,000**

3.2.2 First Quarter Performance Financial Report

48. The 1st Quarter financial performance for recurrent expenditure indicates a performance of 26% absorption level while the development expenditure is at 34 % absorption rate.

49. The detailed 1st quarter financial performance with respect to recurrent and development as at 13th November 2019 is as attached in the submissions from the Ministry.

3.2.3 Pending bills

50. The status of pending bills per department and agency in the ministry is summarized in the table below.

MINISTRY OF ENERGY HQs				
Nature	**Pending Bills as at 30th June, 2019**	**Paid Bills as at 13th November,2019**	**Balances as at 13th November,2019**	**Remarks**
MINISTRY OF ENERGY HQs				
Procurement of goods and services	13,975,632.70	9,866,000.90	4,109,631.80	Awaiting disbursement for 2nd quarter to clear the bills
GEOTHERMAL DEVELOPMENT COMPANY(GDC)				
Project cost, administration and development	1,054,500,224	194,567,197	859,933,027	Following up on receivables from KENGEN; Austerity measures are being undertaken aimed at reduction of current year's expenditure; Sourcing for more funds from the National Treasury
KENYA ELECTRICITY AND TRANSMISSION COMPANY (KETRACO)				
Wayleave and Transmission Line Projects	2,361,945,699	275,609,938	2,086,355,761	Awaiting disbursement for 2nd quarter to clear the bills
KENYA POWER (KPLC)				
KPLC Subsidy(GPOBA); Rural Electrification System Maintenance; RES Capital Jobs and REA Primary Schools; Goods and Services	40,379,649,731.21	19,929,649,731.21	20,450,000,000	Awaiting disbursement for 2nd quarter; Sourcing for more funds from the National Treasury
RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION (REREC)				

Civil works-Garissa Solar Power	35,231,514	35,231,514	0	Pending invoices as at 30th June,2019 cleared
TOTALS	**43,810,071,286.91**	**20,409,692,867.11**	**23,400,398,419.80**	

51. In addition the Cabinet secretary submitted that:-

i. The reduction under Silale-Baringo geothermal project will delay its implementation and also affect compensation relating land use.

ii. Allocation under Loiyangalani Suswa transmission line of Kshs. 1.16 Billion was already paid pursuant to Article 223 in the FY 2019/20 and the State Department of Energy seeking regularization through the Supplementary I Estimate FY 2019/20. Further, the audit recommended by the National Assembly on the payments towards deemed generation by Lake Turkana Wind power is on-going.

iii. State Department for Energy did not propose the additional specific street lighting projects totalling to Kshs. 25 million. However the State Department of Energy is of the view that the amount is retained under the overall budget of the street lighting project.

iv. On the Naivasha Industrial Park, the additional allocation requested is to spur economic growth in the park as well as one of the means to reduce the tariff to expected lower competitive tariff. In addition, the Government has acquired 9,000 acres for the park.

v. In regard to the Konza technopolis project, the allocation is for the Ministry is to provide electricity.

vi. He reported that Kshs. 335 million allocated to electrification of food processing plants was for electrification of fourteen livestock holding grounds.

vii. It is noted that the Ministry budget ceilings have increased, because the additional amount is the GOK funding component in order for donor financing to be released as no provision had been issued in the budget estimates.

viii. The electrification of the level 5 level 4 hospitals and 35 level 3 hospitals is for the entire County. The Ministry had provided under the Agenda 4, a list of and costings on provision of electricity to all level 4 and 5 hospitals. The list had originated from the Ministry of Health who gave a list of approved and prioritised projects to hospitals and health facilities which KPLC costed.

ix. The Kshs 3 Billion added to the Alternative Energy Technologies under the Kenya off grid solar access project for underserved Counties was required in order to release the World Bank funding and the project was actually split into three to include the Ministry of Energy, Rural Electrification Authority and Kenya Power and Lighting.

x. The Kshs. 200 million allocated for training under the Eastern Electricity Highway project (Ethiopia-Kenya Interconnector) was donor funding from the World Bank to provide for training in a convertor station as well as installation, maintenance of 400 KV lines the first being done in the Country.

3.2.4 Recurrent Expenditure Analysis As At 13th November 2019

52. The overall change in the recurrent vote is Kshs. 562,666,844 that relates to Local AIA under KETRACO where its allocation has increased from Kshs. 2.93 Billion from Kshs. 237 Billion

3.2.5 Development Expenditure Analysis As At 13th November 2019

53. The allocation under development is to all development projects and performance as per the attached schedule.

DEVELOPMENT EXPENDITURE ANALYSIS AS AT 13TH NOVEMBER 2019

Project code and Title	Approved Estimates 2019/20 (Amount Kshs. Millions)		Expenditure (Amount Kshs. Millions)		% Absorption
	Foreign	GOK	Foreign	GOK	
PROGRAMME 1: POWER GENERATION					
Sub- Programme 1.1 Coal Exploration and Mining					
11521065501 Geothermal exploration and development in Rift valley		300	90	90	30%
1152106503 Coal exploration and development in coast		80	25	25	31%
1152107601 Nuclear fuel resources exploration and development		135		0	0%
Total Sub Programme 1.1	**0**	**515**	**115**	**115**	**22%**
Sub Programme 2.1 Geothermal Development					
KenGen					
1152100801 Olkaria I Unit 6	3,000		0		0%
1152104801 Olkaria V	719		469		65%
Sub Total KenGen	**3,719**	**0**	**469**	**0**	**13%**
1152100501 Bogoria Silali Geothermal Projects	1,500	500	58	313	19%
1152102201 Menengai Geothermal Development Project		2900		200	25%
Total GDC	**1,500**	**3,400**	**58**	**513**	**12%**
Total Sub Programme 1.2	**5,219**	**3,400**	**527**	**513**	**12%**
Sub-Programme 1.3 Nuclear Energy Development					
NuPEA					
11521051001 Nuclear Power Plant Siting		200		50	25%
11521052001 Strategic Environmental & Social Assessment		120		60	50%
1152107501 Resource Development for Nuclear Power Programme		75		38	50%
1152108301 Nuclear Policy and Legislation		120		60	50%
Total Sub Programme 1.3		**515**	**0**	**208**	**40%**
TOTAL PROGRAMME 1	**5219**	**4430**	**642**	**836**	**15%**
PROGRAMME 2 POWER TRANSMISSION AND ISTRIBUTION					
Sub Programme 2.1 National Grid					
KETRACO					

Project code and Title	Approved Estimates 2019/20 (Amount Kshs. Millions)		Expenditure (Amount Kshs. Millions)		% Absorption
	Foreign	GOK	Foreign	GOK	
1152100200 Nanyuki –Isiolo-Meru	255	1000		500	40%
1152100300 132 kV Sondu-Homabay-Ndhiwa-Awendo	500	600		300	27%
1152100700 400 kV Mombasa-Nairobi Transmission Line		350		175	50%
1152101001Nairobi 220kV Ring - Kimuka SS, Malaa SS, Athiriver SS, Isinya SS	2,439	125	152	63	8%
1152101300 400 kV Olkaria-Lessos Kisumu Power Lines Construction Project	1,306	1,800	385	900	42%
1152103100 400 kV Multinational Kenya –Tz Power Interconnection project	1,000	720	646	360	58%
1152101400 220 kV Turkwel-Ortum-Kitale		120		60	50%
01152101800 500kV HVDC Eastern Electricity Highway Project (Ethiopia –Kenya Interconnector)	21,250	437	10,034	219	47%
1152102401 Interconnection Project of Electric Grids of Nile Equatorial Lakes Co. - 400 kV Lessos Tororo Interconnector		731		366	50%
1152103700 400/220 kV Mariakani Substation		176		88	50%
1152103900 Power Transmission System Improvement Project - 132 kV Nanyuki Nyahururu,132 kV Lessos Kabarnet, 132 kV Olkaria Narok and 132 kV Mwingi Kitui Transmission Lines		616		308	50%
1152104001Machakos –Konza-Kajiado-Namanga	69	250	12	125	43%
1152101705 KEEP - 132 kV Kisii Awendo, 132 kV Eldoret Kitale, 132 kV Kindaruma Mwingi Garissa		200		100	50%
1152104201 132 kV Kilimambogo -Thika- Githambo		59		30	50%
1152104301 132kV Mumias -Rangala		89		45	50%
1152107901 Kenya Power Transmission Expansion Project - 132kV Awendo Isebania,132kV Sultan Hamud Loitoktok and 220kV Isinya Konza		50		25	50%
1152107801 Kenya Power Distribution System Modernization and Strengthening Project - 220kV Garsen Hola Garissa TL	76	50	0	25	20%
1152108101 220 kV Kamburu Embu Thika Transmission Line		100		50	50%
1152108781 132 KV Rabai bamburi kilifi	400		0		0%
1152104100 132 KV Menengai-Soilo		147		74	50%
Sub - Total KETRACO	**27,295**	**7,620**	**11,229**	**3,813**	**43%**
KENYA POWER					
1152101600 Nairobi 132KV and 66KV Network Upgrade and Reinforcement	950		0		0%
1152101100 The Scaling –UP Access to Energy Project	300		91		30%

Project code and Title	Approved Estimates 2019/20 (Amount Kshs. Millions)		Expenditure (Amount Kshs. Millions)		% Absorption
	Foreign	GOK	Foreign	GOK	
1152102700 Last Mile Electricity Connectivity	3,500	2,000	2,962	1,000	72%
1152103202 Kenya Electricity Modernization Project -KPLC	6,205			860	14%
1152108800 Electrification of Healthcare Facilities		800		400	50%
1152108201 Substation Installations		500		250	50%
1152107200 Retrofitting of Mini Grids	191			0	0%
1152103600 Connectivity Subsidy		1,329		665	50%
1152103501Street-Lighting		1,000		500	50%
1152107101 Nairobi City Centre E.H.V & 66kv Network Upgrade and Reinforcement	2,500		0		0%
Sub - Total KPLC	**13,646**	**5,629**	**3,053**	**3,675**	**35%**
Directorate of Electrical					
1152103201 Kenya Electricity Modernization Project HQ	113	8	8	2	1%
Sub - Total Electrical	**113**	**8**	**8**	**2**	**1%**
Total Sub programme 2.1	**41,054**	**13,257**	**14,290**	**7,490**	**40%**
REREC					
1152103001 Garissa 50MW Project Hqs.	380		0		0%
1152106901 Installation of Transformers in Constituencies		1,500			
1152104400 Electrification of Public Facilities	920	3,636	810	23	18%
11521046001 Solar maintenance programs		119		60	50%
1152103203 Rural Electrification (KEMP)	350		281		80%
Sub - Total Sub programme 2.3	**1,650**	**5,255**	**1,091**	**83**	**17%**
TOTAL PROGRAMME 2	**42,704**	**18,512**	**15,381**	**7,573**	
PROGRAMME 3 ALTERNATIVE ENERGY TECHNOLOGIES					
1152105401 Hydro dams Water catchment re-afforestation.		100		1	1%
1152105501 Solar PV installation on Institutions and or community boreholes		200		1	0%
1152105801 Installation of wind masts & data loggers and rehabilitation of pre.		50		1	2%
1152105901 Energy Efficiency Programme (Investment Grade Audits.		35		0	0%
1152106001 Construction of institutional biogas plants.		20		0	0%
1152106100 Pilot programme on Domestic household biogas digesters (upscaling b.		92		25	27%

Project code and Title	Approved Estimates 2019/20 (Amount Kshs. Millions)		Expenditure (Amount Kshs. Millions)		% Absorption
	Foreign	GOK	Foreign	GOK	
1152106200 Expansion of Energy centres.		155		63	41%
1152106300 Biofuel value chain development.		15		1	7%
1152106400 Energy Efficient Charcoal Kilns Development.		10		0	0%
Total Sub-Programme 1:3	**0**	**677**	**0**	**92**	**14%**
TOTAL PROGRAMME 3	**0**	**677**	**0**	**92**	**14%**
PROGRAMME 4: ADMINISTRATION, PLANNING AND SUPPORT SERVICES					
Sub-Programme 4.1 Administrative services					
1152108501 Refurbishment of Kawi House		70		7	10%
Total Sub-Programme 4.1		**70**		**7**	**10%**
Sub programme 4.3 Financial Services					
1152108401 Monitoring and evaluation for Energy projects		55		27	49%
Total Sub Programme 4.3		**55**		**27**	**49%**
TOTAL PROGRAMME 4	**0**	**125**	**0**	**34**	**27%**
TOTAL VOTE D 1152	**47,923**	**23,744**	**16,023**	**8,535**	**34%**

3.3 Submission by State Departments of Petroleum

The Cabinet Secretary, Ministry of Petroleum Hon. John Munyes accompanied by the Chief Administrative Secretary Eng. John Mosonik, the Principal Secretary, Mr. Andrew Kamau, appeared before the Committee and submitted that:-

54. The State Department for Petroleum has one Programme with two sub-programmes. The programme is Exploration and Distribution of Oil and Gas. The Sub-programmes are: Oil and Gas Exploration and Distribution, and planning and administration services. The Department is directly and indirectly implementing seven (7) projects namely: Kenya Petroleum Technical Assistance Project (KEPTAP), Petroleum Exploration in Block 14T, Fuel Marking, The Lokichar-Lamu Crude Oil Pipeline, Early Monetization of the First Oil Project, LPG Distribution and Infrastructure, and Oil Exploration and Monitoring.

55. The State Department for Petroleum budget for FY 2019/20 both in recurrent and development before and after amendments is as follows;

Table1: Approved and supplementary I estimate for FY 2019/20

VOTE	APPROVED ESTIMATES 2019/20	AMENDMENTS TO THE BUDGET	SUPPLEMENTARY I ESTIMATES 2019/20
Recurrent	269,000,000	(32,037,500)	236,962,500
development	5,438,000,000	-	5,438,102,900
Gross	**5,707,000,000**	**(32,037,500)**	**5,675,065,400**

TABLE 2: Analysis of the Recurrent Budget

Recurrent	PRINTED ESTIMATES 2019/20	SUPPLEMENTARY I 2019/20FY	NET CHANGE 2019/20
	Kshs.	Kshs.	Kshs.
Salaries	152	152	-
Operations and Maintenance	117	85	(32)
Gross	**269**	**237**	**(32)**
AIA	47	47	-
Total Net	**222**	**189.9**	**(32)**

NB: The withdrawn of the recurrent budget to the tune of **Kshs. 32,037,500** will strain the department when implementing its development projects to meet the set targets.

TABLE 3: DEVELOPMENT

Recurrent	APPROVED ESTIMATES 2019/20	SUPPLEMENTARY I 2019/20FY	NET CHANGE 2019/20
	Kshs.	Kshs.	Kshs.
Donor	1794	1794	-
GOK(Exchequer)	1800	1800	-
Local AIA	1844	1844	-
TOTAL GROSS	**5438**	**5438**	-

56. The development budget for the department remained unaltered during the supplementary I estimate and therefore, the set targets in the approved estimates will be implemented as set.

TABLE 4: PROJECT ANALYSIS

Department	APPROVED BUDGET FY 2019/20	SUPPLEMENTARY I ESTIMATES 2019/20	NET CHANGE 2019/20
Kenya Petroleum Technical Assistance project (KEPTAP)	1,794,102,900	1,794,102,900	-
Petroleum exploration in Block 14T	280,000,000	280,000,000	-
Early Oil Pilot Scheme	500,000,000	500,000,000	-
Monitoring of Exploration & Appraisal Drilling, South Lokichar Field Development Studies, Research & Feasibility Studies in	945,500,000	945,500,000	-

unlicensed Petroleum Blocks and Regional Promotion of Exploration Potential			
Preparatory Activities for Lokichar Lamu crude oil pipeline	777,500,000	777,500,000	-
Fuel Marking	45,000,000	45,000,000	-
LPG Distribution and Infrastructure	1,096,000,000	1,096,000,000	-
TOTAL	**5,438,102,900**	**5,438,102,900**	-

3.3.1 The First Quarter Performance both Financial and Non-Financial

A). Financial Performance

Table 5: Gross Budget For Vote 1193: State Department for Petroleum

	Estimates 2019/20		
	Gross Expenditure	**A-I-A**	**Net Expenditure**
	Kshs.	Kshs.	Kshs.
RECCURRENT	236,962,500	47,000,000	189,962,500
DEVELOPMENT	5,438,102,900	3,088,053,100	2,350,049,800
TOTAL FOR VOTE 1193	5,675,065,400	3,135,053,100	2,540,012,300

TABLE 6: Budget by 1st Quarter

VOTE	**APPROVED BUDGET FY 2019/20**	**EXPENDITURE**	**ABSORPTION RATE**
DEVELOPMENT	2,719,051,450	99,228,415	3.65%
RECURRENT	59,240,625	49,425,137	83.43%
TOTAL	**2,778,292,075**	**148,653,552**	**5.35%**

TABLE 7: Full Year Budget

VOTE	**APPROVED BUDGET FY 2019/20**	**EXPENDITURE**	**ABSORPTION RATE**
DEVELOPMENT	5,438,102,900	99,228,415	1.82%
RECURRENT	236,962,500	49,425,137	20.86%
TOTAL	**5,675,065,400**	**148,653,552**	**2.62%**

57. The total Budget for Vote 1193 is **Kshs. 5,675,065,400** consisting of Recurrent **Kshs.236, 962,500** and Development of **Kshs. 5,438,102,900**.

Total Expenditure for Q1

58. The total expenditure for the first quarter ending 30th September 2019 is **Kshs.148, 653,552** comprising of Recurrent **Ksh. 49,425,137** and Development **Ksh. 99,228,415** as shown in Table 8.

TABLE 8: EXPENDITURE BREAKDOWN

	Source	Budgeted	Q1 Expenditure	Absorption rate
Recurrent	GOK	189,962,500	49,425,137	26%
	Local AIA	47,000,000	-	0%
	Total	**236,962,500**	**49,425,137**	**21%**
Development	GOK	1,800,000,000	3,559,020	0%
	Grants	330,000,000		0%
	Loans	1,464,102,900	68,019,012	5%
	Local AIA	1,844,000,000	27,650,383	1%
	Total	**5,438,102,900**	**99,228,415**	**2%**
Total for the Vote		**5,675,065,400**	**148,653,552**	**3%**

TABLE 9: ABSORPTION BY PROJECTS

Department	APPROVED BUDGET FY 2019/20	EXPENDITURE	ABSORPTION RATE
1153100100 Kenya Petroleum Technical Assistance project (KEPTAP)	1,794,102,900	68,019,012	3.79%
1153100200 Petroleum exploration in Block 14T	280,000,000	-	0.00%
1153100404 Early Oil Pilot Scheme	500,000,000	3,279,520	0.66%
1153100407 Monitoring of Exploration & Appraisal Drilling, South Lokichar Field Development Studies, Research & Feasibility Studies in unlicensed Petroleum Blocks and Regional Promotion of Exploration Potential	945,500,000	27,650,383	2.92%
1153100401 Preparatory Activities for Lokichar Lamu crude oil pipeline	777,500,000	279,500	0.04%
1153100300 Fuel Marking	45,000,000	-	0.00%
1153100401 LPG Distribution and Infrastructure	1,096,000,000	-	0.00%
TOTAL	**5,438,102,900**	**99,228,415**	**1.82%**

B. Non-financial performance- the key performance indicators

59. The Matrix of the 2019/20 FY Performance Targets; Key Performance Indicators (KPIs), Achievements and reasons for underperformance is attached. **See Annexe of Ministry's submissions.**

60. The Supplementary Budget has affected its recurrent Budget which has always been below 7% of the total Budget.

61. A number of items under recurrent budget generally support the programmes and projects in development budget. Subjecting the budget to a further cut will eventually slow down

the speedy implementation of its programme and projects. After the budget cut, recurrent to total budget (Kshs.236, 960,300:5,675,065,400) account to only 4.18%.

62. The achievement anticipated in the medium term expenditure framework i.e. the outputs may have a high negative variance compared to the targets anticipated. Most of the projects are supported by the small element of the recurrent budget.

63. The area in question under the "Big Four Agenda" may not suffer so much since the activity under Fuel Marking are a transfer fund which is not affected by the budget cut.

3.3.2 The status of pending bills

64. The state department of petroleum had a total pending bill of **Kshs. 243,930,951.35** by 30th June, 2019. The pending bills formed the first charge in the current budget and the department has cleared substantial amounts whiles the remaining is in progress. Breakdown of the same is as shown below.

TABLE 10: PENDING BILLS

Vote No: 1193 : State Department: State Department for Petroleum	**Pending Bills as at 30th June 2019**	**Amount paid (July-Sept)**	**Balance Outstanding as at 30th September 2019**	**Remarks**
SDP SUPPLIERS	590,355	-	590,355	In process
KEPTAP project	243,340,596.35	214,157,106.85	29,183,489.50	In process
TOTAL	**243,930,951.35**	**214,157,106.85**	**29,773,844.50**	

NB: The huge pending bills under the KEPTAP Projects was as result of the withdrawn of the approved budget for FY 2018/19 and also the authority to spend additional funds of **Kshs 500 millions** granted by the National Treasury.

65. **Additionally,** there is **Ksh 216 million** pertaining to LPG cylinders under the custody of the NOCK which were delivered but not inspected and accepted because the DCI halted the process. It should therefore, be noted that if the cylinders are inspected and accepted in the due course the department may be required to the mentioned amount of monies.

3.3.3 Feasibility and justification of new project (if any) introduced in this Supplementary I Estimates.

66. The **SDP** didn't propose new projects in the supplementary estimates I but we have concepts notes for ongoing projects.

3.3.4 Status of all stalled projects indicating the level of completion and any measures being taken to complete them.

67. The SDP has no stalled projects although LPG distribution and infrastructure was halted partly due to legal issues but the process is now on the course.

In addition, the Cabinet Secretary submitted that:-

68. The reduction in recurrent budget by Kshs. 32 million which affected operations and maintenance provisions would affected the implementation of development projects in the State Department and consequently the targets set for the FY 2019/20.

69. Under the fuel marking programme which falls under EPRA, the approval for Kshs. 45 million allocation was declined even though the programme under EPRA had been approved. The Kshs. 45 million has been allocated to the Ministry of Petroleum. This means that EPRA would not be able to access the money. EPRA does have internally generated revenue for use for the fuel marking vote, however, it is not enough, therefore, it requires the Kshs. 45 million in order to achieve their targets. Currently the money they are utilising for fuel marking had been set aside for construction of office buildings.

70. The Directorate of criminal Investigations (DCI) had cleared the issue of gas cylinders under the Mwananchi gas project, which had cleared the way for the State Department to plan to undertake the inspection of the cylinders with a view of replacing any that may be defected. The courts had ruled that the Ministry and Consumers Federation of Kenya (COFEK) use alternative dispute resolutions to settle the dispute.

4.0 COMMITTEE OBSERVATIONS

Based on the review and scrutiny of the **proposed supplementary I Estimates** and supporting documents as well as deliberations with key stakeholders, the Committee makes the following observations under each of the State Departments:

4.1 State Department of Energy

1. The overall proposed adjustments amounts to **Kshs. 10.202 billion** relative to the original approved Estimates, of which adjustments under recurrent sub vote is an increase of Kshs. 562.6 million and the development sub vote by Kshs. 9.64 billion;
2. That there is an increase in recurrent budget of **Kshs. 562,666,844** under current transfers to KETRACO financed by local AIA.
3. In the 2019/20 Supplementary I Estimates development Budget Exchequer allocation has increased by **Kshs.7, 989,027,999**. However, there is reduction of **Kshs. 750,000,000** which the affected the following projects;
    - Bogoria Silali project **Kshs. 250,000,000.**
    - Menengai Geothermal Development project **Kshs. 400,000,000.**
    - Nuclear Power Plant Siting **Kshs. 100,000,000.**
4. The proposed allocation includes new projects with total allocation amounting to Kshs. 10.55 billion. That, out of Kshs. 10.55 billion, Kshs 7.5 billion is an exchequer amount towards providing connectivity to the Big Four projects while Kshs 3.00 billion is an external funds towards Kenya Off Grid Solar Access Projects in fourteen (14) Arid and Semi-Arid Lands (ASAL) Counties. The Big Four projects includes:
    i. Electrification of Level 4 & Level 3 Hospitals (Kshs 1.55 billion),
    ii. Electrification of Economic Zones such as Naivasha Industrial Park and Konza Technopolis Complex amounting to Kshs. 4.78 billion,
    iii. Electrification of Food Processing Plants (Kshs. 353 million), and
    iv. Electrification of 6 government housing schemes (Kshs. 865 million).
5. Observed an increase allocation towards transmission and distribution which is to enhance connectivity, demand creation and utilization of available power. This is to support the completion of planned transmission lines which are grossly underfunded.
6. The proposed increases under recurrent sub votes is financed through local AIA and while the development expenditure is financed through revision of approved external funding including grants and new additional external funding as well as net GoK. Most projects allocations adjusted on the basis of the National Treasury Circular requesting re-orientation and prioritization to the big four projects and scaling down external funds where absorption be less than expected.
7. There is an additional item Allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation. The payment was made in August 2019 within the FY of 2019/20, and that the State Department for Energy was seeking regularization. The Special audit on the payments for deemed generation that was to be undertaken by the Office of the Auditor General following House resolution on the same is yet to be concluded.

8. That there are three additional projects proposed for implementation under the Street lighting projects amounting to Kshs. 25 million, bringing the total allocation under the Street Lighting Project to Kshs. 1.025 billion up from Kshs. 1.000 billion. The Committee was informed that these projects were not proposed by the State Department for inclusion in the supplementary budget I under consideration. That any extra allocation should be to enhance and support planned projects for the FY 2019/20 and not to the listed projects.
9. The Committee noted the performance of the 1st Quarter of the FY 2019/20, in which there were no major challenges of implementation to on-going projects. However, the Committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.
10. Energy and Petroleum Regulatory Authority is slow in issuing licence and approvals. For instance KETRACO did not receive their applied approval for the tariffs in the FY 18/19 as requested.
11. The Committee is concerned about the pace and process of settling pending bills particularly by GDC to its suppliers and REREC to KPLC for projects done by the latter based on mutual arrangement/agreements. This is also despite grant additional allocation under supplementary II of FY 2018/19 which was also informed by the presidential directive to clear outstanding pending bills by end of June 2019, thus end of FY 2018/19.
12. Any project proposed during public participation and subsequently approved for allocation should be considered when finalising the Annual Estimates. National Treasury should avoid proposing such projects in the supplementary project.

4.2 State Department of Petroleum

1. The overall proposed adjustments amounts to a reduction of Kshs 32 million relative to the original approved Estimates, of which adjustments were the under recurrent sub votes while there were no proposed changes to the allocation under the development votes.

2. The proposes reduction under recurrent sub votes is on account of the proposed rationalization and the state department informed the committee that changes will affect delivery of approved outputs and targets.

3. The Committee noted the performance of the 1 Quarter of the FY 2019/20, in which there were no major challenges to ongoing projects. However, the Committee will continue monitoring the progress and performance of all projects based on quarterly reports from the National Treasury and Controller of Budget as well as Committee work plan.

5.0 COMMITTEE RECOMMENDATIONS

Based on the review and scrutiny of the proposed Supplementary I Estimates and supporting documents as well as consultations with key stakeholders, the Committee makes the following recommendations under each of the State Departments:-

5.1 State Department of Energy

1. That, the proposed adjustments amounting to an increase of **Kshs. 9.6 billion** under Development be approved subject to the following amendments:

   Development

   Reductions (Re-allocation)

   i. Reduce **Kshs 300 million** from the proposed new allocation to Electrification of level 3 & 4 Hospitals Project bringing the total proposed allocation to **Kshs. 1,251,891,811**;

   ii. Reduce **Kshs. 500 Million** from the proposed new allocation to Electrification of Economic Zones- Naivasha Industrial Park, bringing the proposed allocation to **Kshs. 3, 884,889,511;**

   iii. Reduce **Kshs. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes - Ruai Housing Scheme bringing the proposed allocation to **Kshs. 342,759,907;**

   iv. Reduce **Kshs. 50 Million** from the proposed new allocation to Electrification of Government Housing Schemes- East Africa Portland Housing Scheme bringing the proposed allocation to **Kshs. 342,759,907;**

   Increases (Re- allocation)

   v. Increase by **Kshs. 400 Million** to Electrification of Public Facilities Project under the Rural Electrification and Renewable Energy Corporation to support connectivity in public utilities and centres across the Country; and

   vi. Increase by **Kshs. 500 Million** to Kenya Power Transmission Project to support the Konza Technopolis.

   - Gilgil –Thika-Konza, 400KV, 250 Km
   - Loiyangalani- Marsabit 180 Km 400KV.

2. That, the proposed allocations under recurrent sub-vote be approved as proposed.
3. That, the National Treasury confirms the allocation of Kshs.1.160 billion under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation was not paid as per the approval given under Supplementary II estimates 2018/19.
4. That, the special Audit that was the condition for approval of the payments under the Loiyangalani – Suswa Transmission Line Projects towards Lake Turkana Wind Power payments for penalties under deemed generation be concluded by the Office of the Auditor General as resolved previously by the House and the audit report tabled in the National Assembly.

5. That the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.

6. Allocation to key projects and outstanding commitments should be comprehensively considered under the Annual budget and not through the supplementary budgeting approach. That the State Department to apprise the Committee on compliance to this recommendation and measures taken to ensure comprehensive and sound budgeting by February 2020. Further increases due to performance of local AiA collection by SAGAs under the State Department should be re-oriented towards development expenditure and the same be reflected in the 2020 BPS.

7. That, any project proposed during public participation and subsequently approved for allocation should be considered when finalising the Annual Estimates. National Treasury should avoid proposing such projects during supplementary budgeting.

5.2 State Department for Petroleum

1. Approves the overall proposed adjustments be approved. That, the relates to total reduction of **Kshs 32 million** relative to the original approved Estimates, of which the adjustments were towards the recurrent sub votes.

2. That, the State Department complies with Quarterly reporting on non-financial performance of programmes and projects under implementation by submitting the same to the Office of the Controller of Budget.

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

TWELVETH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE ON ENVIRONMENT & NATURAL RESOURCES

REPORT ON THE SUPPLEMENTARY I ESTIMATES FOR FY 2019/2020 FOR THE:-

VOTE 1107: MINISTRY OF WATER AND SANITATION

VOTE 1108: MINISTRY OF ENVIRONMENT AND FORESTRY

VOTE 1192: STATE DEPARTMENT FOR MINING

VOTE 1203: STATE DEPARTMENT FOR WILDLIFE

DIRECTORATE OF COMMITTEE SERVICES,
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2019

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1.0 PREFACE

1. On behalf of the Departmental Committee on Environment and Natural Resources and pursuant to the provisions of the Standing Orders 243, it is my pleasure to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of FY 2019/2020 Supplementary Estimates No. 1.

1.1 Committee Mandate

2. The Departmental Committee on Environment and Natural Resources is established under the National Assembly Standing Orders No. 216 (1). The functions and mandate of the Committee are also contained under the National Assembly Standing Orders, No. 216(5) as:-
   a) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
   b) To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;
   c) To study and review all the legislation referred to it;
   d) To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
   e) To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
   f) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
   (fa) To examine treaties, agreements and conventions;
   g) To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
   h) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
   i) To examine any questions raised by Members on a matter within its mandate.

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

1.2 Oversight

4. In executing its mandate, the Committee oversees the following Government Ministries and Departments namely: - Ministry of Water, Sanitation and Irrigation; The Ministry of Environment and Forestry; The State Department for Wildlife; and The State Department for Mining

1.3 Members of the Committee

5. The Committee comprises the following Members:

The Hon. Kareke Mbiuki, M.P. **(Chairperson)**
MP for Maara Constituency
Jubilee Party

The Hon. Sophia Abdi Noor, M.P. **(Vice Chairperson)**
MP for Ijaara Constituency
Party of Development and Reforms (PDR)

The Hon. Benjamin Jomo Washiali, M.P.,
MP for Mumias East Constituency
Jubilee Party

The Hon. David Kangogo Bowen, M.P.
MP for Marakwet East Constituency
Jubilee Party

The Hon. Francis Chachu Ganya, M.P.
MP for North Horr Constituency
Frontier Alliance Party (FAP)

The Hon. Ali Wario Guyo, M.P.
MP for Garsen Constituency
Wiper Party

The Hon. Beatrice Cherono Kones, M.P.
MP for Bomet East Constituency
Jubilee Party

The Hon. Charity K. Chepkwony, M.P
MP for Njoro Constituency
Jubilee Party

The Hon. Hilary Kiplang'at Kosgei, M.P.
MP for Kipkelion West Constituency
Jubilee Party

The Hon. Peter Kimari Kihara, M. P.
MP for Mathioya Constituency
Jubilee Party

The Hon. Benjamin Dalu Tayari, MP.
MP for Kinango Constituency
Orange Democratic Movement (ODM)

The Hon. Charles Ong'ondo Were, M.P.
MP for Kasipul Constituency
Orange Democratic Movement (Odm)

The Hon. Nasri Sahal Ibrahim, M.P.
MP - Nominated
Forum For Restoration Of Democracy-K

The Hon. Rozaah Buyu. M.P.
MP for Kisumu County
Orange Democratic Movement (ODM)

The Hon. Said Hiribae, M.P.
MP for Galole Constituency
Forum For Restoration Of Democracy– K

The Hon. Hassan Oda Hulufo, M.P.
MP for Isiolo North Constituency
Kenya People's Party (KPP)

The Hon. Amin Deddy Mohamed Ali, M.P.
MP for Laikipia East Constituency
Jubilee Party

The Hon. Rehema Hassan, M.P.
Tana River County
Maendeleo Chap Chap Party (Mcc)

The Hon. (Eng.) Paul M. Nzengu, M.P.
MP for Mwingi North Constituency
Wiper Party

1.3 Committee Secretariat

6. The Committee is serviced by the following Members of Staff:

Ms. Esther Nginyo
Second Clerk Assistant/Lead Clerk

Mr. Dennis Mogare Ogechi
Second Clerk Assistant

Mr. Fredrick Muthengi
Chief Fiscal Analyst

Mr. Sydney Lugaga
Legal Counsel I

Ms. Winnie Kulei
Research Officer III

1.5 Consideration of the Supplementary II Estimates for the FY 2018/2019

7. The Supplementary Estimates for the Financial Year 2019/2020 were tabled in the House on 12th November, 2019 and committed to the relevant Departmental Committees pursuant to Article 223 of the Constitution, Section 44 of the Public Finance Management Act, 2012 and Standing Order 243 for scrutiny. The Departmental Committee on Environment and Natural Resources held five sittings in which it deliberated on the Supplementary I Estimates for FY 2019/2020 during which it met with the State Department for Wildlife, the Ministry of Environment & Forestry, State Department for Mining and the Ministry of Water and Sanitation during a Retreat that was held in Kiambu County from Tuesday, 19th November to 20th November, 2019.

1.6 Committee Recommendations

8. The Committee having received submissions from the various State Departments and further deliberated, scrutinized and examined the submissions and content of the Supplementary I Estimates, recommends the following:
9. That the Ministries, Departments and Agencies (MDAs) should embark on planning to complete the stalled and incomplete projects prior to starting new projects.
10. That the Ministries, Departments and Agencies (MDAs) should plan to settle outstanding pending bills especially those relating to staff statutory deductions. In addition, they should form validation committees to validate all outstanding payments and come up with repayment plan within the current financial year.
11. The Committee recommends for stakeholders' consultations on reinstating the Environmental Impact Assessment fees previously charged by the National Environment

Management Authority (NEMA) that drastically reduced internally generated Revenue (A-I-A). This will ease pressure on exchequer as its sole financier and improve on execution of its mandate.

12. The Committee recommends the Ministry together with the State Law Office and the National Treasury to develop innovative measures to finance the domestication of Multilateral Environment Agreements (MEAs)

5.1 Financial Recommendations

13. In reviewing the Supplementary estimates for Financial Year 2019/20, the Committee held meetings and received submissions from all state agencies under the subsector. Upon review of the submissions, the committee made the following Financial Recommendations

5.1.1 Reductions

14. The Committee recommends reduction by Kshs. 1,000 million from the proposed new project the Water and Sewerage Relocation Works for the Nairobi Express Way under the Water and Sanitation in the ministry of Water and Sanitation. The net effect is to Reduce Water and Sewerage Relocation Works for the Nairobi Express Way from Kshs 2,700 Million to Kshs 1,700 million.

Justification

15. Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. However, should the need arise for additional funds, The National Treasury may allocate funds for the project through another supplementary estimates on a need basis before the lapse of the current appropriation.

1.7 Acknowledgements

16. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. I take this opportunity to thank all the Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules which enabled us to complete the tasks within the stipulated period.

17. The Committee wishes to record its appreciation for the services rendered by the staff of the National Assembly attached to the Committee. Their efforts made the work of the Committee and the production of this Report possible. Further, the Committee appreciates the Ministries, Departments and Agencies under its purview for making their presentations during the Supplementary Estimates Scrutiny.

18. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Environment and Natural Resources, to present this Report to the Budget and Appropriation Committee pursuant to the provisions of Article 223 of the Constitution, Section 44 of the Public Finance Management Act (PFM Act) and Standing Order 243.

SIGNED .....

HON. KAREKE MBIUKI, MP

(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

DATE.....21/11/2019.....

2.0 BROAD OVERVIEW OF THE SUPPLEMENTARY I ESTIMATES FOR THE FY 2019/2020.

2.1 Introduction

19. The supplementary Budget I estimates of FY 2019/2020 were tabled in the National Assembly on Tuesday, 12th November, 2019. As part of the review of the supplementary estimates, the Budget and Appropriations Committee is expected to table a report in the House. As such, the Departmental Committees are therefore expected to make their submissions on the Ministries, State Departments and Agencies under their purview to Budget and Appropriation Committee.

20. As at the commencement of the financial year 2019/20, Parliament approved a total of Kshs 90.24 billion to this subsector. This comprised of Kshs 24.11 billion for recurrent expenditure of which Kshs, 7.1 billion is from Appropriation in Aid (AIA) and Kshs. 66.11 billion for development expenditure to the various votes under the Purview of the Committee on Environment and Natural Resources.

2.2 FY 2019/2020 Budget Performance

21. As at the end of September 2019, a total of Kshs 2,635.61 had been released to the MDAs within the subsector for recurrent expenditures. Kshs 1,542.02 million had been released for recurrent expenditures in the ministry of Environment and Forestry, whereas the Ministry of Water Sanitation and Irrigation received Kshs. 889.87 million. The State Departments for Mining and Wildlife received Kshs. 162. 5 million and 41.2 million respectively for the recurrent expenditure.

22. The total approved development expenditure for MDAs under this subsector amount to Kshs 66,114.33 million. This comprises of Kshs 30,017.54 million from external source financing and Kshs 36,096.79 million as the net development expenditure during the financial year 2019/20. The bulk of development expenditure is under the State Department for Water and Sanitation which has a total gross approved expenditure of Kshs 56,971.89 million of these, Kshs 27,434.54 million is from external sources.

23. As at the end of September 2019, a total of Kshs 6,038.54 million had been released to the state department of water and sanitation while other MDAs within the sector had received nil exchequer issues.

2.3 Supplementary Budget No. 1 for FY 2019/2020

24. The National Treasury instituted austerity measures aimed at expenditure control on noncore expenditures across MDAs. Some of the measures include limiting foreign delegations, rationalization of the budget, reallocations to new emerging priorities, limiting acquisition of motor vehicles.

25. The total approved subsector recurrent budget is being reduced from Kshs 16,985.82 million to Kshs 16,765.59 million. This is equivalent to a reduction amounting to Kshs 220.23 million with the highest reduction being recorded in the State Department for Mining of Kshs 80.84 million. The Ministry of Water, Sanitation and Irrigation, Ministry of Environment and Forestry and the State Department for Wildlife recorded a reduction of Kshs. 49.36 million, Kshs. 55.35 million and Kshs. 34.69 million respectively.

26. The total approved subsector development expenditure is Kshs 66,114.33 million and increases to Kshs 71,321.08 million. Under the ministry of Water and Sanitation there are a handful of internal adjustments with both increments and additional funding. On one hand, this particular vote's development expenditure is reduced by Kshs 2.07 billion. On the other hand, the ministry's development expenditures have been augmented substantially by Kshs 7,407.96 million as additional allocation of Kshs 478.0 million and a further new injection of Kshs 6,929.93 million in the sector mainly under the ministry of water and sanitation for as additional Big Four plan.

27. State Department for Mining development budget and that of the state department of environment and forestry budgets have been slashed by Kshs 126.22 million and Kshs 5 million respectively.

28. The following is the adjustments for the MDAs by vote and by program in Kshs.

Table 1: **Adjustments by Vote and by Programme Kshs. Millions**

Table 1: Approved Budget for 2019/20 Kshs. In millions	**Approved**		**Revised Estimates**		**Variance**	
Vote	**Recurrent**	**Capital**	**Recurrent**	**Capital**	**Recurrent**	**Capital**
1107- Ministry of Water and Sanitation	**5,532.60**	**56,971.89**	**5,483.24**	**64,728.85**	**(49.35)**	**7,756.96**
1001000 General Administration, Planning and Support Services	766.40	84.00	730.40	84.00	(36.01)	-
1004000 Water Resources Management	1,658.46	9,570.35	1,649.19	9,000.35	(9.27)	(570.00)
1017000 Water and Sewerage Infrastructure Development	3,107.73	37,519.54	3,103.66	44,776.50	(4.08)	7,256.96
1015000 Water Storage and Flood Control	-	9,798.00	-	10,868.00	-	1,070.00
1108- Ministry of Environment and Forestry	**10,179.80**	**7,200.44**	**10,094.45**	**7,195.44**	**(85.35)**	**(5.00)**
1002000 Environment Management and Protection	1,679.99	2,396.44	1,666.02	2,391.44	(13.97)	(5.00)
1010000 General Administration, Planning and Support Services	315.96	-	277.33	-	(38.62)	-
1012000 Meteorological Services	1,084.55	1,030.00	1,056.14	1,030.00	(28.42)	-
1018000 Forests and Water Towers Conservation	7,099.30	3,774.00	7,094.95	3,774.00	(4.35)	-
1192 State Department of Mining	**632.33**	**574.00**	**551.49**	**447.78**	**(80.84)**	**(126.22)**
1007000 General Administration Planning and Support Services	333.57	55.80	288.79	55.80	(44.78)	-
1009000 Mineral Resources Management	215.63	420.20	203.55	289.20	(12.08)	(131.00)
1007000 Geological Survey and Geoinformation Management	83.13	98.00	59.15	102.78	(23.98)	4.78
1203- State Department for Wildlife	**7,788.17**	**1,368.00**	**7,736.48**	**1,468.00**	**(51.69)**	**100.00**
1019000 Wildlife Conservation and Management	7,788.17	1,368.00	7,736.48	1,468.00	(51.69)	100.00
TOTAL	**24,132.89**	**66,114.33**	**23,865.66**	**73,840.08**	**(267.23)**	**7,725.74**

Source: The National Treasury, 2019

3.0 COMMITTEE REVIEW: MINISTRY BY MINISTRY

3.1 State Department for Mining

29. Mr. John Omenge, Principal Secretary, State Department for Mining appeared before the Committee on Tuesday, 19th November, 2019 and briefed it on the Department's performance for the first Quarter of FY 2019/2020 and the Supplementary Budget No. 1 of FY 2019/2020.

30. On the absorption of the allocation of the first quarter of FY 2019/20, he stated that The State Department for mining printed budget for the Financial Year 2019/20 was **Kshs 1,206,326,074 comprising Kshs.** 612,326,074 for the recurrent expenditure, Kshs. 20 million for recurrent AIA and Kshs. 574,000,000 for the development expenditure. Although AIA is given as Kshs 20,000,000, the State Department is targets collection of Kshs 150,000,000, above the Kshs 100,000,000 that was achieved in the 2018/19 Financial Year.

31. The overall budget absorption for the State Department as at 30th September 2019 was **Kshs** 130,365,293 in both Recurrent and Development votes, out of a Quarterly budgetary allocation of **Kshs 302,081,519** from the Exchequer (G.O.K).This translates to a budget utilisation rate of **43%.** The low budget absorption rate in the Development vote is as a result of the late uploading of the Financial Year Development budget on the IFMIS system. There was no Development vote utilization in view of the fact that the Development Estimates was loaded in October 2019.

32. On the supplementary estimates No. 1 of 2019/20, he stated that the State Department for Mining draft budget for 2019/20 was **Kshs 1,206,326,074** in both Recurrent and Development votes; which was reduced to **Kshs 999,268,613.**

33. Under the Recurrent Vote there is a reduction of **Kshs 80,837,500** targeting operations and maintenance items. This was reduced in line with the Austerity measures/rationalisation as outlined in para 7 of the Treasury circular No 14/2019 dated 24th September 2019. These budgetary cuts will have a big effect in the operations of the State Department in the 2nd Half of the Financial Year 2019/20.

34. under the Development Vote there is a reduction of **Kshs 131,000,000** being funds for implementation of the National Airborne Geophysical Survey. The reduction will affect the Public participation component of the project.

35. On the impact of the Supplementary budget cuts in the recurrent expenditure, the reduction of **Ksh. 80 Million** has been effected targeting operations and maintenance items, this has curtailed the operations of the State Department especially the following key areas: Facilitation of Regional Offices, Mineral Exploration Activities, Artisanal Mining Activities, and Specialized Materials and Supplies.

36. The State Department for Mining was given an additional **Kshs 4,780,039** in the development vote for Geo Technical site investigations at the Dongo Kundu Special Economic Zone in Kwale County under the manufacturing pillar of the Big 4 Agenda implementation. However, the State Department did not get the intended extra **Kshs 22,000,000** to carry out the Geo technical site investigations at Naivasha industrial park (Kshs. 11,000,000) and the Geo technical site investigations at Kenanie Leather Park in Athi River.(Kshs. 11,000,000).

37. On the pending bills, the State Department for Mining had validated pending bills amounting to **Kshs 145,486,150** as at 30th June 2019 of which Kshs. 49,300,000 Was for the development expenditure and Kshs. 96,186,150 Was for the recurrent expenditure. These bills were in respect to non-payment of goods (non-financial assets) and services carried over from the Financial Year 2018/2019. The pending bills were occasioned by payment of previous F.Y 2017/18 pending bills for AGPO and small suppliers category amounting to **Kshs 126,000,000** but for which only **Kshs 26,000,000** was availed to the State Department for Mining, thereby occasioning utilisation of funds that had been earmarked for other work as well as Budgetary cuts/austerity measures in the Supplementary Estimates No II of Financial Year 2018/2019 and late delivery of invoices by suppliers and merchants to enable payment.

3.2 Ministry of Water, Sanitation and Irrigation

38. Mr. Simon Chelugui, Cabinet Secretary, Ministry of Water, Sanitation and Irrigation appeared before the Committee on Tuesday, 19th November, 2019 and briefed it on the Department's performance for the first Quarter of FY 2019/2020 and the Supplementary Budget No. 1 of FY 2019/2020.
39. He stated that the Ministry of Water, Sanitation and Irrigation total allocation for the F/Y 2019/20 is **Kshs. 71.5 Billion.** The allocation comprised of a Recurrent Budget of Kshs. 6.5 Billion and a Development budget of Kshs. 65 Billion.
40. On the supplementary budget No. 1 for FY 2019/2020, he stated that the Ministry had a reduction of Kshs. 49 million in the recurrent estimates while there was an increment of Kshs. 7.757 billion in the development estimates comprising of Kshs. 2.7 billion for Water and Sewerage Relocations Works along the Nairobi Express Way and Kshs. 4,229, 963,836.
41. The GOK funded projects that have been affected by the Supplementary I of 2019/20 include: Development and Implementation of Sub-catchment Management Plans had a printed estimates of Kshs. 50 million has a reduction of Kshs. 20 million, Construction and Rehabilitation of Water Resource Monitoring Station with printed estimates of Ksh. 50 million has had its entire amount has been removed, Water Abstraction and Pollution Control Surveys has had the reduction of entire allocation of Kshs. 50 million, Kenya Groundwater Mapping program with an allocation in the printed estimates of Kshs. 95 million has had a reduction of Kshs. 50 million, three dams: (Umaa Dam had an allocation of Kshs. 500 million, Badasa Dam had an allocation of Kshs. 400 million and Soin Koru Dam had an allocation of KShs. 1 billion) had the entire allocation removed.

42. There are new projects that have been introduced in the Supplementary, which include: Water and Sewerage Relocation Works for the Nairobi Express Way and Northern Collector Water Supply under the Big Four Water Priority Projects with a total allocation of Kshs. 7.757 billion. There are other projects under strategic interventions which include: Construction of Water Pans Kajiado East and South Constituencies (35 m), drilling of boreholes and earth dams in Marsabit (80m), Construction of Kaprom Dam in West Pokot (100m), drilling of boreholes in Laikipia East and West Constituencies (50m), Dadantallai-Warcadey Water Supply in Eldas, Wajir (15 m), Mbulia Water Project inVoi, Taita Taveta (10m) and Chawia Check Dam in Taita Taveta (15 m). Other new projects include the Construction of Peace Dams at a cost of Kshs. 1.07 billion.

43. Various donor funded projects were also affected by the supplementary budget as follows: Water and Sanitation Program had the entire Kshs. 65 million removed, Improvement of Drinking Water and Sanitation Systems in Mombasa was increased to Kshs. 127 million from Kshs. 100 million, Support to the Water Resources Management and Water Services Provision was allocated Kshs. 25 million, previously, it had no allocation, Water & Sanitation Services and Improvement Project allocation of Kshs 2.175 billion was enhanced to Kshs.3.945 billion. Under the project of Coastal Region Water Security and Climate Resilience with an allocation of Kshs. 2.85 billion was increased to Kshs. 3.945 billion, Support to Equitable Access to Quality Water Project allocation of Kshs. 60 million was increased to Kshs. 400 million, Mavoko Water Supply Project allocation of Kshs. 755 million was increased to Kshs. 990 million while the Water and Sanitation Development Project (WSDP) with an allocation of Kshs. 2.908 billion was reduced to Kshs. 1.588 billion.
44. On the pending bills, the Ministry has a recurrent pending bill of Kshs. 66,276,552.40 both historical and current. The amount has remained outstanding due to lack of budgetary allocation.

3.3 State Department for Wildlife

45. Prof. Fred H. K. Segor, Principal Secretary, State Department for Wildlife appeared before the Committee on Wednesday, 20th November, 2019 and briefed it on the Department's performance for the first Quarter of FY 2019/2020 and the Supplementary Budget No. 1 of FY 2019/2020.

46. The State Department for Wildlife has printed estimates of Kshs. 7.788 billion for the FY 2019/20. During the first Quarter, the Department received an exchequer release of Kshs. 1.947 billion against an expenditure of Kshs. 2.393 billion. The over-expenditure is occasioned by a higher AIA actual collection than the budget due to seasonality.

47. On the supplementary Budget No. 1 of 2019/2020, the Department has an allocation of Kshs. 9.204 billion, out of which Kshs. 7.736 is for Recurrent expenditure whereas Kshs. 1.468 billion is for Development expenditures. This represents a decrease of Kshs. 51 million in Recurrent and an increase of Kshs. 100 million in Development expenditures.

48. The State Department noted that it had an allocation of Kshs. 400 million under the Human Wildlife Mitigation Programme. It however requested for the reallocation of Kshs. 50 million from this programme to facilitate the completion of the Wildlife Policy and Bill Development and implementation as the current policy was developed in 1975.

49. The Department further noted that as a result of 50% budget cuts through the supplementary budget affecting the recurrent expenditure, it had an outstanding payment of Kshs. 7 million arising from the country participation during the CITES COP 18. Consequently, the Department requested for the reinstatement of the 50% reduction on the domestic and foreign travel votes.

3.4 Ministry of Environment and Forestry

50. Ms. Betty Maina, Principal Secretary, Ministry of Environment and Forestry accompanied by the Chief Adminstrative Secretary, Hon. Mohamed Elmi appeared before the Committee on Wednesday, 20th November, 2019 and briefed it on the Department's performance for the first Quarter of FY 2019/2020 and the Supplementary Budget No. 1 of FY 2019/2020.

51. The Ministry of Environment and Forestry has a total approved estimates for FY 2019/20 of Kshs. 17.380 billion represented by Kshs. 10.18 billion for recurrent expenditure and Kshs. 7.2 billion for the development expenditure. The Ministry during the first quarter of FY 2019/20 was able to utilize Kshs, 2.269 billion representing 13% absorption rate. The reason for the low absorption rate was due to late loading of the budget and late exchequer release. Further, the absorption was affected by donor funded projects being wrongly captured in the budget and hence commitment of the funds was not possible.

52. The Ministry's headquarter is implementing projects that are enabler to the Big 4 Agenda. It was implementing the Presidential Directive Project on the achievement of 10% tree cover by 2022. It has therefore developed a National Strategy for achieving 10% tree cover which was adopted by the Cabinet.

53. The National Tree Planting campaigns have been launched during the rainy season where seedlings have been planted in Maasai Mau Ecosystem, Taita Taveta and other parts of the country. The Ministry did not have any new projects introduced in the Supplementary Estimates No. 1 of 2019/20.

54. The following were the projects that had been affected by the supplementary budget 50% cut: General Administration and Planning program which had an allocation of KShs. 132 million for FY 2019/20, Environment and Management Protection, and Meteorological Services Programme in which 47 County Directors had been posted in all the counties and had requirements for routine maintenance of meteorological equipment would be affected. The budget cuts would also affect achievement of Key Performance Indicators (KPIs), outputs and targets.

55. On the pending bills, the Ministry had processed pending bills totalling to Kshs. 115,781,578.25 comprising Kshs. 86,493,986.25 historical pending bills, Kshs. 17,876,867 for FY 2018/19 as pending bills under AGPO and Kshs. 11,410,725 for FY 2018/19 pending bills non AGPO.

56. The Ministry highlighted challenges it was facing during the implementation of the Budgets for FY 2018/19 and 2019/20, which included: inadequate funding and budget cuts, delay in exchequer releases, pending bills, some of which were historical, human resource challenges such as succession gaps due to freeze on recruitment by the PSC and high staff turnover through transfers to other ministries, effects of climate change due to extreme weather, and environmental degradation.

57. The following priority areas under the Ministry had not received funding: operationalization of the Forest Conservation and Management Trust Fund, Implementation of the Forest Taskforce and National Assembly Recommendations on the Forest Sector, Implementation of Green Economy Strategy and Plan, Implementation of Natural Mangroves Master Plan, Validating Regulations for Operationalizing of the New Forest Conservation and Management Act of 2016, and the Domestication of Multilateral Environment Agreements.

58. The Ministry requested for the reinstatement of the budget in the following areas during the FY2019/20 Supplementary Budget to enhance rehabilitation of riparian and degraded areas: Nairobi River Rehabilitation and Restoration Programme-110M, Urban Rivers Rehabilitation Project – 70M, Imarisha Lake Naivasha Catchment in Kenya – 71M; and Forest Plantations – 200M.

4.0 COMMITTEE OBSERVATIONS

59. The Committee having received submissions from the various Ministries and the State Departments and further deliberated, scrutinized and examined the submissions and content of the Supplementary I Estimates for the FY 2019/20, observed the following:

4.1 State Department for Mining

60. The State Department for Mining has continued to be affected by the under-funded. It has further been affected by the highest budget cut through the supplementary of Kshs. 80 million in the recurrent expenditure and Kshs. 131 million in the Development expenditure. The budget cuts incurred in Supplementary I Estimates of the Financial Year 2019/20 will affect the State Departments capacity to discharge its mandate as outlined in Mining Act 2016, and to implement effectively its Strategic Plan as aligned to the MTP III (2018-2022).
61. Despite the underfunding, the State Department for Mining was utilizing the limited allocation effectively. This was observed on the increment of the collection of the Recurrent AIA to Kshs. 100,000,000 against a budget amount of Kshs. 20,000,000 for the FY 2018/19. The Department aims at increasing the recurrent AIA to Kshs. 150 million in FY 2019/20.
62. The centralization of the Information and Communication Technology of Ministries Departments and Agencies in the Ministry of Information Communication and Technology was impacting negatively on the technical sectors as it was hampering the acquisition of specialized ICT equipment and software for the Geodata and online Mining Cadastre System.
63. The National Airborne Geophysical Survey was being implemented by the Ministry of Interior under the Inter-Agency framework. However, it is important to note that the technical expertise for this project was in the State Department for Mining. The allocation of Kshs. 131 million towards the public participation and community engagement for this project was removed from the Department's budget through the Supplementary Budget.
64. The Mining Sector is expected to continuously increase in growth to support the economy, and while it's a big enabler to the "Big Four" Agenda. There is therefore need to support the value addition projects through capacity building activities for the artisanal and small scale mining especially in Taita Taveta, Kakamega, Kwale, Vihiga, and Kisii Counties.

4.2 Ministry of Water, Sanitation and Irrigation

65. The Ministry of Water, Sanitation and Irrigation had a reduction of Kshs. 49 million in the Recurrent Expenditure and an addition of Kshs. 7.757 billion in the Development vote. The Increase is towards the Water and Sewerage Relocation Works along the Nairobi Express Way amounting to Kshs. 2.7 billion and an allocation of Kshs. 4,229, 963,836 for the Northern Collector Tunnel and the Northern Collector Tunnel Community Water Supply Schemes. However, the absorption of these huge allocations was doubtful due to the limited time to expend the budget.

66. The Supplementary Budget had introduced new budget lines that were not in the Budget Estimates for FY 2019/2020. These projects include the Peace Dams Construction in West Pokot, Turkana, Baringo, Tana River and Marsabit Counties with an allocated amount of Kshs. 1.070 billion in the supplementary budget. Whereas the peace dams is a good idea to appease the warring pastoralist communities due to water scarcity, there is no proper justification why they have been factored in the supplementary budget as opposed to the main budget.
67. Under the Water for School programme, it was observed that there were boreholes that had been sunk through this programme. However, the project was not providing value to the beneficiaries as they were not equipped with water pumping equipment. Hence, there was need to have the projects implemented to completion for water supply to the intended beneficiaries by ensuring adequate allocation of funds by the implementing agencies.
68. Itare Dam project had stalled for one year due the contractor CMC Di Ravenna, having filed pre-bankruptcy proceedings in Italy. As the Ministry is trying to engage the contractor and the financiers on the way forward to ensure that the project get back on course, there was need to ensure that the Itare Dam Site is well secured from damage due to idle time and equipment. The Ministry requested for a budget of Kshs. 120 million for the same.

4.3 State Department of Wildlife

69. The Gross Estimates for the First Supplementary estimates for 2019/2020 financial year was Ksh. 9,204 Million, out of which Ksh. 7,736 Million was Recurrent expenditure whereas Ksh. 1,468 Million was capital expenditures. This represents a decrease of Ksh.51 Million in the recurrent budget and an increase of Ksh.100 Million in Capital expenditure. The increase in capital expenditure is to be utilized at a JICA funded project at the Nairobi Safari Walk.
70. There was need to consider reallocation within the state department's budget to cater for the following expenses that were outstanding: Ksh. 7 Million under Foreign travel to cater for air tickets to CITES conference. The event had already been undertaken and there was need to pay for the air tickets utilized. Equally, Ksh.50 Million to cater for Wildlife Policy development and implementation and the review of the Wildlife Conservation and Management Act, 2013.
71. Target AIA Collection for KWS increased by Ksh.724 M in the 2018/2019 Financial Year to Ksh. 4,060 M. This was attributed to political stability after elections and improved collection of revenues due to automation and other deployments of technology that curbed revenue leakages.
72. The state department had a pending bill on Human-Wildlife Conflict approved compensation claims of Ksh. 610 Million.
73. The KWS had outstanding debts that amounted to Ksh. 2,980 Million. They included: Tsavo Area SGR phase 1 (Kenya Railways) –Ksh. 6 M; Southern Bypass easement (KeNHA); Ksh. 2,474 M; SGR Nairobi Park (Kenya Railways)- Ksh. 500 M.

4.4 Ministry of Environment and Forestry

74. The Ministry had pending bills amounting to Ksh. 115,781,578.25 categorized as follows: Historical pending bills (Ksh. 86,493,986.25); FY 2018/19 pending bills under AGPO (Ksh. 17,876,867) and FY 2018/19 pending bills non AGPO (Ksh. 11,410,725). The ministry has processed pending bills amounting to Ksh 77,519,320.40 awaiting payment

upon receipt of exchequer. However, the ministry may not pay some of the pending bills due to lack of budgetary provision in FY 2019/20 especially those under the projects with NIL allocation.

75. There was need to consider reinstating the budgetary allocation to the following projects to enhance rehabilitation of riparian and degraded areas: Nairobi River Rehabilitation and Restoration Programme - Ksh. 110M; Urban Rivers Rehabilitation project- Ksh. 70M; Imarisha Lake Naivasha Catchment Management in Kenya- Ksh. 140M; Suswa - Lake Magadi – Migori Environment Restoration project – Ksh.71M; Forest Plantations – Ksh. 200M.
76. NEMA had pending bills amounting to Ksh. 62 Million. Out of this, Ksh. 62 Million was owed to the Kenya revenue authority and Ksh. 30 Million was owed to suppliers.
77. NEMA's enforcement department was ineffective. This was attributed largely to inadequate funding and inadequate staffing levels. There was need to consider reinstatement of the charging of EIA fees by the organization in order for it to generate adequate internal revenues to enable it to operate optimally. It was reported that deliberations geared towards reinstatement of the fee charging were on going.
78. KFS requested for the following specific support: Reinstatement of Ksh. 200 Million to cater for Forest plantation Establishment. The allocation was removed last year but the project is critical in providing products that contribute to Big Four Agenda namely affordable housing and manufacturing. Equally, it requested for an internal reallocation to cater for Green Zone Development Support Project which was a 6- year project supported by ADB to the tune of Ksh. 5.3 Billion but required 10% counterpart fund which was not provided in the printed estimates and this was affecting its implementation. The project aimed at improving forest conservation in 15 counties through improving the livelihoods of the surrounding communities.
79. There was need to consider lifting of the moratorium on exploitation of forest products that were largely going to waste after maturity. This would improve revenue generation at the KFS and hence ensure it operates optimally.
80. KEFRI ought to consider intensifying research on forestry in arid areas which had the potential to contribute to the attainment of the constitutional requirement of 10% forest cover.
81. KEFRI was piloting aerial planting of seeds by planting 1,800 kg of seeds. This was a technology that was utilized the world over and was one of the cheapest ways to propagate forests.

5.0 COMMITTEE RECOMMENDATIONS

5.2 Policy Recommendations

82. That the Ministries, Departments and Agencies (MDAs) should embark on planning to complete the stalled and incomplete projects prior to starting new projects.
83. That The Ministries, Departments and Agencies (MDAs) should plan to settle outstanding pending bills especially those relating to staff statutory deductions. In addition, they should form validation committees to validate all outstanding payments and come up with repayment plan within the current financial year.
84. The Committee recommends for stakeholders' consultations on reinstating the Environmental Impact Assessment fees previously charged by the National Environment Management Authority (NEMA) that drastically reduced internally generated Revenue (A-I-A). This will ease pressure on exchequer as its sole financier and improve on execution of its mandate.
85. The Committee recommends the Ministry together with the State Law Office and the National Treasury to develop innovative measures to finance the domestication of Multilateral Environment Agreements (MEAs)

5.3 Financial Recommendations

86. In reviewing the Supplementary estimates for Financial Year 2019/20, the Committee held meetings and received submissions from all state agencies under the subsector. Upon review of the submissions, the committee made the following Financial Recommendations

5.3.1 Reductions

87. The Committee recommends reduction by Kshs. 1,000 million from the proposed new project the Water and Sewerage Relocation Works for the Nairobi Express Way under the Water and Sanitation in the ministry of Water and Sanitation. The net effect is to Reduce Water and Sewerage Relocation Works for the Nairobi Express Way from Kshs 2,700 Million to Kshs 1,700 million.

Justification

88. Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. However, should the need arise for additional funds, The National Treasury may allocate funds for the project through another supplementary estimates on a need basis before the lapse of the current appropriation.

5.3.2 Re-allocations

89. The savings arising from this reduction shall be directed/ reallocated towards needy cases within Ministry/ subsector.

Item	Revised Estimates for FY 2019/20	D.Cs Proposed Adjustments	Justification
	Kshs. Millions		
MINISTRY OF WATER AND SANITATION			
Water and Sewerage Relocation Works for the Nairobi Express Way	2,700	(1,000)	Given the lengthy public procurement processes of goods and services, the works are unlikely to absorb the huge amounts of funds before the end of the current financial year and thus holding fund may deprive other urgent cases. However, should the need arise for additional funds, The National Treasury may allocate funds for the project through another supplementary estimates on a need basis before the lapse of the current appropriation. The savings arising from this reduction shall be directed/ reallocated towards needy cases within Ministry/ subsector.
Umaa Dam	-	100	For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
Badasa Dam	-	100	For relevant documentation and consultancy to assess integrity of existing structures and review of the designs
Soin- Koru	-	100	This money will be utilized for the Community sensitization, survey of the affected farms and valuation, survey of the pipeline and settlement of court cases.
Water Resources Authority	-	100	Kshs 50M for Water Abstraction and Pollution Control Surveys Kshs 50M for Construction and Rehabilitation of Water Resource Monitoring Stations
Ministry Headquarters for Peace Dams	-	146	2 Additional Peace dams (in the Tana Delta to resolve conflicts between the pastoralists and the farmers and Mokoro Dam in Elgeyo Marakwet to resolve conflict between the Marakwets and the Keiyos).
National Water Harvesting Authority	-	70	Flood control programme in the Turkana, Nyando and Pekera.
Ministry Headquarters	-	300	Water Harvesting programme
MINISTRY OF ENVIRONMENT AND FORESTRY			
Kenya Forest Service	-	84	For Green Zones Development Support Project Phase II GOK counterpart funding to unlock Africa Development Bank (ADB) / Africa Development Fund (ADF). The Project Period is Six (6) years. The FY 2019/20 donor funding is Kshs 500 million is already factored in the Approved estimates.

6.0 WISH LIST

90. Under the State Department for Wildlife, the National Treasury to consider reinstating the Foreign and Domestic Travel Votes under the Recurrent Expenditure so as to enable it clear the outstanding bill of Kshs. 7 million incurred during the country's participation in the CITES COP 18 Conference.
91. The National Treasury to consider reallocating Kshs. 50 million for development of Wildlife Policy and Bill from the Human Wildlife Mitigation Programme which has Kshs. 400 million. The Wildlife Policy in use currently was developed in 1975 and may not reflect the current reality in the wildlife sector.
92. The National Treasury to consider allocating Kshs. 150 million under the Ministry of Water, Sanitation and Irrigation for the Tula Tula Water Supply in Eldas, Wajir County. This will increase the water supply in Wajir County.
93. The National Treasury to consider allocating Kshs. 200 million for Forest Restoration Programme under the Ministry of Environment and Forestry. This will assist the Kenya Forest Service in taking care of the forest plantation for better yields in support of the Big Four Agenda of Housing.

LIST OF ANNEXES

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II. **Submission by the PBO**
III. **Submissions from MDAs and other Key Submissions**
IV. **List of Programs/Projects Related to the Big Four Agenda and their Allocations**
V. **List of Reconcilable Development Project List**
VI. **Schedule of Approval**

(13)

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION - 2019

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY BUDGET ESTIMATES FOR THE FY 2019/20 FOR THE FOLLOWING SPENDING AGENCIES:

The National Treasury
State Department for Planning
State Department for Devolution
Salaries and Remuneration Commission
Commission on Revenue Allocation
Controller of Budget

DIRECTORATE OF COMMITTEE SERVICES,
CLERK'S CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI

NOVEMBER, 2019

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1 PREFACE

Mr. Chairman,

1. On behalf of the Departmental Committee on Finance and National Planning and pursuant to provisions of Standing Order 243, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the Supplementary Estimates for the FY 2019/20.

1.1 Establishment of the Committee

2. The Departmental Committee on Finance & National Planning is one of the fifteen Departmental Committees of the National Assembly established under ***Standing Order 216*** whose mandates pursuant to the ***Standing Order 216 (5)*** are as follows:

    1. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
    2. **To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;**
    3. To study and review all the legislation referred to it;
    4. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
    5. To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
    6. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
    7. To examine treaties, agreements and conventions;
    8. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
    9. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
    10. To examine any questions raised by Members on a matter within its mandate.

1.2 Mandate of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, public finance, monetary policies, public debt, financial institutions (excluding those in securities exchange), investment and divestiture policies, pricing policies, banking, insurance, population revenue policies including taxation and national planning and development.

4. In executing its mandate, the Committee oversees the following government Ministries and departments;
   i. National Treasury
   ii. State Department for Planning
   iii. State Department of Devolution
   iv. The Commission on Revenue Allocation
   v. Office of the Controller of Budget
   vi. Salaries and Remuneration Commission

1.3 Committee Membership

5. The Departmental Committee on Finance and National Planning was constituted by the House in December, 2017 and comprises of the following Members:-

Chairperson
Hon. Joseph K. Limo, MP
MP for Kipkelion East Constituency
Jubilee Party

Vice-Chairperson
Hon. Isaac W. Ndirangu
M.P for Roysambu Constituency
Jubilee Party

Members

Hon. Jimmy O. Angwenyi, MP
MP for Kitutu Chache North Constituency
Jubilee Party

Hon. Christopher Omulele, MP
MP for Luanda Constituency
ODM Party

Hon. Dr. Enoch Kibunguchy, MP
MP for Likuyani Constituency
FORD-K

Hon. Shakeel Shabbir Ahmed, MP
MP for Kisumu Town East
Independent Member

Hon. Abdul Rahim Dawood, MP
MP for North Imenti Constituency
Jubilee Party

Hon. Daniel E. Nanok, MP
MP for Turkana West Constituency
Jubilee Party

Hon. Andrew A. Okuome, MP
MP for Karachuonyo Constituency
ODM Party

Hon. David M. Mboni, MP
MP for Kitui Rural Constituency
CCU Party

Hon. Francis K. Kimani, MP
M.P. Molo Constituency
Jubilee Party

Hon. Joseph M. Oyula, MP
MP for Butula Constituency
ODM Party

Hon. Joshua C. Kandie, MP
MP for Baringo Central Constituency
MCC Party

The Hon. Lydia H. Mizighi, MP
MP for Taita Taveta County
Jubilee Party

Hon. Mohamed A. Mohamed, MP
MP for Nyali Constituency
Independent Member

Hon. Purity W. Ngirici, MP
MP for Kirinyaga County
Jubilee Party

Hon. Samuel Atandi, MP
MP for Alego Usonga Constituency
ODM Party

Hon. Stanley M. Muthama, MP
MP for Lamu West Constituency
MCC Party

The Hon. Edith Nyenze, MP
MP for Kitui West Constituency
WDM-K

1.4 Committee Secretariat

6. The Committee is facilitated by the following Secretariat:-

Ms. Leah W. Mwaura
Senior Clerk Assistant/Lead Clerk

Ms. Jennifer Ndeto
Principal Legal Counsel 1

Ms. Laureen Wesonga
Clerk Assistant II

Mr. Josephat Motonu
Fiscal Analyst I

Mr. Chelang'a Maiyo
Research Officer II

1.5 Overview of the Examination of the Estimates

7. The Supplementary Budget Estimates for the FY 2019/20 were tabled in the House on **Tuesday, 12th November, 2019** and thereafter referred to Departmental Committees for consideration.

8. The Committee held a total of five (5) sittings to examine the Supplementary Budget Estimates of the Ministries and Commissions under its purview. Upon a brief by the Parliamentary Budget office on the First Supplementary Budget Estimates for the FY 2019/20, the Committee held meetings with the State Department for Planning, State Department for Devolution, Commission for Revenue Allocation, Office of the Controller of Budget, Salaries and Remuneration Commission and the National Treasury.

2 CONSIDERATION OF THE SUPPLEMENTARY BUDGET ESTIMATES FOR THE FY 2019/20

2.1 Overall Supplementary Budget for the FY 2019/20

9. The Supplementary Budget estimates is proposing to increase the budget by KSh. 86.6 billion with the overall increase to the ministerial national government budget being KSh. 80 billion from the original budget approved before the beginning of the financial year in July, 2019. This is happening under the environment of revenue underperformance whose first-quarter results indicate a total revenue shortfall of KSh. 84.6 billion composed of KSh. 60.2 billion of Ordinary Revenue and KSh. 24.4 billion of Appropriation in Aid.

10. This supplementary budget proposes an increase of KSh. 85.8 in the development budget, a reduction of Kshs. 5.7 billion in the recurrent budget and an increase of KSh. 6.5 billion in the county equitable share.

11. The Consolidated Fund Services (CFS) which constitute the budget for the public debt servicing and interest payments, salaries and allowances to the constitutional office holders among others has been maintained at the approved KSh. 805.8 billion.

2.2 Committee Review of the MDAs' Proposed Supplementary Budget Estimates

12. The Departmental Committee on Finance and National Planning is mandated to scrutinize supplementary budget estimates for the following votes:-

i. Vote 1071: The National Treasury
ii. Vote 1034: State Department for Planning
iii. Vote 1032: State Department for Devolution
iv. Vote 2121: Controller of Budget
v. Vote 2081: Salaries and Remuneration Commission
vi. Vote 2061: Commission on Revenue Allocation

2.2.1 The National Treasury

13. The Supplementary Budget proposes an overall reduction of **KSh. 2.4 billion** in the National Treasury's budget where the major reductions are: general administration, planning and support services by KSh. 1.6 billion, public financial management by KSh. 755.3 million and economic and financial policy formation and management by KSh. 29.8 million.

14. It also Proposes a capital injection of KSh. 1.2 billion to the Agricultural Finance Corporation and Consolidated Bank, the approved allocation meant for employers' compulsory contribution to the staff pension scheme has been proposed to be reduced by KSh. 5.5 billion and new project called "data warehouse business intelligence" has been introduced with an allocation of KSh. 270 million where the donor component is KSh. 229 million. This project is neither in the approved budget nor in the Budget Policy Statement.

15. Further to note is the fact that the Kenya Revenue Authority (KRA) has received an additional KSh. 4 billion for operations and capacity enhancement increasing their allocation from KSh. 19.7 billion to KSh. 23.7 billion.

16. KRA requested for additional funding of **KSh. 2 billion** for the recruitment of an additional 1000 officers countrywide in order to generate an additional KSh. 50 billion in revenue in support of the achievement of this year's revenue estimate.

2.2.2 The State Department for Planning

17. The State Department was allocated KSh. 55.863 billion in the Printed Estimates for the FY 2019/20. The First Supplementary Estimates proposes a decrease of KSh. 137 million on the recurrent and a decrease of KSh. 5.532 billion on the development vote.

18. The changes are in the following recurrent and development votes:-

Recurrent Vote

a. Use of goods and services – a decrease of KSh. 131 million
b. Purchase of motor vehicles – a decrease of KSh. 15 million
c. Prefeasibility – a decrease of KSh. 57 million
d. Current grants – an increase of KSh. 66 million

Development Vote

a. National Government Constituencies Development Fund – a decrease of KSh. 5.235 billion
b. Capital grant to National Council for Population and Development – a decrease of KSh. 140 million
c. National Integrated Monitoring and Evaluation Systems – a decrease of KSh. 50 million
d. Capital grant to KIPPRA ACBF Project – a decrease of KSh. 53 million
e. Macro-Economic Planning and International Relations – a reduction of KSh. 30 million
f. Community Empowerment and Institutional Support Project – a reduction of KSh. 20 million
g. Community Empowerment Programme – a decrease of KSh. 4 million

2.2.3 State Department for Devolution

19. The State Department was allocated **KSh. 8.4 billion** in the Printed Estimates for the FY 2019/20. The State Department's budget has been increased by **KSh. 1.06 billion** in the Supplementary Budget.

20. The State Department requested for additional funding to cater for the following:-

a. Office accommodation – KSh. 130 million
b. Transfer of assets and liabilities of defunct local authorities and identification, verification and transfer of assets on devolved functions – KSh. 200 million
c. Provision of relief food to ASAL counties – KSh. 5.96 billion
d. Holding the Africities Financing Dialogue summit – KSh. 200 million

2.2.4 Commission on Revenue Allocation

21. The Commission was allocated KSh. 469.28 million in the Printed Estimates for the FY 2019/20. The First Supplementary Estimates proposes a decrease of KSh. 78.94 million hence a revised budget of KSh. 390.44 million.

22. The Commission requested for additional funding of **KSh. 50 million** to cater for the following unfunded areas:-

a. Recommendation on Vertical Share – KSh. 1.5 million
b. Recommendation on 3rd Revenue Sharing – KSh. 2.5 million
c. Financing of cities – KSh. 5 million
d. Integrated Data Management System – KSh. 5 million
e. State of marginalization across and within counties – KSh. 18 million
f. Own Share Revenue Curriculum – KSh. 3 million
g. Efficient service delivery – KSh. 15 million

2.2.5 Office of the Controller of Budget

23. The Office was allocated **KSh. 703.1 million** in the Printed Estimates for the FY 2019/20. The Supplementary Estimates propose to cut their budget by **KSh. 64.13 million**.

24. The Office requested for additional funding of **KSh. 12.83 million** to cater for the following:-

a. Courier and postal services – KSh. 1.44 million.
b. Domestic travel, subsistence and other transportation costs – KSh. 5 million.
c. Hospitality supplies and services – KSh. 1.7 million.

d. Membership fees, dues and subscriptions to professional and trade bodies – KSh. 840,000.

e. Routine maintenance, vehicles and other transport equipment – KSh. 3.85 million.

2.2.6 Salaries and Remuneration Commission

25. The Commission was allocated **KSh. 450 million** in the Printed Estimates for the FY 2019/20. The Supplementary Estimates propose to increase their budget by **KSh. 211 million**.

26. The Commission requested for additional funding of **KSh. 69.6 million** to cater for the following:-

a. Develop public sector capacity on job evaluation and collective bargaining agreement and curriculum development – KSh. 16 million

b. Streamlining of allowances – KSh. 7 million

c. Remuneration and benefits survey for preparation of next cycle setting and advice – KSh. 17 million

d. Compliance checks to ensure compliance to the Commission circulars that are issued from time to time – KSh. 7 million

e. Contracted professional services which include cleaning and security services – KSh. 10.6 million

f. Routine maintenance of other assets which include the servers, air conditioners and computer equipment – KSh. 12 million

3 OBSERVATIONS

Following the submissions from the State Departments and Commissions and the briefing by the Parliamentary Budget Office on the proposed Supplementary Budget Estimates for the FY 2019/20, the Committee made the following observations, THAT:-

27. There is a total increase of KSh. 85.8 billion in the development budget while there is a reduction of KSh. 5.7 billion in the recurrent budget. The overall effect is the increase of the budget by about KSh. 80 billion amid huge revenue underperformance in the first quarter of the fiscal year. This seems to indicate that borrowing is likely to be increased beyond the approved levels.

28. Kenya Revenue Authority (KRA) was underfunded by KSh. 9 billion in the Budget Estimates for the FY 2019/20 this has made it difficult for it to optimally discharge its mandate of revenue collection. The Supplementary Budget proposes to enhance the Authority's revenue by KSh. 4 billion for operations and capacity enhancement reducing the deficit to KSh. 5 billion. The Authority requested for additional KSh. 2 billion for the recruitment of additional 1000 officers. This is among the measures that will improve compliance in order to generate additional KSh. 50 billion in revenue.

29. There is a proposed capital injection of KSh. 1.2 billion towards the Agricultural Finance Corporation and the Consolidated Bank of Kenya which are government corporations.

30. There is an introduction of a new project, data warehouse business intelligence, foreign financed to a larger extent (foreign funding constitutes KSh. 229 million out of a total of KSh. 270 million).

31. The approved allocation for the compulsory employer contribution to the staff pension scheme is proposed to be reduced by KSh. 5.5 billion from KSh. 10.9 billion to KSh. 5.4 billion.

32. The proposed increment of KSh. 211 million on the Salaries and Remuneration Commission's budget is about 47% of the approved budget. This is a huge deviation

from the original budget, also in view of Section 43 of the Public Finance Management Act, 2012.

33. Despite the increase in the global budget, the Supplementary Budget proposes a decrease to the allocation of the National Government Constituencies Development Fund to below the 2.5% that is provided for in the Constituencies Development Fund Act.

34. Some treaties and protocols that the Government enters into at the East African Community (EAC) have an impact on taxes in the country.

35. The approved allocation to the programme on Special Initiatives under the State Department for Devolution has been proposed to be increased from KSh. 54 million to about KSh. 1.1 billion to cater for emergency relief and refugee assistance.

36. The proposals in the Supplementary Budget tend to overturn the proposals made by the National Assembly in the Budget Estimates for the FY 2019/20.

4 RECOMMENDATIONS

The Committee made the following recommendations:-

4.1 Policy Recommendations

The Committee made the following policy recommendations. That:-

37. The Supplementary Budget Estimates for 2019/20 should be consistent with the revenue outlook considering that the first quarter results indicate a huge revenue underperformance, considering that on overall, this supplementary proposes an increase in expenditure. This is to avoid occasioning a wider financing gap that will potentially increase borrowing beyond the approved levels.
38. In the intervening period, the Government should increase funding towards provision of relief food to ASAL Counties in the next budget. In the long term, deliberate measures should be instituted to ensure that there is sustainable provision of food for the population in ASAL areas so as to permanently address the perennial need for relief supplies.
39. Greater focus should be placed on investment in revenue enhancement measures and non-tax incentives to encourage both local and foreign investment to guarantee the country self-financing as opposed to borrowing.
40. The Government should ensure that all pending projects are completed in order to avoid wastage of resources and ensure that all pending bills are cleared in order to encourage businesses to grow and have more money in circulation.
41. The Government should reduce borrowing commercial loans which are expensive and instead borrow cheaper bilateral and multi-lateral loans if need arises.
42. To encourage growth of SMEs, the Government should stop borrowing locally in order to encourage banks to give loans to SMEs.
43. There is need for greater scrutiny by Parliament of any EAC treaties and protocols that have an impact on the tax collection in the country.

4.2 Financial Recommendations

The Committee made the following financial recommendations:-

4.2.1 Proposed Reductions

The Committee proposed reductions in the following votes:-

Salaries and Remuneration Commission: Vote 2081

44. That the proposed increase of the budget to the Salaries and Remuneration

Commission by about KSh. 211 million under the Programme: 073000 – Control and Management of Public Finances be disallowed since the National Assembly considered the matter and made a resolution on it during the consideration of the Budget Estimates for the FY 2019/20.

National Treasury: Vote 1071

45. A reduction of KSh. 2 billion that was approved for employer contributions to compulsory National Social Security Schemes in the Pensions Department in the Programme: 0717000 - General Administration Planning and Support Services. This is occasioned by the current delays in the implementation of the rollout of this activity.

4.2.2 Proposed Increases

The Committee proposed increases in the following votes:-

State Department for Planning: Vote 1070

46. Rejected the proposed reduction of the allocation the National Government Constituencies Development Fund from KSh. 41.7 billion to KSh. 36.5 billion under the Programme: 076000 – Economic Policy and National Planning. This is because this reduction will occasion an allocation to NG-CDF that is below the legal requirement of 2.5%.

Commission on Revenue Allocation: Vote 2061

47. Under the proposed reduction of KSh. 78 million, the Committee proposed reinstatement of KSh. 50 million under the Programme: 0737000 – Inter-Governmental Transfers and Financial Matters to cater for:-

a.	Recommendation on Vertical Share	– KSh. 1.5 million
b.	Recommendation on 3rd Revenue Sharing	– KSh. 2.5 million
c.	Financing of cities	– KSh. 5 million
d.	Integrated Data Management System	– KSh. 5 million
e.	State of marginalization across and within counties	– KSh. 18 million
f.	Own Share Revenue Curriculum	– KSh. 3 million
g.	Efficient service delivery	– KSh. 15 million

Office of the Controller of Budget: Vote 2121

48. Under the proposed reduction of KSh. 64 million, the Committee proposed reinstatement of KSh. 12.83 million under the Programme: 0730000 – Control and Management of Public Finances to cater for:-

a. Courier and postal services – KSh. 1.44 million.
b. Domestic travel, subsistence and other transportation costs – KSh. 5 million.
c. Hospitality supplies and services – KSh. 1.7 million.
d. Membership fees, dues and subscriptions to professional and trade bodies – KSh. 840,000.
e. Routine maintenance, vehicles and other transport equipment – KSh. 3.85 million.

National Treasury: Vote 1071

47. An increase of KSh. 2 billion to the Kenya Revenue Authority budget under the Programme: 0717000 - General Administration Planning and Support Services for the recruitment of an additional 1000 officers countrywide in order to generate an additional KSh. 50 billion in revenue in support of the achievement of this year's revenue estimate.

SIGNED: ---------- **DATE:** 22/11/19

THE HON. JOSEPH K. LIMO, MP
CHAIRPERSON

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
TWELFTH PARLIAMENT – THIRD SESSION

COMMITTEE ON HEALTH

REPORT
ON
THE EXAMINATION OF THE SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2019/2020

Published by:-

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PART I

1.0 PREFACE

1.1 Introduction

Chairperson,

1. This is the report of the Departmental Committee on Health on the scrutiny of the supplementary budget estimates I for FY 2019/2020 for the Ministry of Health and Agencies which fall under the health sector. The report is as a result of lengthy deliberations between the Committee and the Ministry of health on the contents of the supplementary budget estimates which was tabled in the House.

2. Of importance, the report contains the observations and recommendations of the Committee as regards the proposed supplementary budget estimates I FY 2019/2020 for the Health sector. The Sector is made up of the Ministry of Health alongside its Semi-autonomous Government Agencies (SAGAs) namely; Kenyatta National Hospital; Moi Teaching and Referral Hospital; Kenya Medical Training College; Kenya Medical Supplies Authority; National Hospital Insurance Fund; Kenya Medical Research institute; National Aids and Control Council and Kenyatta University Teaching, Referral & Research Hospital.

1.2 Mandate and Membership of the Committee

2. The Departmental Committee on Health is established pursuant to the provisions of Standing Order No. 216(5) of the National Assembly and in line with Article 124 of the Constitution which provides for the establishment of the Committees by Parliament. Thus, in terms of budget oversight, the Committee covers the Ministry Health and its Semi-autonomous Government Agencies (SAGAs).

3. Therefore, this report covers the proposed supplementary budget estimates I FY 2019/2020 for the Health Sector which consists of the Ministry of Health and its eight Semi-autonomous Government Agencies (SAGAs) namely; Kenyatta National Hospital; Moi Teaching and Referral Hospital; Kenya Medical Training College; Kenya Medical Supplies Authority; National Hospital Insurance Fund; Kenya Medical Research institute; National Aids and Control Council and Kenyatta University Teaching, Referral & Research Hospital.

1.3 Committee Membership

The Departmental Committee on Health was constituted by the House in December, 2017 and comprises of the following Members:-

Hon. Sabina Chege, MP **(Chairperson)**
County MP for Muranga County
Jubilee Party

Hon. Dr. Swarup Ranjan Mishra, MP **(Vice-Chairperson)**
M.P for Kesses Constituency
Jubilee Party

Hon. (Dr.) James Nyikal, MP for Seme Constituency
ODM Party

Hon. (Dr.) Eseli Simiyu, MP MP for Tongaren Constituency
FORD-K

Hon. (Dr.) James K. Murgor, MP for Keiyo North Constituency
Jubilee Party

Hon. Muriuki Njagagua, MP for Mbeere North Constituency
Jubilee Party

Hon. (Dr.) Mohamed D. Duale, MP for Daadab Constituency
KANU Party

Hon. Alfred Agoi Masadia, MP for Sabatia Constituency
ANC Party

Hon. Stephen Mule, MP for Matungulu Constituency
WIPER Party

Hon. David Ochieng', MP for Ugenya Constituency
MDG Party

Hon. Esther M. Passaris, MP for Nairobi County
ODM Party

Hon. Gladwell J. Cheruiyot, MP for Baringo County
KANU Party

Hon. Kipsengeret Koros, MP for Sigowet Constituency
Independent Member

Hon. Martin Peters Owino, MP for Ndhiwa Constituency
ODM Party

Hon. Mercy Wanjiku Gakuya, MP for Kasarani Constituency
Jubilee Party

Hon. Prof. Mohamud S. Mohamed, MP for Alego Usonga Constituency
Jubilee Party

Hon. Patrick Munene Ntwiga, MP for ChukaIgamba Ng'ombe Constituency
Jubilee Party

Hon. Tongoyo Gabriel Koshal, MP for Narok West Constituency
CCM Party

Hon. Zachary Kwenya Thuku, MP for Kinangop Constituency
Jubilee Party

1.4 Secretariat

The Committee is facilitated by the following Secretariat:-

Mr Benjamin Magut
First Clerk Assistant/Lead Clerk

Mr. Ahmed Hassan Odhowa
Principal Research Officer

Mr. Muyodi Meldaki Emmanuel
Clerk Assistant III

Mr. Eric Kanyi
Fiscal Analyst

Ms. Lynette A. Otieno
Legal Counsel

Ms. Winnie Kiziah
Media Officer

Ms. Rahab Chepkilim
Audio Officer

1.5 Overview on the Examination of the proposed 2019/2020 supplementary Budget Estimates

1. The Supplementary Budget estimates 1 was tabled in the House on Tuesday, 12th November, 2019 and subsequently committed to relevant departmental Committees pursuant to Standing Orders 232 (4) for consideration, discussion and review.

2. During the consideration of the supplementary budget estimates I FY 2019/2020 for the Health Sector, the Committee was briefed by the Parliamentary Budget Office (PBO) on Thursday 14th November, 2019. The detailed presentation from PBO is annexed in this report.

3. Afterwards, on 19th and 20th November, 2019, the Committee held discussions with the Ministry of Health and it's Semi- Autonomous Government Agencies (SAGAs). Attached to this report is also the detailed submissions made by the Ministry of Health.

1.6 Appreciation

1. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the supplementary budget estimates I FY 2019/2020.

Chairperson,

1. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Health, to present this Report to the Supplementary Budget Estimates I FY 2019/2020 and Appropriation Committee.

Thank You

SIGNED .....

HON. SABINA CHEGE, MP
(CHAIRPERSON)

DATE 22nd Nov 2019.

PART II

2.0 OVERVIEW OF THE SUPPLEMENTARY BUDGET ESTIMATES I FOR FY 2019/2020 FOR THE HEALTH SECTOR

Chairperson,

1. The 2019/20 approved budget for the Ministry of Health was Kshs 92.7 Billion. The Committee is cognizant of the fact that the Health sector is one of the biggest beneficiaries in terms of enhanced allocation primarily because of the UHC which is one of the governments big four agenda.

2. Through the supplementary estimates, this allocation has increased by **Kshs 22.8 Billion**. This brings the total allocation for the sector to **Kshs 115.6 Billion** in 2019/20 comprising of **Kshs 62.9 Billion** for recurrent expenditure and **Kshs 52.7 Billion** for development.

Programmes	Supplementary 1			Revised Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Preventive, Promotive & RMNCAH	2,179	639	2,818	3,911	8,341	12,252
National Referral & Specialized Services	846	50	896	28,780	9,111	37,891
Health Research and Development	-	70	70	9,042	772	9,814
General Administration, Planning & Support Services	(100)	-	(100)	7,877	980	8,857
Health Policy, Standards and Regulations	1,894	17,276	19,170	13,292	33,470	46,762
Total	**4,819**	**18,035**	**22,854**	**62,902**	**52,674**	**115,576**

Chairperson,

1. The overall **recurrent budget** has been increased by Kshs 4.8 Billion on account of support to the UHC program and allocation to KNH to cater for shortfall in salaries for the health workers. The increased allocation to support UHC will mainly be utilized for the recruitment of various health workers, Data entry clerks, Community health workers and medical interns who will assist in the delivery of UHC.

2. Thus, basically, this recurrent additional allocation is mainly on compensation to employees and in overall terms, it is disintegrated as follows:

    i. Kenyatta National Hospital- an additional allocation of **Kshs 870 Million** to cater for salary shortfalls.
    ii. Primary Health Care- an additional of **Kshs 2.2 Billion** to recruit Data entry clerks and medical interns to support UHC.
    iii. UHC coordination and management unit- **Kshs 1.9 Billion** to recruit Community health workers and other cadres to health workers to support UHC.

3. It was also important for the Committee to note that even though the overall effect is an increase in the recurrent expenditure, under the supplementary recurrent estimates, the Ministry had also a reduction of **Kshs 160 Million** on various recurrent items on account of austerity measures.

Chairperson

1. The overall development budget for the Ministry of Health has been increased by **Kshs 18 Billion** on account of a major enhanced allocation towards rollout of UHC as well as additional funding to other capital projects within the Ministry of Health especially from the development partners. The key enhanced allocations under the development budget is as follows:

    i. Rollout of UHC project- enhanced allocation of **Kshs 16 Billion** which brings the total allocation to this project to Kshs 21.4 Billion in 2019/20.
    ii. Three Donor funded projects- enhanced allocation of Kshs 1.7 Billion.

2. The enhanced allocation to the development budget is also on account of 3 additional projects namely:
    i. Construction of KMTC tuition block- Kshs 70 Million;
    ii. Construction of Kiyawara hospital in Kieni East- Kshs 30 Million
    iii. Reconstruction of drugs and rehabilitation centre a Coast general hospital – Kshs 20 Million

Chairperson,

1. The Committee made a number of observations/concerns regarding the proposed supplementary estimates and resolved to engage the Ministry of Health to pick their thinking/rationale on the same and especially on the UHC rollout. Some of the concerns/observations made include the following:

i. The Committee noted that resources have directed to the Ministry of Health to support the UHC agenda. The additional allocation is meant to support full rollout of UHC whereas the piloting is still be implemented and expected to end in December 2019. Further, the Committee noted that under the UHC rollout, the Ministry needs to clarify on whether they are continuing with the same model which is being applied in the piloting;

ii. The rollout of UHC project has been allocated of Kshs 16 Billion hence the need for a clear breakdown on how this allocation will be utilized within the remaining period of the financial year to support the full rollout;

iii. That allocations have been provided for recruitment of staff to support the UHC and there is need to have a clear understanding on the modalities which the Ministry and the County governments have since health human resource is a devolved function;

iv. That three additional capital projects have been introduced in the Ministry and some of this projects fall under the functions of the county governments and not the national government functions hence not need be funded using the meagre national government resources. The Committee also noted that one of projects was not part of the projects approved under the 2019/20 public budget consultations;

3.0 SUBMISSIONS BY THE MINISTRY OF HEALTH ON THE SUPPLEMENTARY ESTIMATES I FOR 2019/20

Chairperson,

1. The Ministry of Health appeared before the Committee on 19th and 20th November, 2019 and made submissions regarding the supplementary estimates. The Ministry detailed submissions are annexed in this report. The following is a summary of the key issues highlighted below:

i. That the preparation of the supplementary estimates was guided by the National Treasury issued Circular and the gross budget ceiling for Ministry of Health was adjusted from **Kshs. 92,724,636,820** to **Kshs. 115,579,070,673** in Supplementary Estimates No. 1 for the FY2019/2020. The breakdown was given as indicated:

Recurrent Vote

	Approved Estimates 2019/20	Supplementary I Estimates 2019/20	Variance
Gross	**58,083,956,778**	**62,903,938,082**	**4,819,981,304**
Appropriation in Aid	14,971,428,285	14,971,428,285	-
Net	43,112,528,493	47,932,509,797	4,819,981,304

Development Vote

	Approved Estimates 2019/20	Supplementary I Estimates 2019/20	Variance
Gross	**34,640,680,042**	**52,675,132,591**	**18,034,452,549**
GoK	19,392,000,000	35,593,457,498	16,201,457,498
Donor	15,248,680,042	17,081,675,093	1,832,995,051

ii. That the recurrent estimates for the FY 2019/20 has increased by **Kshs 4.8 Billion.** This increase is informed by additional allocation of Kshs. 870,000,000 to cater for shortfalls in salaries at Kenyatta National Hospital, Kshs. 235,000,000 to cater for supply of nutritional supplements in drought stricken areas.

iii. That Kshs. 4 Billion has been allocated towards the scale up of UHC under the "Big Four" National Government Agenda and this allocation is mainly for personnel emoluments as indicated below and further details provided in the annexures.

BUDGET HEAD	Description of Expenditure Areas	Amount
1081011100 Primary Health Care	PE requirements for UHC	2,131,921,500
1081018200 Universal Health Coverage Coordination and Management Unit	PE for placement for Mandatory internship programme as a requirement for registration (Medical Officers, Pharmacist, Dentists, Nurses, and Clinical Officers as a requirement for registration. The interns will rotate within the Primary Health Care Facilities as part of the UHC intervention)	1,900,000,000
TOTAL ADDITIONAL FOR UHC HUMAN RESOURCE		**4,031,921,500**

iv. In addition to the recurrent expenditure relating to personnel emoluments, the supplementary has additional allocation of **Kshs 92 Million** support the UHC through specific interventions as highlighted below:

BUDGET HEAD	Investment Areas	Amount
1081011100 Primary Health Care	Facilitation costs for data capture and transmission to the Ministry headquarters by data clerks under roll out of UHC	9,000,000
1081011800 Disease surveillance and response unit	Facilitation costs for communication of epidemics/outbreaks and awareness creation under roll out of UHC	4,200,000
1081011800 Disease surveillance and response unit	Cost of epidemic detection and analysis under roll out of UHC	10,000,000
1081018200 Universal Health Coverage Coordination and Management Unit	To facilitate the engagement between the counties and national government in roll-out UHC	26,078,500
1081011100 Primary Health Care	Training Community Health Assistants in line with the community health strategy, 2014-2019	42,000,000
Total UHC Allocation for Operation and Maintenance		**91,278,500**

v. That the Development has been enhanced by an additional Kshs 18 Billion and it is meant to support the rollout of UHC across the country. This allocation consist of both the GOK component and support from the development partners.

vi. That the key allocation is on rollout of Universal health care across the country which has an additional allocation of **Kshs 16 Billion** which will be utilized as follows in the remaining six months of the financial year after the pilot phase of the UHC rollout closes out.

BUDGET HEAD	UHC Expenditure areas for scale up	Amount
1081109400 Roll out of Universal Health Coverage	Support counties within the conditional grant framework for purchase of maternity, basic equipment, laboratories and essentials for roll out of UHC for at primary health care level	1,526,840,328
	To ensure availability of commodities for county primary health care facilities within the conditional grant framework under roll out of UHC	10,544,456,947
	To ensure availability of funds for emergencies preparedness and response as strategic service under roll out of UHC	101,830,000
	Insurance fund through the NHIF reforms to reach more groups that are Vulnerable. This entails expanding health insurance to the elderly, the Person Living With Disability and the Orphans and Vulnerable Children who are presently not covered.	3,760,178,487
	Additional Kshs.56 M GoK funds to cater for operations of 34 ports of entry and for the purchase of fumigants, pesticides rodenticides, and insecticides	56,075,868
	For the establishment of Health ICT to support information flow to District Health Information System (DHIS 2) and telemedicine	36,000,000
Total For Roll Out Of UHC		**16,025,381,630**

vii. That the three additional projects which are funded by GOK are 2019/20 public hearings projects which were contained in the Budget and Appropriations Committee report and resources have been provided by the National Treasury and were not part of the priority needs of the Ministry.

viii. That additional funds to totaling **Kshs 1.9 Billion** have been provided by the development partners to support ongoing capital projects some of which are aimed at supporting the UHC agenda.

ix. That Ministry has a pending bill of Kshs 55 Million in 2018/19. However, the Ministry has historical pending bills totaling to Kshs 40 Billion which is on account of the following, Historical pending bills (**Kshs.937 Million)** and Court awards (**Kshs.40.1 Billion)**

x. That other critical areas which require funding within the sector are as follows:

i. Implementation of Collective Bargain Agreement at Kenyatta National Hospital, **Kshs. 600,000,000**
ii. Provision of **Kshs. 50,000,000** for construction of Mortuary, Laundry and Kitchen at the Othaya Hospital
iii. Development of Molecular Imaging Center at Kenyatta University Teaching Referral and Research Hospital (KUTRRH), **Kshs.1.42 Billion**
iv. Support to the operations of KUTRRH, **Kshs.1.06 Billion**
v. For Personnel Emolument following the results of job evaluation at Moi Teaching and Referral Hospital, **Kshs. 342,000,000**
vi. Provision for procurement of strategic commodities for HIV, TB, Malaria programs, Family planning commodities and Vaccines **Kshs.1.5 billion** to avert stock outs.

4.0 RESPONSE TO CONCERNS RAISED BY THE COMMITTEE ON THE SUPPLEMENTRAY BUDGET ESTIMATES

Chairperson,

1. The Ministry responded as follows to the various issues and more so on the issue of rollout of UHC:

   i. On the issue of the UHC pilot outcome, the Committee was informed that the comprehensive close out report will be available in mid-December 2019 and that preliminary findings indicates that the pilot has been 80% successful. That the continuous monitoring of the pilot had been insightful in terms of successes and challenges which have been recorded. This insights has been taken into consideration in the intended rollout of the UHC across the country after the pilot comes to an official closure.

   ii. That based on the preliminary findings of the piloting in the four counties, the UHC model has been adjusted to address the challenges recorded and also provide a sustainable model to ensure it remains successful. The adjusted model will work as follows:

      - That the health systems at level 1 to 3 primary health care facilities are going to be strengthened across the country through conditional grant to support purchase of health products and commodities.

      - The health facilities which fall under level 4 to 6, the UHC will be implemented through health insurance under NHIF which is currently undergoing reforms. The vulnerable groups and the elderly as well the disabled will be supported through insurance subsidy under NHIF. The number of vulnerable groups across the country will be comprehensive and the Ministry will liaise with the labor and social welfare Departments to ensure that all the vulnerable groups across the country are enlisted;

   iii. That the piloting of UHC will continue to be implemented until the official closure in December 2019 before the eventual rollout across the entire country commences and that

the initial allocation to the entire rollout of Kshs 5.4 Billion has not been utilized and will be part of the expenditure which will be incurred during the entire rollout;

iv. That for the eventual rollout of UHC to be successful, the National government and the county governments are in the advanced stage of signing an intergovernmental agreement which will guide the implementation and before end of November 2019 this agreement will be in place;

v. In terms of equity in access to health services, the Ministry through its strategic plan has plan to ensure that all the 47 counties have a level 5 hospital and this will be undertaken through collaboration by the county governments. Currently the Director General of Health is taking a comprehensive assessment of various health facilities which will inform the decision of the Ministry.

vi. On the recruitment of Health Workers, the Ministry has already a collaborative agreement with the county governments where the recruitment is undertaken by the county governments' respective county public service boards and the Ministry will be reimbursing the county governments based on the conditions set by the Ministry.

5.0 COMMITTEE OBSERVATIONS ON THE 2019/20 SUPPLEMENTARY ESTIMATES

1. The Committee having scrutinized the supplementary budget estimates I FY 2019/2020 for the sector and also considered the various submissions during the scrutiny, made the following observations: -

i. The Committee observed that even though the Ministry has used preliminary findings on the piloting of the UHC, there is need to ensure that comprehensive report on the pilot is finalized and submitted to the Committee once the pilot phase is closed out by end of December 2019. This will allow the Committee to review the successes and challenges and also propose recommendations to enrich the UHC programme.

ii. The Committee observed that there are active engagements going on between the national government and the county governments on UHC which are aimed at arriving to a consensus and signing of an intergovernmental agreement to ensure that this flagship programme is implemented successfully.

iii. The Committee observed that there are many piece meal interventions which relate to UHC both funded by development partners as well as government such as free maternity programme, insurance to secondary school students, scrapping of user foregone fees as well as conditional grants to level 5 hospitals. As the UHC is rolled out across the country, all these initiatives need to be consolidated in to one pool of resources to reap from economies of scale;

iv. The Committee observed that the Ministry has offered an explanation on the additional new projects which have been allocated resources. The Committee is of the opinion that despite the explanation, some of the projects fall under the purview of the county governments based on the health functions assigned to each level of government by the Constitution. Further, the institutions such as Kenya Medical Training College which is supposed to implement one of this projects is not aware of the same hence has no plans in terms of utilization of the funds allocated and this puts to question on how the National Treasury engages various agencies on matters of budgeting.

v. The Committee observed that the Ministry has huge pending bills totaling to Kshs 40 Billion relating to historical court awards. However, there is no clear indications on whether the Ministry is engaging the Attorney General's office on how this handle the settlement of the court awards.

PART III

6.0 COMMITTEE RECOMMENDATIONS

1. The Committee having received submissions from the Ministry of Health and having lengthy and insightful deliberations on the supplementary budget and other policy matters in the sector, makes the following recommendations regarding the supplementary budget estimates I FY 2019/2020 for the Health Sector: -

(a) Policy Recommendations

i. The Ministry of Health must strictly implement projects guided by assigned mandate and functions provided in the Constitution. Where the National government wishes to implement projects deemed to be at purview of County governments, approval of resources from the Committee shall be only granted on the condition that a clear partnership framework agreed by both levels of government is submitted to the Committee.

ii. The Ministry of Health should only implement National government projects and programs where its implementation is backed by an approved current policy. To this end, the Ministry of Health must urgently validate and finalize the UHC Policy that is currently in draft form before it implement the full Rollout of the Universal Health Coverage UHC.

iii. The National government should expedite the reforms in the National Hospital Insurance Fund (NHIF) to ensure that the Fund is prepared to play its central role in the full Rollout of the UHC. The Ministry of Health to submit a report on the re-engineering and revamping of NHIF to the National Assembly before the full Rollout of UHC is undertaken.

iv. A proper framework must be developed and put in place before the next budget cycle (FY 2020/2021) to guide Public participation during the Budget estimates hearings by the National Assembly. The new framework should provide for participation by Departmental Committees and a proper feedback mechanism to the County governments and other government departments.

v. The Ministry of Health to urgently convene a roundtable meeting of Members of Departmental Committee on Health in National Assembly and Senate, Councils of Governors, Chairpersons of Health Committee in the County Assemblies, CECs of Health and Development partners funding UHC programs to agree on how the full Rollout will be implemented mores specifically the specific roles played by each actor, financing aspects as well as feedback mechanism;

vi. The Committee recommends that out of the allocation earmarked for the rollout of UHC, and specifically on the allocation towards health products and commodities, an allocation of Kshs 290 Million be provided as a special intervention for HIV and AIDS once the entire UHC rollout begins. This allocation to be implemented through the Constituency Aids Control Committees (CACC);

vii. That, the proposed allocation of Kshs 20 million for the Reconstruction of drugs and rehabilitation center a Coast general hospital is a project being implemented by the NACADA and SAGA domiciled at the Ministry of Interior and Coordination of National Government and not Ministry of Health.

(b) Financial recommendations

Chairperson,

The Committee recommends that the additional allocation of Kshs 16 Billion towards the full rollout of UHC under the development budget be approved. **However, no funds should be spend/expended until the pilot phase is completed in December 2019 and a Comprehensive report of the Pilot phase is provided to the National Assembly**. This additional allocation should only be released after a clear roadmap is provided to ensure that the rollout succeeds for the benefit of the public.

Proposed reallocations

Chairperson,

The Committee recommends the following reallocations within the development vote:

Programme	Project	Details	Justification
Preventive and Promotive health	Establishment of the Cancer Centres	Reduce Kshs 50 Million under the development vote	The project will only be able to absorb Kshs 350 Million yet the project has an allocation of Kshs 400 Million
National referral and specialized services	Construction of kitchen and Wards at Mathare National Referral Hospital	Increase by Kshs 50 Million under the development vote	Enhanced allocation to this project which has an allocation of Kshs 65 Million which is inadequate

Proposed reductions

Chairperson,

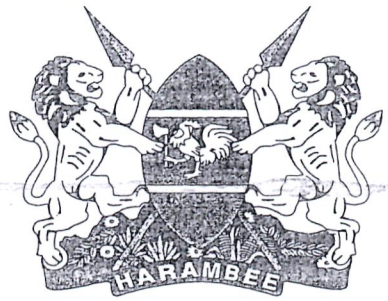
The Committee recommends the following reductions in the development vote:

Programme	Project	Details	Justification
Preventive and Promotive health	Construction of Kiyawara Hospital in Kieni	Reduce by Kshs 30 Million	This is a function which is in the purview of the county government in terms of functions to the two levels of government
	Reconstruction of drugs and rehabilitation centre at coast general hospital	Reduce by Kshs 20 Million	This project does not appear as one of the public hearings project. Further, this centre is under NACADA which is outside the Ministry of Health mandate.

Chairperson,

The Committee approves the budget adjustments to the Ministry of Health presented under the 2019/20 first supplementary budget estimates taking into consideration the above financial recommendations proposed by the Committee.

REPUBLIC OF KENYA



PARLIAMENT OF KENYA

NATIONAL ASSEMBLY- THIRD SESSION

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

REPORT ON THE FY 2019/20 SUPPLEMENTARY ESTIMATE I

NOVEMBER, 2019

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LIST OF ABBREVIATIONS AND ACRONYMS

BPS	-	Budget Policy Statement
CAJ	-	Commission on Administrative Justice
CFS	-	Consolidated Fund Services
DJ	-	Department of Justice
DPP	-	Directorate of Public Prosecutions
EACC	-	Ethics and Anti-corruption Commission
FY	-	Financial Year
IEBC	-	Independent Electoral and Boundary Commission
IFMIS	-	Integrated Financial Management System
JPIP	-	Judicial Performance Improvement Project
JSC	-	Judicial Service Commission
KNCHR	-	Kenya National Commission on Human Rights
OAG	-	Office of the Attorney General
RPP	-	Registrar of Political Parties
TNA	-	Training Needs Assessment
WPA	-	Witness Protection Agency

LIST OF ANNEXURES

Annexure 1:	Minutes of Committee sittings on the Supplementary Estimates I FY 2019/20 scrutiny
Annexure 2:	Submissions by the Agencies on the Supplementary Estimates I FY 2019/20
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CHAIRPERSON'S FOREWORD

The proposed Supplementary Estimates I for the 2019/2020 Financial Year were tabled in the House on Tuesday 12th November, 2019 pursuant to the provisions of Article 223 of the Constitution, Sections 43(2) and 44 of the Public Finance Management (PFM) Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of- insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund.

Standing Order 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees for scrutiny and report to the Budget and Appropriations Committee which reports to the House.

The Committee held a total of three (3) sittings scrutinizing the supplementary budget Estimates and considering and adopting its report. All agencies under the Committee's oversight appeared before the Committee on Monday 18th November, 2019 and made submissions concerning the proposed supplementary budget. The Committee considered and unanimously adopted its report on 21st November, 2019.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed 2019/2020 Supplementary Budget Estimates successful. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Justice and Legal Affairs, it is my pleasant privilege and duty to present to the Budget and Appropriations Committee a report of the Committee on the scrutiny of the Supplementary Estimate I of the FY 2019/20.

PART 1

1.0 PREFACE

1.1 Mandate of the Committee

1. The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides for the functions of Departmental Committees as follows-

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

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

(c) Study and review all legislation referred to it;

(d) Study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;

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

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

(g) Examine treaties, agreements and conventions;

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

(i) Consider reports of Commissions and Independent Offices submitted to the House pursuant to provisions of Article 254 of the Constitution; and

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

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

a. Constitutional affairs;
b. The administration of law and Justice
c. The Judiciary;
d. Public prosecutions;
e. Elections;
f. Ethics, integrity and anti-corruption; and
g. Human rights.

1.2 Committee Membership

3. The Committee was constituted on Thursday, 14th December, 2017 and comprises the following Honourable Members-

Hon. William Cheptumo, M.P. (**Chairperson**)
MP Baringo North Constituency
Jubilee Party

Hon. Alice Muthoni Wahome, M.P. (**Vice Chairperson**)
MP Kandara Constituency
Jubilee Party

Hon. John OlagoAluoch, M.P.
Kisumu West Constituency
FORD-Kenya

Hon. George Peter Kaluma, M.P.
Homa Bay Town Constituency
ODM-Party

Hon. Roselinda Soipan Tuya, M.P.
Narok County
Jubilee Party

Hon. Charles Gimose, M.P
Hamisi Constituency
FORD-Kenya

Hon. Johana Ng'eno, M.P.
Emurua Dikirr Constituency
KANU-Party

Hon. W. Kamoti Mwamkale, M.P.
Rabai Constituency
ODM-Party

Hon. Ben Orori Momanyi, M.P.
Borabu Constituency
WIPER-Party

Hon. Zuleikha Hassan, M.P.
Kwale County
ODM-Party

Hon. Jennifer Shamalla, M.P.
Nominated MP
Jubilee Party

Hon. Beatrice Adagala, M.P
Vihiga County
ANC-Party

Hon. Gladys Boss Shollei, CBS, M.P.
UasinGishu County
Jubilee-Party

Hon. John Munene Wambugu, M.P.
Kirinyaga Central
Jubilee –Party

Hon. George Gitonga Murugara, M.P.
Tharaka Constituency
Democratic-Party

Hon. Anthony Githiaka Kiai, M.P.
Mukurueni Constituency
Jubilee-Party

Hon. John KiarieWaweru, M.P.
Dagoretti South Constituency
Jubilee-Party

Hon. Japheth Mutai, M.P.
Bureti Constituency
Jubilee-Party

Hon. Adan Haji Yussuf, M.P.
Mandera West Constituency
Economic Freedom Party

1.3 Committee Secretariat

4. The Committee secretariat comprises the following staff-

Mr. Abenayo Wasike	-	Senior Clerk Assistant
Mr. Denis Abisai	-	Principal Legal Counsel I
Ms. Halima Hussein	-	Clerk Assistant II
Ms. Fiona Musili	-	Research Officer II
Mr. Omar Abdirahim	-	Fiscal Analyst III
Ms. Roselyne Ndegi	-	Serjeant-at-Arms I
Mr. Richard Sang	-	Assistant Serjeant-at-Arms
Mr. Joseph Okongo	-	Media Liaison Officer

5. Minutes of Committee sittings on scrutiny of the Supplementary Estimates I are attached to this report as annexure 1.

1.4 Overview of the Examination of the Estimates

6. The Committee held three (3) sittings in examining the estimates. The first sitting took place on 14th November, 2019 where the Committee discussed the estimates with the Parliamentary Budget Office before interacting with the State agencies.

7. The second sitting was held on 18th November, 2019 where the Committee met with the officials from the state agencies that include; the Judiciary and Judicial Service Commission, the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on

Human Rights (KNCHR) and the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Office of the Director of Public Prosecutions, the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), and Witness Protection Agency. The third sitting was held on 21st of November, 2019 where the Committee met and adopted its report.

1.5 Observations and Recommendations of the Committee

1.5.1 Judiciary

Committee's Observations

a) The total resource requirement for the Judiciary for the FY 2019/20 was Kshs. 23.3 Billion comprised of Kshs 16.992 Billion for recurrent expenditure and Kshs. 6.295 Billion for Development/Capital Expenditure. However, the Judiciary's approved allocation was Kshs. 18.5 Billion composed of Kshs 14.1 Billion for recurrent expenditure and Kshs 4.39 Billion for development expenditure leading to a shortfall of Kshs 4.8 Billion.

b) In the proposed supplementary budget, the Department's recurrent budget has been reduced by Kshs 1.5 billion while the development budget has also been reduced by Kshs 1.4 billion translating to an overall reduction Kshs 2.9 billion (11.1%).

c) The proposed reductions of Kshs 1.5 billion under the Judiciary's recurrent vote will severely affect the operations of the Judiciary. In particular, the following services will be affected; all Service weeks, Special Benches, Tribunal Sittings and Mobile courts will have to be suspended negating the objective of reducing case backlog, Judiciary's ability to provide official transport & fuel for Judges and Court Stations hence severely affecting attendance to courts, crime scenes and prison visits, and Maintenance of Key installations like Lifts, Generators, Security Scanners at Supreme Court and all court premises will be affected by the proposed reduction.

d) The Committee further observed that the Judiciary has registered remarkable improvement in case clearance rate from 93% in FY 2017/18 to 96% in FY 2018/19 and a significant reduction in case backlog (cases 5 years and above) of 77%. These achievements were attributed to targeted strategies and initiatives such as service weeks as well as improved operational efficiency. These gains are likely to be lost if proposed cuts are implemented.

e) The Committee also observed that the proposed austerity measures proposed by the National Treasury on the recurrent budget items cannot be applied uniformly across

departments particularly in the case of service oriented departments like the Judiciary whose budgets are largely recurrent.

f) The Proposed reduction under the development vote will affect the implementation of the Judiciary's capital projects funded under the exchequer for FY 2019/20. The approved budget for the projects for FY 2019/20 was Kshs 1.8 billion; however, the National Treasury is proposing to reduce the allocation by Kshs. 1.4 billion leaving a balance of 0.4 billion that will only cater for the outstanding pending certificates that the Judiciary is yet to settle. Hence the Judiciary will be forced to stall the ongoing projects in this financial year. Annex 2 gives details of the projects that will be affected by the supplementary budget.

g) The Committee observed that the Judiciary Fund Act and the Judiciary Fund Regulations have been enacted by the National Assembly to actualize the provisions of Article 173 of the Constitution so as to strengthen the financial independence of the Judiciary. However, the fund has not been operationalized to date despite the necessary legislations being in place.

Committee's Recommendations

a) The Committee recommends the reinstatement of the proposed reduction on the Judiciary's budget of Kshs 2.9 billion comprised of Kshs 1.5 billion for recurrent expenditure and Kshs 1.4 billion for development expenditure. The Committee's decision is informed by the devastating effects of the budgetary cuts on the Judiciary operations and its ability to improve its infrastructure across the country.

b) The justification for the reinstatement of the development budget of the Judiciary is informed by the fact that the proposed reduction of 1.4 billion by the National treasury will lead to a 77% decrease on the approved GoK development budget leaving a balance of 419 million which cannot even settle the pending certificates currently standing at Kshs 429 million.

c) The Judiciary's operations will also be curtailed by the proposed reduction of Kshs 1.5 billion on its recurrent budget since key services such as court proceedings will be affected due to limited supply of office stationery, witness expenses, maintenance of buildings and other assets, courts of appeal circuits, fuel as well as automation of court processes

d) The Committee recommends the operationalization of the Judiciary Fund account in accordance with Article 173(4) of the Constitution since the necessary legislations being

the Judiciary Fund Act and Judiciary Fund Regulations have been put in place in order to insulate the Judiciary against future budget cuts.

1.5.2 Judicial Service Commission

Committee's Observations

a) The total resource requirement for the Judicial Service Commission (JSC) for the FY 2019/20 was Kshs. 1,228 million comprised Kshs 628 Million for the Judicial Service Commission operations and Kshs. 600 Million for the Judicial Training Institute. However, the Commission's approved allocation was Kshs. 565 Million composed of Kshs 405.4 Million for the Judicial Service Commission and Kshs. 159.7 Million for the Judicial Training Institute leading to a shortfall of Kshs 663 Million.

b) In the proposed supplementary budget, the Commission's budget is proposed to be reduced by Kshs 136.6 million comprised of Kshs 99.8 million for Judicial Service Commission and Kshs 36.8 million for the Judicial Training Institute.

c) The Committee further observed that the budgetary cuts will negatively affect the Commission's ability to undertake Investigations, Complaints handling, Disciplinary Hearing and the fight against corruption, training programmes for the judges and magistrates on emerging issues in the administration of justice, facilitation of the new JSC Commissioners with vehicles, office space and furniture, Automation of JSC operations (E-recruitment Document management system, HRMS); and routine maintenance of vehicles and other transport equipment.

Committee's Recommendations

a) The Committee recommends the reinstatement of the proposed reduction of the Kshs 136.6 million to Judicial Service Commission budget in order for the Commission to achieve its planned activities and effectively deliver services to the people of Kenya.

1.5.3 Independent Electoral and Boundaries Commission

Committee's Observation

a) The Commission's approved allocation for FY 2019/20 was Kshs 4.76 billion for the recurrent vote and Kshs 43 million for the development vote against a resource requirement of Kshs 7.743 billion comprised of Kshs 6.387 billion for recurrent expenditure and Kshs 1.366 billion for development expenditure.

b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 4.775 billion. The Commission's recurrent budget has been revised upwards by Kshs 15 million to cater for the recent by-elections. There were also some reallocations that were undertaken within the vote to cater for the by-elections.

c) It is further noted that the Commission's development budget has completely been reviewed to nil. The budget was meant for the construction of warehouses in Wajir, Kakamega, Isiolo, Garissa and Machakos for storage of election materials.

d) The Committee also noted that the Commission has pending bills amounting to Kshs 4.3 billion comprised of Kshs 2.7 billion for contracted legal services and Kshs 1.7 billion for goods and services procured for the 2017 General Elections and Fresh Presidential Election. It is also noted that some of the suppliers have already gone to court and the Commission is at risk of its properties being attached if the litigants acquire court decrees.

e) The committee has also observed that pending bills amounting to Kshs 1.5 billion have been validated and processed. However, the commission lacks the funds to settle those pending bills.

f) The Committee has also observed that the committee has lost a total of forty nine (49) registration officers and deputy registration officers due to natural attrition and other factors and therefore the commission lacks adequate human resource capacity to undertake registration exercise. The commission is also facing a funding shortfall of Kshs 43.5 million for continuous voter registration exercise since its initial approved allocation has reallocated to cater for by-elections and verification of signatures for the filed petition to suspend Taita Taveta County Government.

g) The Committee has also observed that the Commission has an allocation of **Kshs 441 million** for the delimitation of electoral boundaries in the FY 2019/20. However, the Commission has not put in place the boundaries delimitation operation plan and is yet to receive the recently released national population census report to embark on the processes of delimiting the electoral boundaries and therefore the commission may not consume fully the allocations factored for the process.

Committee's Recommendations

Reductions

a) The Committee recommends a reduction of **Kshs 340 million** from the Programme of Delimitation of Electoral Boundaries specifically from the **Kshs 441.3 million** meant for the delimitation of electoral boundaries since the allocation may not be consumed fully in this financial year.

Increases

b) The Committee recommends the reallocation of **Kshs 100 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Management of Electoral Resources. The allocation is specifically for the recruitment of forty nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64 million) and **Kshs 42 million** for the continuous for voter registration at the constituency level.

c) The Committee further recommends an additional funding of Kshs 1.5 billion for the Commission for settling of the validated pending bills that have been processed by the Commission.

d) The Committee further recommends the National Treasury in conjunction with the Commission to come up with a payment plan for the remaining pending bills since if not settled the quantum will not only increase but the operations of the Commission will be constrained since the suppliers are likely to withdraw their services and supply of goods that are meant to support conducting of by-elections and other functions of the commission.

1.5.4 Office of the Attorney General and Department of Justice

Committee's Observation

a) The Committee observed that resource requirement for the office for the FY 2019/20 stood at Kshs 12.9 billion composed of Kshs 7.7 billion for recurrent expenditure and Kshs 5.2 billion for development expenditure. However the office approved allocation was Kshs 5.3 billion comprised of Kshs 5.1 billion for recurrent expenditure and Kshs 0.2 billion for development expenditure leading to a shortfall of Kshs 7.6 billion.

b) In the proposed Supplementary 1 budget, the Department's recurrent budget has been decreased by Kshs 0.386 billion representing 7.6% decline on the Department's recurrent budget. Likewise its development budget has also been adjusted downwards by Kshs 0.1 billion translating to a 43.5% decrease. In overall terms, the net effect is a decrease of Kshs 0.486 billion representing a percentage change of 8.9%.

c) The Committee further observed that the proposed budget cuts will affect the following services; the country's ability to present and defend the country's human rights record under the 3rd cycle universal periodic review process before the UN Human Rights Council and the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment before the Committee against Torture which would have gone a long way to aid the country's effort to secure the UN Security Council seat.

d) The Committee also observed that the proposed budget cuts will affect the Department's capacity to assist in drafting of legislation for the 'Big Four' initiatives, Purchase of 7 utility vehicles for the regional offices to support transportation of Counsel to attend court cases on behalf of the Government in the Regions, vet procurement contracts for the MDA's, Training of State Counsel on specialized emerging areas of law such as Oil and Gas Law, Joint Development Projects, Blue Economy, Nuclear Law, Maritime Law, and Deep Sea Mining, and Review of Public Trustee Rules.

e) The Committee has also observed that the Asset Recovery Agency has made tremendous progress in the recovery of proceeds of crime and assets. In this regard, the Agency has recovered assets worth Kshs 3.4 billion and cash amounting to Kshs 287 million.

f) The Committee has also noted that the Agency is in the processing of setting up a Criminal Assets Recovery Fund whose source of revenue will be proceeds recovered from crime. The Regulations guiding the use of the Fund is currently being developed.

Committee's Recommendations

e) The Committee recommends the reallocation of **Kshs 100.3 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme Legal Services. The allocation is specifically meant for the following selected budget heads that are crucial in the delivery of the office mandate; Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million.

1.5.5 Ethics and Anti-Corruption Commission

Committee's Observation

a) The total resource requirement for the Commission for the FY 2019/20 amounts to Kshs. 4.7 billion composed of Kshs 4.4 Billion for recurrent expenditure and Kshs. 0.3 billion for Development/Capital Expenditure. However, the Commission's approved budget is Kshs. 2.966 billion composed of Kshs 2.941 billion for recurrent expenditure and Kshs 25 million for development expenditure leading to a shortfall of Kshs 1.734 billion.

b) In the proposed Supplementary I budget, the Commission's budget has been revised to Kshs 2.976 billion. The Commission's recurrent budget has not been revised but its development budget has been increased slightly by Kshs 10.0 million to cater for the EACC Automation processes.

c) The Committee has also observed that the Commission is also experiencing serious staffing shortages and other challenges requiring extra funding by the government. In

particular, the Committee noted that the Commission is facing a funding shortfall of Kshs 200 million for undertaking targeted investigation, asset tracking and recovery. The Commission also requires an additional funding of Kshs 388 million for recruitment of additional staff whose approval was granted after the finalization of the 2019/20 financial budget process.

Committee's Recommendations

a) Notwithstanding the highlighted human resource and financial constrain faced by the Commission, the Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Commission as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019 given the limited resources at the disposal of the government.

1.5.6 Kenya National Commission on Human Rights

Committee's Observations

a) The Commission has been allocated Kshs. 384.3 Million in the FY 2019/20 against a resource requirement of Kshs. 600 million by the National Treasury. This leaves a resource gap of Kshs. 215.7 Million.

b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 360.5 million. The proposed reduction of Kshs 23.8 million will affect the following budget items; Internet Connections for regional offices such as Nairobi, Kitale, Kisumu, Wajir, Nyahururu and Mombasa offices, Hospitality Supplies and Services, Contracted Guards and Cleaning Services, Maintenance Expenses and staff training budget.

c) The Committee further noted that at the beginning of FY 2019/2020 the Commission had Pending Bills worth KSh17.6 million which effectively reduces the Commission's budget further to Kshs 342.9 million. It was further noted that the Pending bills were not as a result of over expenditure or Commission's inefficiency in requesting for exchequer or late payment processing, but was due to the National Treasury not releasing the last exchequer request that was submitted to them.

Committee's Recommendations

f) The Committee therefore recommends the reallocation of **Kshs 23.8 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Promotion and Protection of Human Right. The reductions proposed under the Supplementary budget of Kshs 23.8 million will

affect the Commission's ability to deliver on its mandate since it is already operating on a lean budget.

1.5.7 Office of the Director of Public Prosecution

Committee's Observations

a) The Office resource requirement for FY 2019/20 is Kshs 4.9 billion composed of Kshs 4.8 billion for recurrent expenditure and Kshs 142 million for development expenditure. However, the ODPP's approved allocation is Kshs. 3.0 billion composed of Kshs 2.9 billion for recurrent expenditure and Kshs 107 million for development expenditure hence a resource short fall of Kshs 1.921 billion.

b) The Committee further observed that in the proposed supplementary budget the office was allocated an additional Kshs 150 million to cater for the settling of pending bills occasioned by acquisition of additional vehicles for its field offices to facilitate the attendance of prosecutors in various courts.

Committee's Recommendations

a) The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Office of the Director of Public Prosecution as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.

1.5.8 Commission for Administrative Justice

Committee's Observation

a) The Committee noted that the Commission allocation under the FY 2019/20 is Kshs 565 million against a resource requirement of Kshs 818 million leading to a shortfall of Kshs 253 million.

b) The Committee also observed that the Commission's budget has been revised to Kshs 520.3 million. The reduction of Kshs 44.7 million will negatively impact on some of the key planned activities in the 2019/20 FY as follows: - Outreach services will be hampered by the proposed reduction on purchase of motor vehicles; Public education and awareness on access to information and administrative justice; Decentralization of the Ombudsman services to the counties, where the Commission had targeted to establish two branch offices.

c) The Commission had projected to purchase two motor vehicles in the current financial year and had notably been allocated Kshs. 16.5 million for the same. However, this amount has been reduced by 50 percent to Kshs. 8.2 million which is inadequate.

d) The Committee observed that Commission on Administrative Justice is facing difficulties in accessing information from government agencies negating the gains made under the Access to Information Act (No.31 of 2016).

Committee's Recommendations

e) The Committee recommends the reallocation of **Kshs 44.7 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of promotion of Administrative Justice. The funds will allow the Agency to undertake outreach services at the county level, Public education and awareness on access to information and administrative justice; and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia.

1.5.9 Witness Protection Agency

Committee's Observations

a) In the FY 2019/20, the approved budget for the Agency's was **Kshs 481.6 million** against a resource requirement of **Kshs 713.2 million** leading a funding shortfall of Kshs 231.6 million.

b) The Committee has observed that in the proposed supplementary budget, the Agency's budget has been revised to **Kshs 458.7 million** reducing the budget by **Kshs 22.9 million**. The sub items affected include- communication, domestic and foreign travel, printing, training, hospitality, office supplies, specialized materials, fuel & lubricants, purchase of office furniture and equipment and maintenance of motor vehicles and other assets.

c) The Committee also observed that the Agency has for the last four (4) months (July 2019 to October 2019) experienced tremendous growth in the number of witness admitted into the Witness Protection Programme (WPP). This growth is attributed to the concerted efforts by the law enforcement agencies (mainly the Offices of the DPP, DCI and EACC) to entrench the rule of law and the fight against corruption. The increase in witnesses has constrained the resources and capacity of the Agency in supporting the law enforcement agencies.

d) The Committee acknowledges the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses. Indeed, the Committee noted the significant role the Agency has played in the prosecution of complex corruption and terrorism related cases.

Committee's Recommendations

g) The Committee recommends a reallocation of **Kshs 22.9 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of witness protection. The budget is critical for actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. Indeed, the other Agencies in the criminal justice system have all acknowledged the crucial role played by the agency. The allocations will be sourced from the reductions effected on the allocations for the delimitation of boundaries process under the budget for Independent Electoral and Boundaries Commission.

1.5.10 Office of Registrar of Political Parties

Committee's Observations

a) The Office had requested Kshs. 4.9 billion out of which Kshs. 4.1 billion was for the Political Parties Fund and the balance of Kshs. 801.3 million was to cater for ORPP's operations. The Kshs. 4.1 billion is 0.3% of the projected national revenue for FY 2019/20.

b) However, in FY 2019/20, the office was allocated **Kshs 427.5 million** for office operations leading to a shortfall of Kshs 373.8 million.

c) The Office has also been allocated Kshs. 871.2 million for the Political Parties Fund leading to a shortfall of Kshs 3.2 billion. It is important to note that the allocation for the Political Parties Fund was increased from Kshs 371.2 million in FY 2018/19.

d) Further the Committee has observed that in the proposed supplementary budget, the Office's allocation has been revised to Kshs 1.22 billion. This has resulted in a budget cut of **Kshs 74.9 million.** The proposed budget cut through the supplementary budget estimates No. I will affect the implementation of Registration and Regulation of Political Parties and Political Parties Liaison Committee.

e) The proposed budget cut will adversely affect the implementation of programmes/activities under the sub-programme of registration and regulation of political parties. The budget under this sub-programme is proposed to be reduced from the approved budget of **Kshs. 402.9** million to **Kshs. 340.4 million.** This has resulted to a budget cut of **Kshs. 62.6 million.**

f) The budget cut will also adversely affect the implementation programmes/activities under the sub-programme on the administration of the Political Parties' Liaison Committee. The sub-programme on Political Parties' Liaison Committee budget is proposed to be reduced from the approved budget of **Kshs. 24.6 million** to **Kshs. 12.3 million**. This will result to a budget cut of Kshs. **12.3 million.**

Committee's Recommendations

a) The Committee recommends the reallocation of **Kshs 42.3 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Registration, Regulation and Funding of Political. The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at **Kshs 10 million,** facilitate the convening of the Political Parties Liaison Committee meetings – **Kshs 12.3 million** and Kshs 20 million for domestic travel to enable the office undertake field activities.

1.6 Acknowledgements

8. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2019/2020 Budget Estimates.

9. Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this report.

10. It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the FY 2019/2020 Budget Estimate I.

Signed.....**Date** 21/11/2019

HON. WILLIAM CHEPTUMO, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

PART 2

2.0 INTRODUCTION

11. The Supplementary Estimates I FY 2019/20 were tabled in the House on Tuesday, 12th November, 2019 pursuant to Article 223 of the Constitution, section 44 of the Public Finance Management Act, 2012, section 40 of the Public Finance Management Regulations, 2015 and Standing Orders 243 of the National Assembly.

12. The second schedule of the Standing Orders for the National Assembly mandates the Departmental Committee on Justice and Legal affairs to consider matters relating to -
    (a) Constitutional affairs;
    (b) The administration of law and Justice
    (c) The Judiciary;
    (d) Public prosecutions;
    (e) Elections;
    (f) Ethics, integrity and anti-corruption; and
    (g) Human rights.

13. It is from this perspective that this Committee is now mandated to scrutinize the Supplementary Estimates I for the following agencies-
    (i) Judiciary
    (ii) Judicial Service Commission (JSC)
    (iii) Office of the Attorney General and the Department of Justice (OAG&DJ)
    (iv) Ethics and Anti-corruption Commission (EACC)
    (v) Directorate of Public Prosecutions (DPP)
    (vi) Registrar of Political Parties (RPP)
    (vii) Witness Protection Agency (WPA)
    (viii) Kenya National Commission on Human Rights (KNCHR)
    (ix) Independent Electoral and Boundaries Commission (IEBC)
    (x) Commission on Administrative Justice (CAJ)

2.1 THE LEGAL FRAMEWORK FOR THE SUPPLEMENTARY BUDGET

14. The legal framework is articulated in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Part 40 of the PFM National Government Regulations. The Constitution provides room for the Agencies to spend monies that have not been appropriated under the Appropriation Act on account of- insufficiency of amounts initially provided; when a need has arisen for expenditure to which no amounts have been allocated; or for withdrawals from the Contingencies Fund.

15. The PFM Act and its Regulations provide for the details and format of the Supplementary Budget. The PFM Act ensures that the Supplementary Budget should include a statement showing how additional expenditures relate to the fiscal responsibility principles and financial objectives of the government. It also limits any reallocation made to or from a programme to a maximum of 10% of the total expenditure approved for the programme in that financial year.

2.2 BUDGET PERFORMANCE REVIEW FOR THE 1ST QUARTER AND THE PROPOSED SUPPLEMENTARY ESTIMATES I FOR FY 2019/20

2.2.1 Judiciary

a) Overview of 2019/20 Budget for the MDA

16. The budgetary allocation to the Judiciary in the FY 2019/20 is **Kshs. 18.5 billion** comprised of **Kshs. 14.1 billion** for recurrent expenditure and **Kshs 4.4 billion** for development expenditure. The recurrent expenditure has increased slightly by 9.5% from an allocation of Kshs. **12.9 billion** in 2018/19. The increase was largely due to enhanced allocation for the following items; acquisition of motor vehicles – **Kshs 317 million,** domestic loans to individuals and households – **Kshs 550.4 million,** and insurance costs – **Kshs 180 million.**

Table 1: Department's Approved Allocations for FY 2019/20 Kshs Millions

Vote	Items	Net	AIA	Total
Judiciary	Recurrent	14,466.6	-	14,466.6
	Development	2,890.4	1500.0	4,390.4
	Total	**17,357.0**	**1,500.0**	**18,857.0**

Source: Supplementary Budget Estimate, National Treasury

17. Under the development vote, the department's budget was increased significantly by 60.7% from an allocation of **Kshs. 2.73 billion** in 2018/19. There is enhanced allocation for the projects funded through the exchequer from an allocation of Kshs 50 million in FY 2018/19 to **Kshs 1.8 billion** in FY 2019/20. In addition the allocation for the World Bank it was also increased from **Kshs 1.5 billion** in FY 2018/19 to **Kshs 2.6 billion** in FY 2019/20. The significant allocation for development expenditure under the Department was meant to fast track the completion of the Judiciary ongoing projects as highlighted below.

I. Ongoing Projects - Constructions and Rehabilitations

18. Presently, there are forty-five (45) projects that are ongoing out of which seventeen (17) projects are funded under the World Bank loan while the remaining twenty-eight (28) projects are funded under the exchequer. In the FY 2019/20, the Judiciary has been allocated

Kshs 2.995 billion for the Judicial Performance Improvement Projects (JPIP) projects and Kshs 1.8 billion for the G.O.K funded projects.

19. The JPIP projects total estimated cost is Kshs 5.9 billion. The actual cumulative expenditure for the projects as at 31st December, 2018 stood at Kshs 2.7 billion bringing the total outstanding project cost to Kshs 3.3 billion as at 31st December, 2018. However, the project was allocated Kshs 2.6 billion in FY 2019/20 therefore reducing outstanding cost of the project substantially.

Table 2: Judicial Performance Improvements Projects – Kshs millions

No.	Key Projects	Total Cost	Actual Expenditure as at 31st December, 2018	Outstanding Balance as at 31st December, 2018	Allocation 2019/20
1.	Mombasa Law Courts	445.2	99.6	345.6	190.6
2.	Makueni Law Courts	410.1	60.0	350.1	176.4
3.	Kapenguria Law Courts	400.8	43.3	357.5	238.4
4.	Ol-Kalau Law Courts	399.3	27.6	371.7	196.9
5.	Kajiado Law Courts	398.4	250	148.4	191.0
6.	Others	3,815.1	1,256.7	2,808.5	1,601.7
	Total	5,868.9	1,737.5	4,381.8	2,595

Source: Budget estimates 2019/20, National Treasury

20. The cost of the G.O.K funded projects is estimated to be Kshs 3.9 billion. The actual cumulative expenditure for the projects as at 31st December, 2018 stood at Kshs 1.2 billion bringing the total outstanding project cost to Kshs 2.7 billion as at 31st December, 2018. However, the project was allocated Kshs 1.8 billion in FY 2019/20. The average completion rate for the projects stands at 66%. Once completed, these courts are expected to provide adequate infrastructure that will improve physical access to courts and reduce the distance travelled in search of justice.

Table 3: Judiciary's G.O.K funded Projects – Kshs millions

No.	Key Projects	Total Cost	Actual Expenditure	Outstanding Balance	Allocation 2019/20
1.	Marsabit Law Courts	370.2	30.1	340.1	85.0
2.	Homabay Law Courts	367.3	26.3	341.0	97.8
3.	Kabarnet Law Courts	366.8	21.2	345.6	52.2
4.	Mbita Law Courts	148.3	45.2	103.1	66.3
5.	Habasweini Law Courts	143.2	10.0	133.2	44.2

No.	Key Projects	Total Cost	Actual Expenditure	Outstanding Balance	Allocation 2019/20
6.	ICT Hardware and Infrastructure Development	2,500.0	-	-	400.0
7.	Others	2,728.1	1,105.8	1,627.4	700.6
	Total	**6,623.9**	**1,238.6**	**2890.4**	**1,446.1**

Source: Budget estimates 2019/20, National Treasury

21. The fourth pillar of the Judiciary Transformation Framework (JTF) (2012-2016) identified ICT as a key result area that would facilitate speedier trials and enhance administrative efficiency. The Judiciary Digital Strategy covers five broad areas. These are Judicial Operations Support Systems, Court Management Systems, Enterprise Resource Planning, Document and Archive Management, and ICT Infrastructure. The programmes aim to automate all functions of the institution by 2021.

22. The total estimated cost of the project is Kshs 2.5 billion. In FY 2018/19, the project was allocated Kshs 1.2 billion while an additional Kshs 400 million was allocated in FY 2019/20. The Judiciary plans to install five (5) High Courts stations with automated e-filing and proceedings system and thirty (30) courts with automated e-filling system.

II. New Projects - Constructions and Refurbishments

23. In the FY 2019/20, the Judiciary plans to initiate the construction of a Court of Appeal Complex in Nairobi and three (3) new High Court buildings in Kisii, Eldoret and Meru counties. The estimated cost of the Court of Appeal Complex is Kshs 1.6 billion while the High Court buildings will each cost **Kshs 650 million.** In the FY 2019/20, the approved budget for the construction of the Court of Appeal Complex is **Kshs 100 million** while the allocation for the construction of the High Court building is **Kshs 120 million.**

Table 4: New Projects - Constructions and Refurbishments – Kshs millions

No.	Key Projects	Total Cost	Actual Expenditure	Outstanding Balance	Allocation 2019/20
1.	Court of Appeal Complex	1,600.0	-	-	100.0
2.	Kisii Law Courts	650.0	-	-	40.0
3.	Eldoret Law Courts	650.0	-	-	40.0
4.	Meru Law Courts	650.0	-	-	40.0
5.	Removal of Asbetos Roofs	29.4	-		29.4
6.	Construction of Toilets	24.0	-	-	24.0
7.	Other Refurbishment	234.0	-	-	234.0

No.	Key Projects	Total Cost	Actual Expenditure	Outstanding Balance	Allocation 2019/20
	Works				
	Total	3,837.4	-	-	507.4

Source: Budget estimates 2019/20, National Treasury

24. In addition, the Judiciary is also undertaking a number of refurbishments works including construction of court rooms, public waiting sheds, cells, masonry perimeter walling, removal of asbestos roofs, construction of toilets, and office partitioning works among others. The estimated cost of the refurbishment works is **Kshs 287.4 million** composed of **Kshs 29.4 million** for removal of asbestos roofs, **Kshs 24 million** for construction of toilets and **Kshs 234 million** for other refurbishment works in various courts across the country. In the FY 2019/20, the Judiciary was allocated **Kshs 129.4 million** for the refurbishment works.

25. It is also important to note that the Committee made a number of resolutions during the approval of the budget for FY 2019/20. Key amongst them was the need by Judiciary to not commence any new projects before completion of the ongoing projects. The Judiciary was also urged to come up with building designs that take into consideration the unique needs of every region so as to align the courts being constructed to the traffic in the court as well as the needs of the court stakeholders.

26. In addition, the Judiciary was also urged to, in future, rationalize project coverage across the country when undertaking new court constructions over the medium term giving particular emphasis to areas that are in far flung areas and to leverage on mobile courts in the interim period.

b) Budget Performance for the First quarter 2019/20 Fiscal Year

27. The Department's exchequer release as at 30th September, 2019 stood at Kshs 3.4 billion representing 18% of the approved budget. The released funds comprised of Kshs 3.1 billion the Department's recurrent expenditure and Kshs 0.3 billion for development expenditure.

28. The Department's cumulative expenditure as at 30th September, 2019 was Kshs 2.62 billion comprised of Kshs 2.5 billion for recurrent expenditure and Kshs 0.12 billion for development expenditure. The table 2 below shows the 1st quarter budget implementation for FY 2019/20.

Table 5: 1st Quarter Budget Implementation FY 2019/20 – Kshs Billions

Vote	Items	Approved Estimate	Exchequer Issues	Actual Expenditure	Absorption Rate
Judiciary	Recurrent	14.5	3.1	2.5	17.2%

Vote	Items	Approved Estimate	Exchequer Issues	Actual Expenditure	Absorption Rate
	Dev't	4.4	0.3	0.12	2.7%
	Total	**18.9**	**3.4**	**2.62**	**18%**

Source: Printed Supp. Estimates, National Treasury

c) Review of the Supplementary Estimates I for FY 2019/20

29. In the proposed supplementary budget, the department's recurrent budget has been reduced by Kshs 1.5 billion while the development budget has also been reduced by Kshs 1.4 billion translating to an overall reduction Kshs 2.9 billion (11.1%). The reduction has been occasioned by government austerity measures and budget rationalizations across all departments.

Table 6: Proposed Supplementary Estimate FY 2019/20 – Kshs billions

Vote	Items	FY 2018/19	Proposed Adjustments	Revised Budget
Judiciary	Recurrent	14.5	(1.5)	13.0
	Development	4.4	(1.4)	3.0
	Total	**18.9**	**(2.9)**	**16.0**

Source: Printed Supp. Estimates, National Treasury

I. Impact on Recurrent Expenditure

30. The proposed reductions of Kshs 1.5 billion under the Judiciary's recurrent vote will severely affect the operations of the Judiciary. In particular, the following services will be affected; all Service weeks, Special Benches, Tribunal Sittings and Mobile courts will have to be suspended negating the objective of reducing case backlog, Judiciary's ability to provide official transport & fuel for Judges and Court Stations hence severely affecting attendance to courts, crime scenes and prison visits, and Maintenance of Key installations like Lifts, Generators, Security Scanners at Supreme Court and all court premises will be affected by the proposed reduction.

31. The table below highlights the proposed amendments in the Supplementary Budget under the Department's recurrent budget.

	Printed Estimate FY 2019/20	supplementary Amendments	Balance
	Kshs.	Kshs.	Kshs.
2210100 Utilities, Supplies and Services	130,959,232	-	130,959,232
2210200 Communication, Supplies and Services	225,593,836	112,796,918	112,796,918
2210300 Domestic Travel and Subsistence, and Other Transportation Cost	869,260,736	434,630,368	434,630,368
2210400 Foreign Travel and Subsistence, and other transportation costs	112,568,348	56,284,174	56,284,174
2210500 Printing , Advertising and Information Supplies and Services	79,025,160	39,512,580	39,512,580
2210600 Rentals of Produced Assets	96,517,688	-	96,517,688
2210700 Training Expenses	148,606,876	74,303,438	74,303,438
2210800 Hospitality Supplies and Services	429,037,652	214,518,826	214,518,826
2210900 Insurance Costs	1,240,505,776	-	1,240,505,776
2211000 Specialised Materials and Supplies	42,988,524	21,494,262	21,494,262
2211100 Office and General Supplies and Services	244,108,276	122,054,138	122,054,138
2211200 Fuel Oil and Lubricants	168,623,744	84,311,872	84,311,872
2211300 Other Operating Expenses	496,588,468	73,294,235	73,294,235
2220100 Routine Maintenance - Vehicles and Other Transport Equipment	188,486,052	94,243,026	94,243,026
2220200 Routine Maintenance - Other Assets	104,806,440	52,403,220	52,403,220
2710100 Government Pension and Retirement Benefits	619,156,168	-	619,156,168
3111400 Research, Feasibility Studies, Project Preparation and Design, Pr	20,000,000	10,000,000	10,000,000
3110700 Purchase of Vehicles and Other Transport Equipment	1,276,500,000	-	1,276,500,000
3111000 Purchase of Office Furniture and General Equipment	183,719,360	91,859,680	91,859,680
3111100 Purchase of Specialised Plant, Equipment and Machinery	23,800,668	11,900,334	11,900,334
4110400 Domestic Loans to Individuals and Households	550,397,000	-	550,397,000
2630101 Current Grants to Government Agencies and other Levels of Gov	-	-	-
TOTAL	7,251,250,004	1,493,607,071	5,407,642,935

Source: Printed Supp. Estimates, National Treasury

II. Impact on Development Expenditure

32. The Proposed reduction under the development vote will affect the implementation of the Judiciary's capital projects funded under the exchequer for FY 2019/20. The approved budget for the projects for FY 2019/20 was Kshs 1.8 billion; however, the National Treasury is proposing to reduce the allocation by Kshs. 1.4 billion leaving a balance of 0.4 billion that will only cater for the outstanding pending certificates that the Judiciary is yet to settle. Hence the Judiciary will be forced to stall the ongoing projects in this financial year. Annex 2 gives details of the projects that will be affected by the supplementary budget.

2.2.2 State Law Office and the Department of Justice

a) Overview of 2019/20 Budget for the MDA

33. The approved allocation for the Office in FY 2019/20 was **Kshs. 5.3 billion** comprised of **Kshs. 5.1 billion** for recurrent expenditure and **Kshs 0.2 billion** for development expenditure. The allocation is an increase of 13.2% from **Ksh 4.7 Billion** allocated in the financial year 2018/19. The development budget has decreased from **Kshs 614 million** to

Kshs 230 million; however, the recurrent budget has significantly increased from **Kshs 4.1 billion** to **Kshs 5.1 billion.**

34. The reduction in the development budget is as a result of the completion of development projects such as the refurbishment of Sheria House and Company's Registry while the increase in the recurrent budget was on account of enhanced allocation for the Civil Ligation Department as well as the International Law Division.

Table 7: Department's Approved Allocations for FY 2019/20 - Kshs Billions

	Items	FY 2019/20 Printed Estimate	AIA	Net Estimate
State Law Office and Department of Justice	**Recurrent**	5.1	0.445	4.66
	Development	0.23	0.004	0.226
	Total	**5.33**	**0.449**	**4.886**

Source: FY 2019/20 Printed Estimate, National Treasury

b) Budget Performance for the First quarter 2019/20 Fiscal Year

35. The Department's exchequer release as at 30th September, 2019 stood at Kshs 0.704 billion representing 13.2% of the approved budget. The released funds were solely for the Department's recurrent expenditure representing 13.3% of the approved recurrent budget while there were no funds released for development expenditure as at the end of the quarter. The Department's cumulative expenditure as at 30th September, 2019 was Kshs 0.676 billion which was solely spent on the department's recurrent expenses. Table 2 below shows the 1st quarter budget implementation for FY 2019/20.

Table 8: 1st Quarter Budget Implementation FY 2019/20 – Kshs Billions

Vote	Items	Approved Estimate	Exchequer Issues	Actual Expenditure	Absorption Rate
State Law Office and Department of Justice	Recurrent	5.1	0.704	0.676	13.3%
	Dev't	0.23	-	-	-
	Total	5.33	0.704	0.676	12.7%

Source: Printed Supp. Estimates, National Treasury

c) Proposed Supplementary Estimates I: Key Changes to programmes and Projects

36. In the proposed Supplementary 1 Budget, the Department's recurrent budget has been decreased by Kshs 0.386 billion representing a 7.6% decline on the Department's budget.

The development budget has been adjusted downwards by Kshs 0.1 billion translating to a 43.5%. In overall terms, the net effect is a decrease of Kshs 0.486 billion representing a percentage change of 8.9%.

Table 9: 1st Supplementary Estimates FY 2019/20 – Kshs Billions

Vote	Items	Approved Estimate			Adjustments			Revised Estimate			
		Net	AIA	Total	Net	AIA	Total	Net	AIA	Total	% change
State Law Office and Department of Justice	Recurrent	5.1	0.46	5.1	(0.40)	-	(0.40)	4.3	0.45	4.72	7.6%
	Dev't	0.226	0.004	0.23	(0.10)	-	(0.10)	0.13	0.004	0.13	43.5%
	Total	**5.3**	**0.46**	**5.33**	**(0.50)**	-	**(0.50)**	**4.43**	**0.45**	**4.85**	**8.9%**

Source: Printed Supp. Estimates, National Treasury

37. The Supplementary Estimate was necessitated by the Government's resolve to rationalize its budget in the face of consistent shortfall in revenue over the years. It was also occasioned by the need to realign and enhance the provision for the Programmes and Projects under the "Big Four" Plan as well as the need to institute policy measures against wastage.

38. The Supplementary Budget will affect the Department's budgetary provision on the operation and maintenance items. The items to be affected will include the following; domestic travel, foreign travel, printing, advertising and information supplies, training, Hospitality, office and general supplies, purchase of motor vehicles and equipment's, and purchase of furniture.

39. Under the development budget, the approved allocation of Kshs 170.5 million for the Ultra-Modern Library and Moot Court at the Kenya School of Law is proposed to be reduced by Kshs 100 million.

2.2.3 Independent Offices and Commissions

a) Overview of 2019/20 Budget for the MDA

40. The approved allocations to the Agencies under the sector for FY 2019/20 was Kshs 11,141.7 million comprised of Kshs 10,991.2 million (98.7%) for recurrent expenditure and Kshs 150.5 million (1.4%) for development expenditure. The significant expenditures on recurrent activities is due to the Agencies being service oriented in nature.

Table 10: Departments' Approved Allocations for FY 2019/20 Kshs Millions

No.	Agency	Gross Estimate	Recurrent	Development
1.	Independent Electoral and Boundaries Commission	4,803.4	4,760.4	43
2.	Office of the Registrar of Political Parties	1,298.7	1,298.7	-
3.	Office of the Director of Public Prosecutions	3,043.7	2,936.2	107.5
4.	Kenya National Commission on Human Right	384.3	384.3	-
5.	Witness Protection Agency	481.6	481.6	-
6.	Commission on Administrative Justice	565.0	565.0	-
7.	Judicial Service Commission	565.0	565.0	-
	Total	**11,141.7**	**10,991.2**	**150.5**

Source: Printed Supp. Estimates, National Treasury

b) Budget Performance for the First quarter 2019/20 Fiscal Year

41. The exchequer released to the Agencies as at 30th September, 2019 stood at Kshs **1,767.4 million** representing 15.9% of the approved budget. The released funds were solely for the Agencies' recurrent expenditure representing 16% of the approved recurrent budget while there were no funds released for development expenditure as at the end of the 1st quarter. The Agencies' cumulative expenditure as at 30th September, 2019 was **Kshs 1,824.7 million** which was solely spent on the Agencies' recurrent expenses. The table 2 below shows the 1st quarter budget implementation for FY 2019/20.

Table11: 1st Quarter Budget Implementation FY 2019/20 – Kshs Millions

No.	Agency	Printed Estimate	Exchequer Issues	Actual Expenditure	Absorption Rate
1.	Independent Electoral and Boundaries Commission	4,803.4	692.5	940.2	19.6%
2.	Office of the Registrar of Political Parties	1,298.7	272.3	304.2	23.4%
3.	Office of the Director of Public Prosecutions	3,043.7	350.9	193.0	6.3%
4.	Kenya National Commission on Human Right	384.3	95.7	70.5	18.3%
5.	Witness Protection Agency	481.6	127.5	127.5	26.5%
6.	Commission on Administrative Justice	565.0	109.1	117.9	20.9%

No.	Agency	Printed Estimate	Exchequer Issues	Actual Expenditure	Absorption Rate
7.	Judicial Service Commission	565.0	119.4	71.4	12.6%
	Total	**11,141.7**	**1,767.4**	**1,824.7**	**16.4%**

Source: Printed Supp. Estimates, National Treasury

c) **Review of the Proposed Supplementary Estimates I FY 2019/20**

42. In the proposed Supplementary Budget, the Agencies' budget has been decreased by Kshs 584.6 million representing 5.2%. The Independent Electoral and Boundaries Commission recorded the lowest budget cut at 1.2% of its approved budget while the Judicial Service Commission recorded the highest at 24.2%. It is further noted that the Independent Electoral and Boundaries Commission's development budget that is being proposed to be completely removed was meant for construction of warehouses in Wajir, Kakamega, Isiolo, Garissa and Machakos.

Table 12: 1st Supplementary Estimates FY 2019/20 – Kshs Millions

No.	Agency		Printed Estimate	Adjustments	Revised Estimate	% change
1.	Independent Electoral and Boundaries Commission	Recurrent	4,760.4	15	4,775.4	0.3%
		Dev't	43.0	(43)	0.0	100%
		Total	**4,803.4**	**(28)**	**4,745.4**	**1.2%**
2.	Office of the Registrar of Political Parties	Recurrent	1,298.7	(74.9)	1,223.9	5.8%
3.	Office of the Director of Public Prosecutions	Recurrent	2936.2	150	3086.2	5.1%
		Dev't	107.5	-	107.5	-
		Total	**3,043.7**	**150**	**3,193.7**	**4.9%**
4.	Ethics and Anti-Corruption Commission	Recurrent	2,941.6	-	2,941.6	-
		Dev't	25.0	10	35.0	40%
		Total	**2,966.6**	**10.0**	**2,976.6**	**0.3%**
5.	Kenya National Commission on Human Right	Recurrent	384.3	(23.8)	360.5	6.2%
6.	Witness Protection Agency	Recurrent	481.6	(22.9)	458.7	4.8%
7.	Commission on Administrative Justice	Recurrent	565.0	(44.7)	520.3	7.9%
8.	Judicial Service Commission	Recurrent	565.1	(136.6)	428.5	24.2%
	Total		**11,141.7**	**(419.6)**	**10,722.1**	**3.8%**

Source: Printed Supp. Estimates, National Treasury

PART 3

3.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

3.1 Observations and Recommendations of the Committee

3.1.1 Judiciary

Committee's Observations

a) The total resource requirement for the Judiciary for the FY 2019/20 was Kshs. 23.3 Billion comprised of Kshs 16.992 Billion for recurrent expenditure and Kshs. 6.295 Billion for Development/Capital Expenditure. However, the Judiciary's approved allocation was Kshs. 18.5 Billion composed of Kshs 14.1 Billion for recurrent expenditure and Kshs 4.39 Billion for development expenditure leading to a shortfall of Kshs 4.8 Billion.

b) In the proposed supplementary budget, the Department's recurrent budget has been reduced by Kshs 1.5 billion while the development budget has also been reduced by Kshs 1.4 billion translating to an overall reduction Kshs 2.9 billion (11.1%).

c) The proposed reductions of Kshs 1.5 billion under the Judiciary's recurrent vote will severely affect the operations of the Judiciary. In particular, the following services will be affected; all Service weeks, Special Benches, Tribunal Sittings and Mobile courts will have to be suspended negating the objective of reducing case backlog, Judiciary's ability to provide official transport & fuel for Judges and Court Stations hence severely affecting attendance to courts, crime scenes and prison visits, and Maintenance of Key installations like Lifts, Generators, Security Scanners at Supreme Court and all court premises will be affected by the proposed reduction.

d) The Committee further observed that the Judiciary has registered remarkable improvement in case clearance rate from 93% in FY 2017/18 to 96% in FY 2018/19 and a significant reduction in case backlog (cases 5 years and above) of 77%. These achievements were attributed to targeted strategies and initiatives such as service weeks as well as improved operational efficiency. These gains are likely to be lost if proposed cuts are implemented.

e) The Committee also observed that the proposed austerity measures proposed by the National Treasury on the recurrent budget items cannot be applied uniformly across departments particularly in the case of service oriented departments like the Judiciary whose budgets are largely recurrent.

f) The Proposed reduction under the development vote will affect the implementation of the Judiciary's capital projects funded under the exchequer for FY 2019/20. The approved budget for the projects for FY 2019/20 was Kshs 1.8 billion; however, the National Treasury is proposing to reduce the allocation by Kshs. 1.4 billion leaving a balance of 0.4 billion that will only cater for the outstanding pending certificates that the Judiciary is yet to settle. Hence the Judiciary will be forced to stall the ongoing projects in this financial year. Annex 2 gives details of the projects that will be affected by the supplementary budget.

g) The Committee observed that the Judiciary Fund Act and the Judiciary Fund Regulations have been enacted by the National Assembly to actualize the provisions of Article 173 of the Constitution so as to strengthen the financial independence of the Judiciary. However, the fund has not been operationalized to date despite the necessary legislations being in place.

Committee's Recommendations

a) The Committee recommends the reinstatement of the proposed reduction on the Judiciary's budget of Kshs 2.9 billion comprised of Kshs 1.5 billion for recurrent expenditure and Kshs 1.4 billion for development expenditure. The Committee's decision is informed by the devastating effects of the budgetary cuts on the Judiciary operations and its ability to improve its infrastructure across the country.

b) The justification for the reinstatement of the development budget of the Judiciary is informed by the fact that the proposed reduction of 1.4 billion by the National treasury will lead to a 77% decrease on the approved GoK development budget leaving a balance of 419 million which cannot even settle the pending certificates currently standing at Kshs 429 million.

c) The Judiciary's operations will also be curtailed by the proposed reduction of Kshs 1.5 billion on its recurrent budget since key services such as court proceedings will be affected due to limited supply of office stationery, witness expenses, maintenance of buildings and other assets, courts of appeal circuits, fuel as well as automation of court processes

d) The Committee recommends the operationalization of the Judiciary Fund account in accordance with Article 173(4) of the Constitution since the necessary legislations being the Judiciary Fund Act and Judiciary Fund Regulations have been put in place in order to insulate the Judiciary against future budget cuts.

3.1.2 Judicial Service Commission

Committee's Observations

a) The total resource requirement for the Judicial Service Commission (JSC) for the FY 2019/20 was Kshs. 1,228 million comprised Kshs 628 Million for the Judicial Service Commission operations and Kshs. 600 Million for the Judicial Training Institute. However, the Commission's approved allocation was Kshs. 565 Million composed of Kshs 405.4 Million for the Judicial Service Commission and Kshs. 159.7 Million for the Judicial Training Institute leading to a shortfall of Kshs 663 Million.

b) In the proposed supplementary budget, the Commission's budget is proposed to be reduced by Kshs 136.6 million comprised of Kshs 99.8 million for Judicial Service Commission and Kshs 36.8 million for the Judicial Training Institute.

c) The Committee further observed that the budgetary cuts will negatively affect the Commission's ability to undertake Investigations, Complaints handling, Disciplinary Hearing and the fight against corruption, training programmes for the judges and magistrates on emerging issues in the administration of justice, facilitation of the new JSC Commissioners with vehicles, office space and furniture, Automation of JSC operations (E-recruitment Document management system, HRMS); and routine maintenance of vehicles and other transport equipment.

Committee's Recommendations

a) The Committee recommends the reinstatement of the proposed reduction of the Kshs 136.6 million to Judicial Service Commission budget in order for the Commission to achieve its planned activities and effectively deliver services to the people of Kenya.

3.1.3 Independent Electoral and Boundaries Commission

Committee's Observation

a) The Commission's approved allocation for FY 2019/20 was Kshs 4.76 billion for the recurrent vote and Kshs 43 million for the development vote against a resource requirement of Kshs 7.743 billion comprised of Kshs 6.387 billion for recurrent expenditure and Kshs 1.366 billion for development expenditure.

b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 4.775 billion. The Commission's recurrent budget has been revised upwards by Kshs 15 million to cater for the recent by-elections. There were also some reallocations that were undertaken within the vote to cater for the by-elections.

c) It is further noted that the Commission's development budget has completely been reviewed to nil. The budget was meant for the construction of warehouses in Wajir, Kakamega, Isiolo, Garissa and Machakos for storage of election materials.

d) The Committee also noted that the Commission has pending bills amounting to Kshs 4.3 billion comprised of Kshs 2.7 billion for contracted legal services and Kshs 1.7 billion for goods and services procured for the 2017 General Elections and Fresh Presidential Election. It is also noted that some of the suppliers have already gone to court and the Commission is at risk of its properties being attached if the litigants acquire court decrees.

e) The committee has also observed that pending bills amounting to Kshs 1.5 billion have been validated and processed. However, the commission lacks the funds to settle those pending bills.

f) The Committee has also observed that the committee has lost a total of forty nine (49) registration officers and deputy registration officers due to natural attrition and other factors and therefore the commission lacks adequate human resource capacity to undertake registration exercise. The commission is also facing a funding shortfall of Kshs 43.5 million for continuous voter registration exercise since its initial approved allocation has reallocated to cater for by-elections and verification of signatures for the filed petition to suspend Taita Taveta County Government.

g) The Committee has also observed that the Commission has an allocation of **Kshs 441 million** for the delimitation of electoral boundaries in the FY 2019/20. However, the Commission has not put in place the boundaries delimitation operation plan and is yet to receive the recently released national population census report to embark on the processes of delimiting the electoral boundaries and therefore the commission may not consume fully the allocations factored for the process.

Committee's Recommendations

Reductions

a) The Committee recommends a reduction of **Kshs 340 million** from the Programme of Delimitation of Electoral Boundaries specifically from the **Kshs 441.3 million** meant for the delimitation of electoral boundaries since the allocation may not be consumed fully in this financial year.

Increases

b) The Committee recommends the reallocation of **Kshs 100 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries

Commission Vote to the Programme of Management of Electoral Resources. The allocation is specifically for the recruitment of forty nine (49) Constituency Registration Officers and Deputy Registration Officers (Kshs 64 million) and **Kshs 42 million** for the continuous for voter registration at the constituency level.

c) The Committee further recommends an additional funding of Kshs 1.5 billion for the Commission for settling of the validated pending bills that have been processed by the Commission.

d) The Committee further recommends the National Treasury in conjunction with the Commission to come up with a payment plan for the remaining pending bills since if not settled the quantum will not only increase but the operations of the Commission will be constrained since the suppliers are likely to withdraw their services and supply of goods that are meant to support conducting of by-elections and other functions of the commission.

3.1.4 Office of the Attorney General and Department of Justice

Committee's Observation

a) The Committee observed that resource requirement for the office for the FY 2019/20 stood at Kshs 12.9 billion composed of Kshs 7.7 billion for recurrent expenditure and Kshs 5.2 billion for development expenditure. However the office approved allocation was Kshs 5.3 billion comprised of Kshs 5.1 billion for recurrent expenditure and Kshs 0.2 billion for development expenditure leading to a shortfall of Kshs 7.6 billion.

b) In the proposed Supplementary 1 budget, the Department's recurrent budget has been decreased by Kshs 0.386 billion representing 7.6% decline on the Department's recurrent budget. Likewise its development budget has also been adjusted downwards by Kshs 0.1 billion translating to a 43.5% decrease. In overall terms, the net effect is a decrease of Kshs 0.486 billion representing a percentage change of 8.9%.

c) The Committee further observed that the proposed budget cuts will affect the following services; the country's ability to present and defend the country's human rights record under the 3rd cycle universal periodic review process before the UN Human Rights Council and the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment before the Committee against Torture which would have gone a long way to aid the country's effort to secure the UN Security Council seat.

d) The Committee also observed that the proposed budget cuts will affect the Department's capacity to assist in drafting of legislation for the 'Big Four' initiatives, Purchase of 7 utility vehicles for the regional offices to support transportation of Counsel to attend

court cases on behalf of the Government in the Regions, vet procurement contracts for the MDA's, Training of State Counsel on specialized emerging areas of law such as Oil and Gas Law, Joint Development Projects, Blue Economy, Nuclear Law, Maritime Law, and Deep Sea Mining, and Review of Public Trustee Rules.

e) The Committee has also observed that the Asset Recovery Agency has made tremendous progress in the recovery of proceeds of crime and assets. In this regard, the Agency has recovered assets worth Kshs 3.4 billion and cash amounting to Kshs 287 million.

f) The Committee has also noted that the Agency is in the processing of setting up a Criminal Assets Recovery Fund whose source of revenue will be proceeds recovered from crime. The Regulations guiding the use of the Fund is currently being developed.

Committee's Recommendations

a) The Committee recommends the reallocation of **Kshs 100.3 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme Legal Services. The allocation is specifically meant for the following selected budget heads that are crucial in the delivery of the office mandate; Civil Litigation Department – Kshs 37.1 million, Treaties and Agreement Departments – Kshs 49.5 million, and International Law Division – Kshs 13.7 million.

3.1.5 Ethics and Anti-Corruption Commission

Committee's Observation

a) The total resource requirement for the Commission for the FY 2019/20 amounts to Kshs. 4.7 billion composed of Kshs 4.4 Billion for recurrent expenditure and Kshs. 0.3 billion for Development/Capital Expenditure. However, the Commission's approved budget is Kshs. 2.966 billion composed of Kshs 2.941 billion for recurrent expenditure and Kshs 25 million for development expenditure leading to a shortfall of Kshs 1.734 billion.

b) In the proposed Supplementary I budget, the Commission's budget has been revised to Kshs 2.976 billion. The Commission's recurrent budget has not been revised but its development budget has been increased slightly by Kshs 10.0 million to cater for the EACC Automation processes.

c) The Committee has also observed that the Commission is also experiencing serious staffing shortages and other challenges requiring extra funding by the government. In particular, the Committee noted that the Commission is facing a funding shortfall of Kshs 200 million for undertaking targeted investigation, asset tracking and recovery. The Commission also requires an additional funding of Kshs 388 million for recruitment of

additional staff whose approval was granted after the finalization of the 2019/20 financial budget process.

Committee's Recommendations

a) Notwithstanding the highlighted human resource and financial constrain faced by the Commission, the Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Commission as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019 given the limited resources at the disposal of the government.

3.1.6 Kenya National Commission on Human Rights

Committee's Observations

a) The Commission has been allocated Kshs. 384.3 Million in the FY 2019/20 against a resource requirement of Kshs. 600 million by the National Treasury. This leaves a resource gap of Kshs. 215.7 Million.

b) In the proposed supplementary budget, the Commission's budget has been revised to Kshs 360.5 million. The proposed reduction of Kshs 23.8 million will affect the following budget items; Internet Connections for regional offices such as Nairobi, Kitale, Kisumu, Wajir, Nyahururu and Mombasa offices, Hospitality Supplies and Services, Contracted Guards and Cleaning Services, Maintenance Expenses and staff training budget.

c) The Committee further noted that at the beginning of FY 2019/2020 the Commission had Pending Bills worth KSh17.6 million which effectively reduces the Commission's budget further to Kshs 342.9 million. It was further noted that the Pending bills were not as a result of over expenditure or Commission's inefficiency in requesting for exchequer or late payment processing, but was due to the National Treasury not releasing the last exchequer request that was submitted to them.

Committee's Recommendations

a) The Committee therefore recommends the reallocation of **Kshs 23.8 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Promotion and Protection of Human Right. The reductions proposed under the Supplementary budget of Kshs 23.8 million will affect the Commission's ability to deliver on its mandate since it is already operating on a lean budget.

3.1.7 Office of the Director of Public Prosecution

Committee's Observations

a) The Office resource requirement for FY 2019/20 is Kshs 4.9 billion composed of Kshs 4.8 billion for recurrent expenditure and Kshs 142 million for development expenditure. However, the ODPP's approved allocation is Kshs. 3.0 billion composed of Kshs 2.9 billion for recurrent expenditure and Kshs 107 million for development expenditure hence a resource short fall of Kshs 1.921 billion.

b) The Committee further observed that in the proposed supplementary budget the office was allocated an additional Kshs 150 million to cater for the settling of pending bills occasioned by acquisition of additional vehicles for its field offices to facilitate the attendance of prosecutors in various courts.

Committee's Recommendations

a) The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the Office of the Director of Public Prosecution as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.

3.1.8 Commission for Administrative Justice

Committee's Observation

a) The Committee noted that the Commission allocation under the FY 2019/20 is Kshs 565 million against a resource requirement of Kshs 818 million leading to a shortfall of Kshs 253 million.

b) The Committee also observed that the Commission's budget has been revised to Kshs 520.3 million. The reduction of Kshs 44.7 million will negatively impact on some of the key planned activities in the 2019/20 FY as follows: - Outreach services will be hampered by the proposed reduction on purchase of motor vehicles; Public education and awareness on access to information and administrative justice; Decentralization of the Ombudsman services to the counties, where the Commission had targeted to establish two branch offices.

c) The Commission had projected to purchase two motor vehicles in the current financial year and had notably been allocated Kshs. 16.5 million for the same. However, this amount has been reduced by 50 percent to Kshs. 8.2 million which is inadequate.

d) The Committee observed that Commission on Administrative Justice is facing difficulties in accessing information from government agencies negating the gains made under the Access to Information Act (No.31 of 2016).

Committee's Recommendations

a) The Committee recommends the reallocation of **Kshs 44.7 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of promotion of Administrative Justice. The funds will allow the Agency to undertake outreach services at the county level, Public education and awareness on access to information and administrative justice; and Decentralization of the Ombudsman services to the counties through the establishment of two county offices in Garissa and Laikipia.

3.1.9 Witness Protection Agency

Committee's Observations

a) In the FY 2019/20, the approved budget for the Agency's was **Kshs 481.6 million** against a resource requirement of **Kshs 713.2 million** leading a funding shortfall of Kshs 231.6 million.

b) The Committee has observed that in the proposed supplementary budget, the Agency's budget has been revised to **Kshs 458.7 million** reducing the budget by **Kshs 22.9 million**. The sub items affected include- communication, domestic and foreign travel, printing, training, hospitality, office supplies, specialized materials, fuel & lubricants, purchase of office furniture and equipment and maintenance of motor vehicles and other assets.

c) The Committee also observed that the Agency has for the last four (4) months (July 2019 to October 2019) experienced tremendous growth in the number of witness admitted into the Witness Protection Programme (WPP). This growth is attributed to the concerted efforts by the law enforcement agencies (mainly the Offices of the DPP, DCI and EACC) to entrench the rule of law and the fight against corruption. The increase in witnesses has constrained the resources and capacity of the Agency in supporting the law enforcement agencies.

d) The Committee acknowledges the critical role the Agency plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses. Indeed, the Committee noted the significant role the Agency has played in the prosecution of complex corruption and terrorism related cases.

Committee's Recommendations

a) The Committee recommends a reallocation of **Kshs 22.9 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries

Commission Vote to the Programme of witness protection. The budget is critical for actualizing the mandate of the Agency in the criminal justice system in guaranteeing the safety and security of the witnesses. Indeed, the other Agencies in the criminal justice system have all acknowledged the crucial role played by the agency. The allocations will be sourced from the reductions effected on the allocations for the delimitation of boundaries process under the budget for Independent Electoral and Boundaries Commission.

3.1.10 Office of Registrar of Political Parties

Committee's Observations

a) The Office had requested Kshs. 4.9 billion out of which Kshs. 4.1 billion was for the Political Parties Fund and the balance of Kshs. 801.3 million was to cater for ORPP's operations. The Kshs. 4.1 billion is 0.3% of the projected national revenue for FY 2019/20.

b) However, in FY 2019/20, the office was allocated **Kshs 427.5 million** for office operations leading to a shortfall of Kshs 373.8 million.

c) The Office has also been allocated Kshs. 871.2 million for the Political Parties Fund leading to a shortfall of Kshs 3.2 billion. It is important to note that the allocation for the Political Parties Fund was increased from Kshs 371.2 million in FY 2018/19.

d) Further the Committee has observed that in the proposed supplementary budget, the Office's allocation has been revised to Kshs 1.22 billion. This has resulted in a budget cut of **Kshs 74.9 million.** The proposed budget cut through the supplementary budget estimates No. I will affect the implementation of Registration and Regulation of Political Parties and Political Parties Liaison Committee.

e) The proposed budget cut will adversely affect the implementation of programmes/activities under the sub-programme of registration and regulation of political parties. The budget under this sub-programme is proposed to be reduced from the approved budget of **Kshs. 402.9** million to **Kshs. 340.4 million.** This has resulted to a budget cut of **Kshs. 62.6 million.**

f) The budget cut will also adversely affect the implementation programmes/activities under the sub-programme on the administration of the Political Parties' Liaison Committee. The sub-programme on Political Parties' Liaison Committee budget is proposed to be reduced

from the approved budget of **Kshs. 24.6 million** to **Kshs. 12.3 million**. This will result to a budget cut of Kshs. **12.3 million.**

Committee's Recommendations

a) The Committee recommends the reallocation of **Kshs 42.3 million** from the Programme of Delimitation of Electoral Boundaries under the Independent Electoral and Boundaries Commission Vote to the Programme of Registration, Regulation and Funding of Political Parties. The allocation is meant to facilitate the refurbishment of an already leased office for the Agency at **Kshs 10 million,** facilitate the convening of the Political Parties Liaison Committee meetings – **Kshs 12.3 million** and Kshs 20 million for domestic travel to enable the office undertake field activities.

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

ANNEXTURES

ON

SUPPLEMENTARY ESTIMATES FY 2019/2020

LIST OF ANNEXURES

Annexure 1:	Minutes of Committee sittings on the Supplementary Estimates I FY 2019/20 scrutiny
Annexure 2:	Submissions by the Agencies on the Supplementary Estimates I FY 2019/20
Annexure 3:	Submission by the Parliamentary budget Office
Annexure 4:	Schedule of Approvals
Annexure 5:	List of programmes/ projects related of the Big Four Agenda



REPUBLIC OF KENYA

KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE

ON

LABOUR AND SOCIAL WELFARE

REPORT ON THE SCRUTINY OF THE 2019/20 FIRST SUPPLEMENTARY BUDGET FOR THE FOLLOWING STATE AGENCIES:

Vote 1184- State Department for Labour
Vote 1185- State Department for Social Protection
Vote 1211- State Department for Youth Affairs
Vote 1212- State Department for Gender
Vote 2141- National Gender and Equality Commission
Vote 1035- State Department for Development of the ASAL

Directorate of Committee Services

Clerks Chambers

Parliament Buildings

Nairobi **November, 2019**

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CHAIRPERSONS FORWARD

The 2019/20 First Supplementary Estimates were tabled in the House on Tuesday, 12th November, 2019 following the release of guideline by the National Treasury on 24th September, 2019 directing state agencies to realign their budgets towards achieving the Big Four Agenda and reducing on non-core recurrent expenditures by 50% and thereafter referred to the Departmental Committees for consideration.

The Committee held the initial meeting to consider the 1st Supplementary budget 2019/20 where a brief from the Parliamentary Budget Office was presented to the Committee. The Committee then held five (5) meetings with the Ministries and the Commission to consider the First Supplementary Budget for the State Department for Labour, State Department for Social Protection, State Department for Youth Affairs, State Department for Gender Affairs, State Department for Arid and Semi Arid Lands and National Gender and Equality Commission.

Overall observation

The committee made the following observation on the 1st supplementary Budget;

1. Pending Bills the State Departments has pending bills as follows;
    a) State department for labour **Kshs 309.7 Million**
    b) State department for social protection **Kshs 58.2 Million**
    c) State Department for Youth **Kshs 2.2 Billion** of which Kshs for NYS
    d) National Gender and Equality Commission **Kshs 2.9 million**
2. The pending bills will affect the targeted programmes.
3. Stalled Projects for the State Departments are as follows;
    - State Department for labour has 11 projects that require **Kshs 958.4 million**
    - State Department for Youth Affairs, ninety one (91) youth empowerment centers that require **Kshs 1.5 billion**
4. The State Department for Labour does not have a policy to guide seeking of employment abroad through the national employment bureau to promote labour migration.
5. Street Families Rehabilitation Trust Fund has a bank balance of approximately **Ksh. 153,843,795** which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary allocation

6. The State Department for Youth continues to pay for field officers' salaries yet they don't have operation and maintenance allocation to undertake their activities. The allocation for the operations and maintenance was devolved to be part of the County Government's budget. This was erroneous as the youth development function is a National function and not a County function. The allocation should therefore be in the National Budget for the subsequent Financial Year.

7. **Kshs 600 million** was allocated under the State Department for Social Protection for National Social Safety Net Programme allocated for enrolling beneficiaries of the National Social Safety Net Programme in NHIF has not been utilized because the funds are insufficient to meet the requirements for all the targeted beneficiaries.

Re-allocation

The Committee recommended the following re-allocation:-

a) **Kshs 600 million** allocated to State Department for Social Protection under the National Social Safety Nets Programme for the beneficiaries of National Social Safety Net Programme to be enrolled in NHIF to be used for Cash Transfer because the amount is limited to sustain payment for NHIF.

b) **Ksh. 153,843,795** in the State Department for Social Protection for Street Families Rehabilitation Trust Fund which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary allocation be utilized for the said purposes in the current Financial year in the Social Development and Children Services Programme.

The Committee appreciates the assistance provided by the Offices of the Speaker and the Clerk of the National Assembly that enabled it to discharge its functions in considering the policy document setting the stage for the preparation and submission of the First Supplementary Budget.

Finally, I wish to express my appreciation to the Honorable Members of the Committee who made useful contributions towards the preparation and production of this report.

On behalf of the Committee and Pursuant to Standing Order 243 it is my duty to forward the Committee's report for the State Departments and agencies in the Ministries of Labour and Social Protection, Ministry of Public Service, Youth & Gender Affairs, Ministry of Devolution and ASALs as well as that of the National Gender and Equality Commission under the purview of the Departmental Committee on Labour and Social Welfare to the Budget and Appropriations Committee.

Signed……

Date…… 27/11/19

THE HON. ALI WARIO, M.P,

CHAIRPERSON

1.0 INTRODUCTION

This is a report on consideration of the First Supplementary Budget for FY 2019/2020 Budget for Government Ministries and State Agencies under the Purview of the Departmental Committee on Labour and Social Welfare thereafter forward the recommendations to the Budget and Appropriation Committee.

In considering the First Supplementary Budget for 2019/2020 for the Government Ministries and State Agencies and Departments under its purview, the Committee held a total of five (5) sittings. The Committee received a comprehensive brief from the Parliamentary Budget Office regarding the most critical issues on the First Supplementary Budget 2019/2020.

Article 223 of the Constitution provides for the National Government to incur expenditure not appropriated for in the annual Appropriation Act on account of: insufficiency of amounts initially provided, when a need has arisen for expenditure to which no amounts have been allocated or for withdrawals from the Contingencies Fund. In that regard, approvals for such expenditures must therefore be sought from Parliament through a Supplementary Budget and subsequently a Supplementary Appropriation Bill. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances where Parliament has approved a higher percentage.

In addition, the PFM (National Government) Regulations 2015 requires the Cabinet Secretary to provide for sufficient detail on the purpose of supplementary estimates as well as format for revised budget in which the Cabinet Secretary is further mandated to issue a circular to that effect. The Regulations outline the main purposes under which approval is sought as either unforeseen or unavoidable and where no budget provision was made or was inadequate but further clarifies as not including the following:

a) Expenditure that, although known when finalizing the Estimates of the original budget (In this case of the annual estimates for 2018/19), could not be accommodated within allocations; and
b) Tariff adjustments and price increases

Establishment and Mandate of the Committee

The Committee on Labour and Social Welfare is one of the Departmental Committees of the National Assembly established under Standing Order 216 and mandated:

i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
iii. To study and review all legislation referred to it;
iv. To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
v. To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;
vi. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and
vii. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

Committee Membership

The Committee comprises the following Members:-

Chairperson: **The Hon. Ali Wario, MP**
Vice Chairperson: **The Hon. Joyce Korir, MP**
Members: The Hon. Gladys Wanga, MP
The Hon. Janet Marania Teyiaa, MP
The Hon. Janet Nangabo Wanyama, MP
The Hon. Ronald Kiprotich Tunoi, MP

The Hon. James Onyango Koyoo, MP

The Hon. Rose Museo, MP

The Hon. Alfred Kiptoo Keter, M.P

The Hon. Charles Kanyi Njagua, MP

The Hon. Catherine Wambilyanga, MP

The Hon. Fabian Kyule Muli, MP

The Hon. Ole Sankok David, MP

The Hon. Abdi Mude Ibrahim, MP

The Hon. Michael Mwangi Muchira, MP

The Hon. Safia Sheikh Adan, MP

The Hon. Tom Odege, MP

The Hon. Wilson Sossion, MP

The Hon. Omboko Milemba, MP

Committee Secretariat

1. Clerk Assistant I	Mr. Adan Gindicha
2. Clerk Assistant II	Mr. John Mugoma
3. Legal Counsel	Ms. Doreen Karani
4. Researcher	Mr. Said Osman
5. Fiscal Analyst	Mr. Abdinasir Moge.

COMMITTEE RECOMMENDATIONS

The Committee having received submissions from the various State Departments, the Commission and further deliberated, scrutinized and examined the submissions and content of the First Supplementary for FY 2019/2020, the Committee recommends the following:

A. Policy Recommendations

i. The State Department for Labour should fast track the enactment of a Labour Migration Policy in order to provide for the framework for labour export to countries with deficit and ensure favourable terms for Kenyans seeking opportunities abroad.

ii. The State Department for Social Protection should operationalize the Social Assistance act as a matter of urgency to provide a proper legal framework for social protection as provided for in the Constitution.

iii. Funds allocated for the health insurance for the elderly should be domiciled in one State Department. Given that the State Department for Social Protection has the requisite structures to reach the elderly, it is recommended that the funds be domiciled at the State Department for Social Protection

iv. The National Government affirmative action Fund be retained at the State Department for Gender, given that it is expected to empower the vulnerable members of the society, especially women and girls.

v. The **Kshs.153, 843,795** million in suspense at the Street Children Rehabilitation Trust Fund due to delay in regularization of the Trust account and subsequent delay in exchequer releases, be returned to Treasury for re- voting. It is recommended that the funds be reallocated to the Trust Fund to execute its mandate.

B. Financial Recommendations

Based on the received submissions by the State Departments, the Commission and other supporting documents the Committee recommends the approval of Supplementary Estimates I for State Departments, Agencies and Commission under the purview of the Committee as tabled and reflected in the table below:-

	Supplementary I FY 2019/20			
	MDA	**Recurrent in Kshs**	**Development in Kshs**	**Total**
1.	State Department for Labour	2,685,802,017	3,190,100,000	5,875,902,017
2.	State Department for Social Protection	19,517,527,883	15,337,319,200	34,854,847,083
3.	State Department for Youth	11,073,106,176	5,959,890,000	17,032,996,176
4.	State Department for Gender	1,543,180,000	2,831,652,764	4,374,832,764
5.	State Department for Development of ASAL	1,013,590,000	6,677,409,086	7,690,999,086
6.	National Gender and Equality Commission	430,708,973	4,600,000	435,308,973

Re-allocation

The Committee recommended the following re-allocation:-

a) **Kshs 600 million** allocated to State Department for Social Protection under the National Social Safety Net Programme for the beneficiaries of National Social Safety Net Programme to be enrolled in NHIF to be re -allocated as follows:

i) Kshs. 500 million be retained at the State Department for Social Protection to be

used for the cash transfer program for the elderly

ii) Kshs. 40 million be allocated to the National Drought Management Authority in the state department for ASALwho also have a mandate over one of the components of Cash Transfer (The Hunger Safety Net Program). This should be specifically used under the item Drought coordination and Food Security Assessment to enable the Authority discharge its mandate effectively

iii) Kshs. 20 Million be allocated to the Anti-Female Genital Mutilation Board (FGM) in the state department for in gender to builds its capacity in sensitizing affected communities on the dangers of FGM. Due to underfunding the Board has not been able to discharge its role. This will support the Government's current declaration to end the practice of FGM.

iv) Kshs.40 Million be allocated to the National Gender and Equality Commission. The Constitution obligates Parliament to facilitate the work of Constitutional Commissions. With the current cut, the Commission is not able to carry out its mandate of ensuring compliance with national and international standards of gender mainstreaming and equality..

b) **Ksh. 153,843,795** in the State Department for Social Protection for Street Families Rehabilitation Trust Fund which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary allocation be utilized for the said purposes in the current Financial year in the Social Development and Children Services Programme.

3.0 SUBMISSIONS ON THE SUPPLEMENTARY ESTIMATES

In considering the First Supplementary Estimates for the FY 2019/20, the Committee was briefed by the Parliamentary Budget Office on the proposals as provided by the National Treasury. State Department for Labour, State Department for Social Protection, State Department Youth Affairs, State Department for ASALS, State Department for Gender and National Gender Equality Commission made their submissions to the Committee from 18th to 20th November, 2019.

2.1 Vote by Vote Analysis

I. State Department for Labour

Under the Medium Term Expenditure Framework (MTEF) budget for 2019/20 Financial Year, the State Department is anchored on three programmes. These Programmes are:

- Promotion of Best Labour Practices
- Manpower Development, Employment and Productivity Management
- General Administrative, Planning and Support Services

1) The State Department for Labour was allocated **Kshs. 6.2 billion** comprising of **Kshs. 2.9 billion** and **Kshs.3.3** billon for recurrent and development expenditure respectively for **2019/20 FY**. By the end of the first quarter, the state department for Labour had received **Kshs.762 million** translating to 14% of the net approved allocations with development budget getting 12% and recurrent expenditure getting 18% of the approved net allocations.

2) With regards to expenditure performance, the state department managed to utilize 10% of its gross approved budget. The recurrent expenditure recorded absorption of 12% whereas development expenditure had absorption of 9%.

3) The **2019/20 FY 1st Supplementary** estimates proposes to reduce the approved estimates to **Kshs.5.87 billion** from Kshs.**6.23 billion**. The recurrent budget is proposed to be reduced by

Kshs.257 million while the development budget proposed reduction is **Kshs.100 million**. The reduction in recurrent expenditure is on account of austerity measure following the National Treasury directive on reduction of non-core expenditures by 50%.

4) The reduction in Development Expenditure will affect the following projects including the impact on the targets provided:- Construction of Meru County Labour office; Establishment of Occupational Safety and Health (OSH) Institute - Phase I Construction; Kenya Youth Empowerment and Opportunities Project – Component 3: Improving Labour Market Information; Construction of National Employment Promotion centre Kabete; Construction of a modern Employment Office in kasarani; ICT Networking, connectivity and office partitioning at Productivity Centre of Kenya; Construction of a Resource Centre at Tom Mboya Labour College, Kisumu.

5) The projects with additional allocations whose targets were not revised include;
   - **Establishment of Occupational Safety and Health (OSH) Institute - Phase I Construction:** the project estimate was **Kshs. 506 million** with cumulative actual expenditure as at 30th June 2018 being **Kshs. 347 million**. The project was allocated **Ksh 146 million** in the FY 2018/19 the allocations and actual expenditures therefore has a total of **Kshs. 531 million**. The projects had not been allocated funds in 2019/20 estimates as the allocations so far was more than the initial estimated cost. It is further noted that the projects has an additional allocations of Kshs. 45 million in the supplementary 1 with a target of achieving 87% completion meaning there has been revision on cost of projects.

6) There is introduction of new projects at 1st supplementary for 2019/20. The Tom Mboya Labour college and the Kasarani modern employment office.

Concerns raised by the Committee under the State Department

i. The Committee noted an allocation to the Tom Mboya Labour College and was concerned with the status of its ownership. It was clarified that the College, though managed by COTU is a tripartite institution whose role is to promote to build capacities for trade unions across the Board.

ii. Concern was raised on the ongoing construction of the Occupational Health and Safety Instiutute, in Industrial area, Nairobi. It was noted that the construction has taken an inordinately long period to complete and that the target has be lowered to 87 per cent in the Supplementary Estimates.

iii. The State Department continues to experience succession related challenges with most of its staff nearing the retirement age bracket. The Committee noted that the State Department has initiated measures to address the challenge through recruitment of new staff, particularly at the entry level.

iv. While appreciating the key role of the State Department in the promotion of Foreign employment, the Committee was concerned that the sector has not been allocated adequate resources. Drawing from its findings from the recently concluded visits to Saudi Arabia, the United Arab Emirates and the State of Qatar, the Committee noted that the offices of Labour Consular in each of the stated countries remain a shell with inadequate human and fiscal resources to execute their mandates. In addition, the Committee was concerned the country does not have a Labour Migration Policy to provide a framework for the export of labour.

II. State Department for Social Protection

The State Department for Social Protection is one of the 7 sub-sectors in the Social Protection, Culture and Recreation Sector Working Group (SWG). It is charged with the responsibility of ensuring implementation of the Constitution, especially Chapter 4 on the Bill of Rights. Article 43(3) states that 'The State shall provide appropriate Social Security to persons who are unable to support themselves and their dependants'. Other articles include Art.53 on children, Art. 54 on persons with disabilities and Art. 57 on older members of the society. In order to continuously address this obligation, special focus is given to the improvement of livelihood of vulnerable groups specifically orphans and vulnerable children, the elderly, street families and persons with disabilities

a) The State Department for Social Protection was allocated **Kshs. 34.31 billion** comprising of **Kshs. 19.82 billion** and **Kshs.14.48** billon for recurrent and development expenditures respectively for FY 2019/20.

b) By the end of the first quarter, the state department for social protection received **Kshs.1.07** billion translating to 3% of the net approved allocations with development budget getting no disbursement and recurrent expenditure getting 5% of the approved net allocations. With regards to expenditure performance, the state department managed to utilize 3% of its gross approved budget. The recurrent expenditure recorded absorption of 5% whereas no funds were disbursed for development.

c) The 2019/20 supplementary estimates 1 proposes to increase the approved budget to **Kshs. 34.76billion** from Kshs.**34.31 billion**. The recurrent budget is proposed to be reduced by **Kshs.497 million** while the development will increase by **Kshs.950 million**. The reduction on recurrent is largely on austerity measures reducing non-core expenditures by 50%.

d) The increase of **Kshs.950 million** in development expenditure affects only one project, namely **Kenya Social and Economic Inclusion**. The project is funded by World Bank and was introduced during the Budget Estimates for 2019/20 with an allocation of **Kshs. 2.15 billion**. The target set was for1700 Households to receive nutrition sensitive cash transfers and some beneficiaries to be enrolled in NHIF. It is noted that targets were not revised accordingly with the additional funding.

Concerns raised by the Committee under the State Department

i) Despite numerous previous undertakings by the State Department, the Committee noted that the Social Assistance Act, 2013 has still not been operationalized. In particular it was noted that the National Safety Net Program (Inua Jamii) where a substantial allocation has been made since inception remains vulnerable and subject to abuse without a comprehensive legal framework.

ii) The new project being undertaken by the State Department, Kenya Social and Economic Inclusion Program (KSEIP) seem not to have clear targets. It was noted that the target indicated for upscaling under the program of 1700 households is not commensurate with the huge financial allocation of close to Kshs. 3 billion.

iii) The issue of NHIF Cover for beneficiaries of the Cash Transfer Program for the Elderly is still not clear. The Committee noted that the State Department received Kshs. 600 million for this purpose, translating to only Kshs 500 per the over 1.2 million beneficiaries. It was further noted that the amount remains unutilized to date.

iv) The State Department did not avail the full register of beneficiaries as a way of enhancing accountability and according the National Assembly to query the same. In this regard concerns were raised on the thousands of potential beneficiaries who were left out during the recently concluded migration from card to account based payment. Members expressed concern that beneficiaries could not access their accounts at will and are still required to undergo biometrics in order to make withdrawals.

v) The Street Families Rehabilitation Trust Fund which was transferred recently from the State Department of Interior holds a total of Kshs. **153,843,795** million as per the which it is unable to utilize due to the change of vote and subsequent exchequer delays. As a Fund, the practice is not to tie the utilization with the Government Fiscal Year.

III. State Department for Youth

The State Department for Youth is responsible for integration of youth issues into national planning and development including the implementation of programmes and projects that are geared towards empowering youth and providing them with both skills and financial resources to play a positive and productive role in our society.

a) The State Department for Youth was allocated **Kshs. 17.39 billion** comprising of **Kshs. 11.43 billion** and **Kshs.5.59** billon for recurrent and development expenditures respectively for FY 2019/20.

b) By the end of the first quarter, the state department for Youth received **Kshs.2.37** billion translating to 15% of the net approved allocations with no allocation for development expenditure and recurrent expenditure getting 23% of the approved net allocations. With regards to expenditure performance, the state department managed to utilize 24% of its gross approved budget. The recurrent expenditure recorded absorption of 20% whereas development reported absorption of 30%.

c) The 2019/20 Supplementary Estimates 1 proposes to reduce the approved budget to **Kshs.17.03billion** from Kshs.**17.39 billion**. The recurrent budget is proposed to reduce by **Kshs.362 million** accounts of austerity measures touching on non-core expenditures like foreign and domestic Travel, training, hospitality etc. The development will not change and remains as was approved.

Concerns raised by the Committee under the State Department

i. Despite its critical role in empowering youth, the State Department remains thin on the ground. Of particular concern is the operations of field offices which have staff but no AIE at all to execute their mandates.

ii. The National Youth Service (NYS) is on the road to full autonomy with the designation of the Director General as an accounting Officer and allocation of a separate Vote Head. As provided for in the NYS act, 2018, the Service has initiated several commercial ventures.

IV. State Department for Gender

The State Department of Gender functions are derived from the Executive Order No. 1/2018, which are as follows;

i. Gender Policy Management
ii. Special Programmes for Women Empowerment,
iii. Gender Mainstreaming in Ministries/Departments/Agencies
iv. Domestication of International Treaties/Conventions on Gender
v. Policy and Programmes on Gender Violence

a) The State Department for Gender was allocated **Kshs. 4.49 billion** comprising of **Kshs. 1.66 billion** and **Kshs.2.83** billion for recurrent and development expenditures respectively for FY 2019/20.

b) By the end of the first quarter, the state department for Gender received **Kshs.218** million translating to 5% of the net approved allocutions with development budget not getting any allocation and recurrent expenditure getting 14% of the approved net allocations.

c) With regards to expenditure performance, the state department managed to utilize 7% of its gross approved budget. The recurrent expenditure recorded absorption of 19%. Table 5 shows approved budget and the first quarter performance for FY 2019/20

d) The 2019/20 Supplementary Estimates 1 proposes to reduce the approved budget to **Kshs. 4.35 billion** from Kshs.**4.49 billion**. The recurrent budget is proposed to reduce by **Kshs.138 million** while the development will not change.

Concerns for the Committee under the State Department

i. The National Government Affirmative Action Fund (NGAAF) is domiciled in two State Departments thus making its oversight difficult. The PFM Regulations place it under the Gender docket, while the latest Executive Order places it under the National Treasury.
ii. The State Department agrees with the Government decision to return the Sanitary Towel Project to the Ministry of Education because it has the necessary structures in place to execute the mandate. However it was noted that the project is serious underfunded.

V. State Department for Development of ASAL

The State Department for Development of the ASALs, created through the Executive Order no. 1 of June 2018 (Revised), is mandated to ensure effective co-ordination of Planning, and Development for Arid and Semi-Arid Lands; Implementation of Special Programmes for Development of Arid and Semi-Arid Areas; Implementation of Arid and Semi-Arid Lands Programmes, coordinating research on sustainable ASALs resource management development and livelihoods, management and promotion of integrated cross- border activities in identified ASAL counties among others.

a) The State Department was allocated **Kshs. 4.92 billion** comprising of **Kshs. 1.06 billion** and **Kshs.3.86** billon for recurrent and development expenditures respectively for FY 2019/20.

b) By the end of the first quarter, the state department for the ASAL received **Kshs.222** million translating to 5% of the net approved allocations with no allocation for development expenditure and recurrent expenditure getting 21% of the approved net allocations.

c) With regards to expenditure performance, the state department managed to utilize 12% of its gross approved budget. The recurrent expenditure recorded absorption of 21% whereas development had absorption of 9%. Table 11 shows approved budget and the first quarter performance for FY 2019/20.

d) The 2019/20 supplementary estimates 1 proposes to increase the approved budget to **Kshs.7.53billion** from Kshs.**4.92 billion**. The recurrent budget is proposed to reduce by **Kshs.86 million**on account of austerity measures

e) The development will increase by **Kshs.2.70 billion** affecting two projects namely, Hunger Safety Net Programme (HSNP) and Resilience and Sustainable Food Systems

Programme with an allocation of Kshs. 2.70 billion and Kshs. 0.117 billion respectively. It is however noted the targets for Hunger Safety Net Programme (HSNP) are not adjusted with the additional allocation

Concern for the Committee under the State Department for ASAL

i. The Committee was concerned with the lack of allocation under recurrent to monitor the programs under the State Department. It was noted that the programs including KSEIP are largely donor supported.

ii. The State Department was able to table a summary of beneficiaries from the four counties being covered under the Hunger Safety Net Programme (HSNP)

VI. National Gender and Equality Commission

a) The National Gender and Equality Commission was allocated **Kshs. 492 million** comprising of **Kshs. 488 million** and **Kshs.4** million for recurrent and development expenditures respectively for FY 2019/20.

b) By the end of the first quarter, the state department for Gender received **Kshs.59** million translating to 12% of the net approved allocations with development budget not receiving any allocation and recurrent expenditure getting 12% of the approved net allocations.

c) With regards to expenditure performance, the state department managed to utilize 17% of its gross approved budget. The recurrent expenditure recorded absorption of 17% whereas development had no allocation .

d) The 2019/20 supplementary estimates 1 proposes to reduce the approved budget to **Kshs.394million** from Kshs.**492 million**. The recurrent budget is proposed to be reduced by **Kshs.98 million** largely on account of austerity measures while Development budget has not been affected.

3.0 KEY OBSERVATIONS BY THE COMMITTEE

The Committee made the following observations:

3.1 General Observations

a) The sector is generally underfunded despite the critical role it provides in the welfare of the most vulnerable members of the society such as the youth, women, children, the elderly and Persons Living with Disabilities.

b) The Budget absorption rate for all the MDAs under the purview of the Committee is low. This is largely attributed to the slow exchequer release by the Treasury.

c) Most of the subsectors under the purview of the Committee do not have proper legal and policy framework. This is true of the social Protection, Children, Disability, Youth and labour migration subsectors. The current legal regime under this sub sectors are out dated and not consistent with the Constitution of Kenya, 2010.

3.2 Specific Observations

3..2.1 State Department for Labour

a) Foreign employment promotion, which is expected to play a significant role in alleviating the problem of youth unemployment in the country remains under funded and without a comprehensive legal framework. The Labour Consular Offices in Qatar, Saudi Arabia and the United Arab Emirates remain ineffective due to inadequate financial and human resources.

3.2.2 State Department for Social Protection

a) The National Safety Net Program, *Inua Jamii* is operating without a legal framework. The Social Assistance Act, 2013 on which the program is anchored has never been operationalized.

b) The Funds allocated for health insurance for the beneficiaries of the Cash Transfer Program are not adequate. Currently only Kshs 600 million is available for this

translating to only Kshs. 500 per beneficiary. The issue of whether part of the money was disbursed through the Ministry of Health is not clear.

c) The account of the Street Children Rehabilitation Trust Fund has been regularized with its relocation from the State Department of Interior. This has occasioned the suspense of **Kshs. 153,843,795** million

3.2.3 State Department for Youth Affairs

a) The field offices under the Directorate of Youth Affairs have no budgetary allocation under the Supplementary Budget except for Personnel Emoluments. The officers cannot execute their mandates in the prevailing scenario.

3.2.4 State Department for Gender Affairs

a) The Department has no field officers in key aspects such as sensitization on Gender Based Violence.

b) There is a notable disparity in repayment of loans under the various affirmative Action Funds such as Youth Enterprise Development Fund, Uwezo Fund, and Women Enterprise Development Fund. Uwezo Fund stands out for highest number of defaulting cases.

3.2.5 State Department for ASAL

a) There is no provision for recurrent allocation to the State Department where most of the projects are donor supported. This has hindered their ability to monitor the projects under Drought Coordination and food security assessment item administered by the National Drought Management Authority.

3.2.6 National Gender and Equality Commission

The Commission remains underfunded and may not be able to discharge its mandate as provided for in the Constitution. As a constitutional Commission, Parliament has an obligation to fund it to realize its goal. The Committee observes that the Commission has an obligation to report to

specific international fora on the level of compliance of set standards on gender and equality. Any reduction of its recurrent expenditure therefore renders it ineffective.

4.0 COMMITTEE RECOMMENDATIONS

The Committee having received submissions from the various State Departments and Commission and further deliberated, scrutinized and examined the submissions and content of the 2019/2020 Supplementary Budget I, the Committee recommends the following:

a) Policy Recommendations

1. The State Department for Labour should fast track the enactment of a Labour Migration Policy in order to provide for the framework for labour export to countries with deficit and ensure favourable terms for Kenyans seeking opportunities abroad.
2. The State Department for Social Protection should operationalize the Social Assistance act as a matter of urgency to provide a proper legal framework for social protection as provided for in the Constitution.

3. Funds allocated for the health insurance for the elderly should be domiciled in one State Department. Given that the State Department for Social Protection has the requisite structures to reach the elderly, it is recommended that the funds be domiciled at the State Department for Social Protection

4. The National Government affirmative action Fund be retained at the State Department for Gender, given that it is expected to empower the vulnerable members of the society, especially women and girls.

5. The Kshs.**153, 843,795** million in suspense at the Street Children Rehabilitation Trust Fund due to delay in regularization of the Trust account and subsequent delay in exchequer releases, be returned to Treasury for re- voting. It is recommended that the funds be reallocated to the Trust Fund to execute its mandate.

b) **Financial Recommendations**

Based on the received submissions by the State Departments, the Commission and other supporting documents the Committee recommends the approval of supplementary estimates I for State Departments, Agencies and Commission under the purview of the Committee as tabled and reflected in the table below:-

	Supplementary I FY 2019/20			
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1.	State Department for Labour	2,685,802,017	3,190,100,000	5,875,902,017
2.	State Department for Social Protection	19,517,527,883	15,337,319,200	34,854,847,083
3.	State Department for Youth	11,073,106,176	5,959,890,000	17,032,996,176
4.	State Department for Gender	1,543,180,000	2,831,652,764	4,374,832,764
5.	State Department for Development of ASAL	1,013,590,000	6,677,409,086	7,690,999,086
6.	National Gender and Equality Commission	430,708,973	4,600,000	435,308,973

Re-allocation

The Committee recommended the following re-allocation:-

c) **Kshs 600 million** allocated to State Department for Social Protection under the National Social Safety Net Programme for the beneficiaries of National Social Safety Net Programme to be enrolled in NHIF to be re -allocated as follows:

v) Kshs. 500 million be retained at the State Department for Social Protection to be used for the cash transfer program for the elderly

vi) Kshs. 40 million be allocated to the National Drought Management Authority who also have a mandate over one of the components of Cash Transfer (The Hunger Safety Net Program). This should be specifically used under the item Drought coordination and Food Security Assessment to enable the Authority discharge its mandate effectively

vii) Kshs. 20 Million be allocated to the Anti-Female Genital Mutilation Board (FGM) to builds its capacity in sensitizing affected communities on the dangers of FGM. Due to underfunding the Board has not been able to discharge its role. This will support the Government's current declaration to end the practice of FGM.

viii) Kshs.40 Million be allocated to the National Gender and Equality Commission. The Constitution obligates Parliament to facilitate the work of Constitutional Commissions. With the current cut, the Commission is not able to carry out its mandate of ensuring compliance with national and international standards of gender mainstreaming and equality..

d) **Ksh. 153,843,795** in the State Department for Social Protection for Street Families Rehabilitation Trust Fund which was not spent in the financial years 2017/18 and 2018/19 due to late release of the exchequer and delayed transfer of budgetary allocation be utilized for the said purposes in the current Financial year in the Social Development and Children Services Programme.

KENYA NATIONAL ASSEMBLY – 12TH PARLIAMENT
DEPARTMENTAL COMMITTEE ON LABOUR & SOCIAL WELFARE
REPORT ADOPTION SCHEDULE

REPORT ON SUPPLEMENTARY BUDGET 1 FOR FINANCIAL YEAR 2019/2020

DATE: WEDNESDAY 20TH NOVEMBER, 2019.

No.	NAME	SIGNATURE
1.	**The Hon. Ali Wario, MP – Chairperson**	
2.	**The Hon. Joyce Korir Chepkoech, MP – Vice Chairperson**	
3.	The Hon. Gladys Wanga, MP	
4.	The Hon. Janet Marania Teyiaa, MP	
5.	The Hon. Alfred Kiptoo Keter, MP	
6.	The Hon. Janet Nangabo Wanyama, MP	
7.	The Hon. Ronald Kiprotich Tonui, MP	
8.	The Hon. James Onyango K'Oyoo, MP	
9.	The Hon. Rose Museo, MP	
10.	The Hon. Fabian Kyule Muli, MP	
11.	The Hon. Ole Sankok David, MP	
12.	The Hon. Abdi Mude Ibrahim, MP	
13.	The Hon. Michael Mwangi Muchira, MP	
14.	The Hon. Safia Sheikh Adan, MP	
15.	The Hon. Tom Mboya Odege, MP	
16.	The Hon. Catherine Wambilianga, MP	
17.	The Hon. Charles Kanyi Njagua, MP	
18.	The Hon. Omboko Milemba, MP	
19.	The Hon. Wilson Sossion, MP	

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
TWELFTH PARLIAMENT – THIRD SESSION

DEPARTMENTAL COMMITTEE ON LANDS

REPORT ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I 2019/2020 FY

THE DIRECTORATE OF COMMITTEE SERVICES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER 2019

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PART I: INTRODUCTION

1.0 PREFACE

Chairperson,

1. This is the report of the Departmental Committee on Lands on its consideration of the Supplementary Estimates I FY 2019/2020. The report is as a result of deliberations between the Committee and the officials from the Ministry of Lands and the National Lands Commission.

1.1Mandate and Membership of the Committee

2. The Departmental Committee on Lands is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -
   (i) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
   (ii) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
   (iii) study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;
   (iv) study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
   (v) Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House.
   (vi) study and review all legislation referred to it

1.2 Oversight

3. The Committee oversights:
   i. The Ministry of Lands and Physical Planning; and
   ii. The National Land Commission

1.3 Committee Membership

4. The Committee membership comprises:

Hon. Dr. Rachael Nyamai, MP – **Chairperson**

MP for Kitui South Constituency

Jubilee Party

Hon. Khatib Mwashetani, MP – **V/Chairperson**

MP for Lunga Lunga Constituency

Jubilee Party

Hon. Jayne Wanjiru Kihara, MP

Member for Naivasha Constituency

Jubilee Party

Hon Joshua Kutuny Serem, MP

Member for Cherangany Constituency

Jubilee Party

Hon. Kimani Ngunjiri, MP

Member for Bahati Constituency

Jubilee Party

Hon. Mishi Mboko, MP

Member for Likoni Constituency

Orange Democratic Movement (ODM)

Hon. Omar Mwinyi, MP

Member for Changamwe Constituency

Orange Democratic Movement (ODM)

Hon. Ali Mbogo, MP

Member for Kisauni Constituency

Wiper Democratic Movement (WDM)

Hon. Babu Owino, MP

Member for Embakasi East Constituency

Orange Democratic Movement (ODM)

Hon. Caleb Kipkemei Kositany, MP

Member for Soy Constituency

Jubilee Party

Hon. Catherine Waruguru, MP

Member for Laikipia County

Jubilee Party

Hon George Aladwa, MP

Member for Makadara Constituency

Orange Democratic Movement (ODM)

Hon George Risa Sunkuyia, MP

Member for Kajiado West Constituency

Jubilee Party

Hon. Jane Wanjuki Njiru, MP

Member for Embu County

Jubilee Party

Hon. Josphat Gichunge Kabeabea, MP

Member for Tigania East Constituency

Party of National Unity (PNU)

Hon. Owen Yaa Baya, MP

Member for Kilifi North Constituency

Orange Democratic Movement (ODM)

Hon. Samuel Kinuthia Gachobe, MP

Member for Subukia Constituency

Jubilee Party

Hon. Simon Nganga Kingara, MP

Member for Ruiru Constituency

Jubilee Party

Hon. Teddy Mwambire, MP

Member for Ganze Constitueny

Orange Democratic Movement (ODM)

1.4 Committee Secretariat

1. The Committee secretariat comprises:

Lead Clerk
Mr. Leonard Machira
Clerk Assistant I

Mr. Ahmad Guliye
Clerk Assistant III

Mr. Adan Abdi
Fiscal Analyst III

Mr. Joseph Tiyan
Researcher III

Ms. Winnie Kizia
Media Relations Officer III

Mr. Nimrod Ochieng
Audio Officer

Ms. Jemimah Waigwa
Legal Counsel I

Ms. Peris Kaburi
Serjeant-At-Arms

1.5 Overview on the Examination of the proposed Supplementary Estimates I FY 2019/20

5. The 2019/2020 supplementary Estimates I was submitted and tabled in the National Assembly on 12th November 2019 pursuant to Article 223(2) of the Constitution. The Constitution of Kenya and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Supplementary Estimates and make recommendations before the expenditure is approved.

6. Standing Order No. 243 provides that with necessary modifications, the same procedure applied in the processing of the budget estimates be applied to the processing of the supplementary estimates.

7. Thus, after being laid in the House, the Supplementary Estimates are committed to each Departmental Committee to deliberate upon according to their respective mandates. The Standing Orders also allows the Departmental Committees of the National Assembly to review and consider the Supplementary Estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

8. During the consideration of the Supplementary Estimates I FY 2019/2020 for the Ministry of Lands and Physical Planning and the National Land Commission, the Committee was briefed by the Parliamentary Budget Office on Thursday 14th November, 2019 on the contents and key issues regarding the Supplementary Estimates I FY 2019/20 for the Agencies under the purview of the Committee. The Committee also held discussions with officials of the Ministry of Lands and Physical Planning and the National Land Commission.

9. The Committee having scrutinized the Supplementary Estimates I FY 2019/2020 for the Ministry of Lands and Physical Planning and the National Land Commission and having considered the various submissions during the scrutiny, made the following observations: -

i. That the decrease in the recurrent expenditure of Kshs 90.1 million in the Ministry of Lands and Physical Planning and a decrease of Kshs 120 million from the National Lands Commission is meant to cater for projects and programmes under the Big four Agenda.

ii. That the proposed reduction of **Kshs 43 million** on the County Land Offices and **Kshs 7.3 million** on the Kenya Institute of Survey and Mapping Heads will have significant negative effect on the operations and delivery of two important bodies that are already under funded. The County Land Offices form a nexus between the ministry and operations at the counties without which issuance of title deeds, solving boundary disputes and completion of ongoing adjudication will be difficult.

iii. That the proposed reduction in the Commissions recurrent budget will have likely implications on operations and outputs of the Commission. For example, the processing of title deeds and transfer documents for public institutions will reduce from a target of 6000 to 4000 and targeted execution of leases and grants for public institutions will reduce from 5000 to 3000.

iv. That there were no new projects or programs introduced during this supplementary Estimate 1 of 2019/20 FY. The ministry will continue to implement the 12 ongoing projects that were earmarked for completion during the consideration of the budget estimates for the 2019/20 FY.

v. The budget adjustments for the various programmes have complied with the provisions of section 43 (2) c of the Public Finance Management Act, 2012 which requires that the sum of all reallocations made to or from a programme **do not exceed 10%** of the total expenditure approved for that programme.

vi. The Committee observed that the Commission has a pending Bill to the tune of Kshs 561 million carried forward from the FY 2018/19 of which Kshs 519 million is staff gratuity for officers of the Commission who were transited from contract to permanent status.

10. The Committee recommends the reinstatement of the Sum-total of Kshs 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of Kshs 43,789,037 deducted from County Land Offices-Vote 1112 and the same deducted from the vote head survey department-National Bulk Titling Centre within Vote 1112-Ministry of Lands and Physical Planning.

11. The committee agrees with the proposed reduction of Kshs 120,992,425 from the National Lands Commission- Vote 2021.

12. The Committee recommends the approval of the 2019/2020 Revised Estimate (Supplementary Estimates I) of Kshs 1,187,207,575 for Vote 2021 -the National Land Commission and Kshs 2,926,039,009 for Vote 1112 - Ministry of Lands and Physical Planning.

1.6Acknowledgement

13. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the Supplementary Estimates I FY 2019/20.
14. On behalf of the Departmental Committee on Lands and pursuant to provisions Standing Order 243 it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the proposed Supplementary Estimates I FY 2019/20 for the Ministry of lands and Physical Planning and the National Lands Commission.

Signed.....

HON. DR. RACHAEL NYAMAI, M.P

CHAIRPERSON DEPARTMENTAL COMMITTEE ON LANDS

PART II

2.0 BROAD OVERVIEW OF THE 2019/20 SUPPLEMENTARY ESTIMATES NO.1

15. The 2019/2020 supplementary Estimates 1 was submitted and tabled in the National Assembly on 12th November, 2019 and referred to relevant Departmental Committees pursuant to Article 223(2) of the Constitution, Section 43 of the Public Finance Management Act, 2012 and National Assembly Standing Order 243(1) for consideration. The Constitution of Kenya and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Supplementary Estimates and make recommendations before the expenditure is approved.

16. Standing Order No. 243(3) provides that after being laid in the House, the Supplementary Estimates are committed to each Departmental Committee to deliberate upon according to their respective mandates. The Standing Orders also allows the Departmental Committees of the National Assembly to review and consider the Supplementary Estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

17. During the consideration of the 2019/2020 Supplementary Estimates 1 for the Sector, the Committee was briefed by the Parliamentary Budget Office on the contents and key issues regarding the Estimates of the two votes under the purview of the committee, which is the Ministry of Lands and Physical Planning and the National Lands Commission.

18. Afterwards, the Committee held discussions with the State Departments under the Committee's Purview.

2.1 Submissions by the Parliamentary Budget Office

19. The committee was informed that in considering estimates of supplementary expenditures the following shall not be considered unforeseen and unavoidable expenditure:

    (a) Expenditure that, although known when finalising the estimates of the original budget, could not be accommodated within allocations; and

(b) Tariff adjustments and price increases.

20. The committee was informed that Regulation 40(9) of the PFM (National Government) Regulations 2015 provides that in approving supplementary estimates the National Assembly approval shall not exceed ten (10) percent of the approved budget estimates of a program or Sub-Vote unless it is for unforeseen and unavoidable need as defined in section 21 of the Act.

21. The committee was further informed that the supplementary estimate was on account of a circular by the National Treasury which maintained that the 2019/20 budget implementation could not commence as was envisaged on account of need to reprioritize resources to ensure the big four programmes and projects were adequately funded. Consequently, all MDAs were expected to rationalize their expenditures to realize savings for the Big Four.

22. The policy measure necessitated the revision of the Fiscal Framework for the 2019/20 and the Medium Term. These changes were affected in the context of Supplementary I with the aim of addressing the following: -

    a) Rationalization of the Budget
    b) Re-alignment and enhancement of the provision for the programmes and projects under the Big Four plan
    c) Re-allocation and additional funding to cater for emerging priorities and
    d) Institute policy measures to contain wastage

23. The Committee was also briefed of the status of budget implementation by the Ministry of lands and physical planning and the National Land Commission during the first quarter of the 2019/20 financial year. Actual recurrent expenditure during this period was below 25 percent with zero release of development expenditure.

24. Thetotal approved recurrent expenditure for the Ministry of Lands and Physical Planning for the FY 2019/20 was Kshs 3,016 million. The total amount for recurrent expenditure has been proposed for a reduction of Kshs 90.1 million on account of austerity measures.

25. The proposed budget cut is likely to derail the ministries operations and project supervision even though no budget cut has been proposed under development budgets.

26. The major impact of the budget cut will be:-Reduced revenue collection, Digitization of land offices (18 to 12), renovation of land offices (15 to 12), and dissemination of geospatial data and registration of parcels finalized for registration. The items that have been earmarked for budget cuts are largely for operations and maintenance.

27. Finally, the recurrent expenditure for the ministry across all cost centers has been cut on account of austerity measures. The impact of the budget cut will lead to scaling down of activities and deliver the services at a possible minimum cost especially at the County land offices and the Kenya Institute of survey and mapping which was found to be grossly underfunded in previous budgets.

28. The total approved recurrent expenditure for the National Lands Commission for the FY 2019/20 amounts to KSh.1, 308.2 million. The expenditure has been proposed for a reduction by Kshs. 120.9 million largely on items under use of goods and services which account of 87 percent of the total budget cuts.

29. The budget cut of the Commission is likely to hamper the operations of the legal and enforcement department and the county coordination offices who are the biggest spenders of O&M items. Some of the items to be affected by the cut include; communication, supplies and services, domestic travel and subsistence, foreign travel, printing and advertisement, training, hospitality among others.

2.2 Committee Review of the Ministry and the National Lands Commission

a) Submissions by the Ministry of Lands and Physical Planning

30. The Committee held a meeting with the Principal Secretary, Ministry of Lands and Physical Planning on Tuesday 19th November 2019. During the meeting the Principal Secretary informed the Committee that the Ministry's recurrent budget has been proposed to decrease by **Kshs. 90,160,991. The reduction is on account of the following vote heads;**

Head	Approved Estimates FY 2019/2020 (Kshs. Million)	Proposed Estimates Sup. I FY 2019/2020 (Kshs. Million)	Decrease (Kshs. Million)
Headquarters Administration and Planning Services	581.79	558.98	(22.81)
Development Planning Services	12.044	9.24	(2.80)
Adjudication and Settlement Services	528.94	528.00	(0.941)
Survey Department - National Bulk Tilting Centre	652.78	647.59	(5.19)
Kenya Institute of Surveying and Mapping	220.21	212.87	(7.3)
Department of Physical Planning	166.38	164.83	(1.54)
Department of Lands	678.42	672.69	(5.73)
County Land Offices	175.60	131.81	(43.78)
TOTAL FOR VOTE 1112 Ministry of Lands and Physical Planning	**3,016.2**	**2,926.03**	**(90.16)**

31. The shortfall arising from the reduction will have the following implication on the realization of targeted outputs:-

i. Processing and registration of the remaining 337,500 title deeds

ii. Sensitization of counties and sectors on the implementation of National Spatial Plan and National Land Use Policy.

iii. Finalization of Kenya National Spatial Infrastructure policy and acceleration of topographical maps.

iv. Payment of pending bill to KSG incurred on training staff on promotional courses.

v. Printing of maps and land titles.

32. The Committee observed that the decrease in the recurrent expenditure of Kshs 90.1 million in the Ministry of Lands and Physical Planning and a decrease of Kshs 120 million from the

National Lands Commission is meant to cater for projects and programmes under the Big four Agenda.

33. The Committee observed the proposed reduction of **Kshs 43 million** on the County Land Offices and **Kshs 7.3 million** on the Kenya Institute of Survey and Mapping Heads will have significant negative effect on the operations and delivery of two important bodies that are already under funded. The County Land Offices form a nexus between the ministry and operations at the counties without which issuance of title deeds, solving boundary disputes and completion of ongoing adjudication will be difficult.

b) Submissions by the National Lands Commission

34. The Committee held a meeting with Ag. Chief Executive Officer, National Land Commission on Tuesday 19th November 2019. During the meeting the Chief Executive Officer informed the Committee that the Commission's recurrent budget has been proposed to decrease by Kshs 120, 992, 425 million. The decrease was on account of the following vote heads;

Program	Approved Estimate	Supplementary	Change in Estimate
General Administration, planning and support	1,164.2	1,102.9	(61.4)
Land Administration and management	89.4	53.4	(35.9)
Public Land Information management	6.5	4.6	(1.8)
Land Dispute and Conflict Resolutions	47.8	26.0	(21.7)
Land Administration and management	**1,308.2**	**1,187.2**	**(120.9)**

35. The Committee observed that the Commission has not settled its pending bills to the tune of Kshs 561, 115, 922.68 million of which Kshs 519,000,000 is staff gratuity which has been pending for over one year and Kshs 42, 417, 522.8 is for merchants who supplied the Commission with goods and services.

36. The Committee also noted that the Commission is constrained with office space both at the headquarters and county level. The Commission requires additional office space given that majority of NLC staff including commissioners have been moved to ACK annex and surrendered Ardhi house to the Ministry of Lands and Physical Planning. The Commission requests for an additional **Kshs 34 million** being annual rent **Kshs 30 million** being cost of partitioning the new offices.

3.0 COMMITTEE RECOMMENDATIONS

1. **The Committee recommends the reinstatement of the Sum-total of Kshs 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of Kshs 43,789,037 deducted from County Land Offices-Vote 1112 and the same deducted from the vote head survey department-National Bulk Titling Centre within Vote 1112-Ministry of Lands and Physical Planning.**

2. **The committee agrees with the proposed reduction of Kshs 120,992,425 from the National Lands Commission- Vote 2021.**

3. **The Committee recommends the approval of the 2019/2020 Revised Estimate (Supplementary Estimates I) of Kshs 1,187,207,575 for Vote 2021 -the National Land Commission and Kshs 2,926,039,009 for Vote 1112 - Ministry of Lands and Physical Planning.**

Signed.....Date.....21-11-2019

Hon. Dr. Rachael Kaki Nyamai, MP
Chairperson, Departmental Committee on Lands

Annex 1: Mini Schedule

	PROPOSED CHANGE IN ESTIMATES			COMMITTEE RECCOMENDATIONS			FINAL CHANGE IN ESTIMATES		
Programme code and Tiltle	Change in Current	Change in Capital	Total Change in Estimates	Change in Current	Change in Capital	Total Change in Estimates	Change in Current	Change in Capital	Total Change in Estimates
Ministry of Lands and Physical Planning									
Headquarters Administration and Planning Services	-22,810,668		-22,810,668			0	-22,810,668		-22,810,668
Development Planning Services	-2,802,943		-2,802,943			0	-2,802,943		-2,802,943
Adjudication and Settlement Services	-941,304		-941,304			-	-941,304		-941,304
Survey Department - National Bulk Tilting Centre	-5,195,530		-51,133,154	-51,133,154		-51,133,154	-56,328,684		-56,328,684
Kenya Institute of Surveying and Mapping	-7,344,117		7,344,117	7,344,117		7,344,117	-		-
Department of Physical Planning	-1,544,556		-1,544,556			-	-1,544,556		-1,544,556
Department of Lands	-5,732,836		-5,732,836			-	-5,732,836		-5,732,836
County Land Offices	-43,789,037		-43,789,037	43,789,037		43,789,037	-		-
Land Policy and Planning	**-90,160,991**			-			**-90,160,991**		**-90,160,991**
National Lands Commission									
General Administration, planning and support	-61,443,759		-61,443,759			0	-61,443,759		-61,443,759
Land Administration and management	-35,973,348		-35,973,348			0	-35,973,348		-35,973,348
Public Land Information management	-1,818,441		-1,818,441			0	-1,818,441		-1,818,441
Land Dispute and Conflict Resolutions	-21,756,877		-21,756,877			0	-21,756,877		-21,756,877
Land Administration and management	**-120,992,425**		**-120,992,425**			**0**	**-120,992,425**		**-120,992,425**

MINUTES OF THE 89TH SITTING OF THE DEPARTMENTAL COMMITTEE ON LANDS HELD ON TUESDAY, 19TH NOVEMBER, 2019 IN THE BOARDROOM, 5TH FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS AT 11.30 A.M

PRESENT

1. Hon. Dr. Rachael Nyamai, M.P - **Chairperson**
2. Hon. Khatib Mwashetani, M.P - **Vice Chairperson**
3. Hon. Jayne Kihara, M.P
4. Hon. Joshua Kutuny, M.P
5. Hon. Mishi Mboko, M.P
6. Hon. Caleb Kositany, M.P
7. Hon. Catherine Waruguru, M.P
8. Hon. George Risa Sunkuyia, M.P
9. Hon. Jane Wanjuki Njiru, M.P
10. Hon. Josphat Gichunge Kabeabea, M.P
11. Hon. Owen Baya, M.P
12. Hon. Samuel Kinuthia Gachobe, M.P
13. Hon. Simon Nganga Kingara, M.P
14. Hon. Teddy Mwambire, M.P

APOLOGIES

1. Hon. Kimani Ngunjiri, M.P
2. Hon. Omar Mwinyi Shimbwa, M.P
3. Hon. Ali Mbogo, M.P
4. Hon. Babu Owino, M.P
5. Hon. George Aladwa, M.P

IN ATTENDANCE

Ministry of Lands and Physical Planning

1. Dr. Nicholas Muraguri, - Principal Secretary
2. Mr. Stephen Njue, - Ag. Chief Finance Officer
3. Ms. Diana Mutisya - Assistant Director of Budget, National Treasury
4. Mr. Julius Murithi
5. Mr. Wycliffe Mugambi

National Land Commission

1.	Mr. Gershom Otachi	-	Chairperson
2.	Ms. Gertrude Nguku	-	Vice Chairperson
3.	Mr. Alister Murimi	-	Commissioner
4.	Hon. Samuel Kambi	-	Commissioner
5.	Mr. Reginald Okumu	-	Commissioner
6.	Prof. James Tuitoek	-	Commissioner
7.	Ms. Hubbie H. Al – Haji	-	Commissioner
8.	Ms. Kabale Tache	-	Ag. Chief Executive Officer
9.	Mr. Francis Bor	-	Ag. Deputy Chief Executive Officer
10.	Ms. Mercy Njamwea	-	Director, Valuation
11.	Mr. Bernard Cheuriot	-	Ag. Director, Finance & Accounting
12.	Mr. Daniel Mwakio	-	Principal Finance Officer

THE NATIONAL ASSEMBLY SECRETARIAT

1.	Mr. Leonard Machira	-	Clerk Assistant I
2.	Mr. Ahmad Guliye	-	Clerk Assistant III
3.	Mr. Adan Abdi	-	Fiscal Analyst
4.	Mr. Nimrod Ochieng	-	Audio Recording Officer
5.	Ms. Peris Kaburi	-	Serjeant At Arms

MIN. NO. NA/DCS/LANDS/2019/342: PRELIMINARIES

The meeting was called to order at nine minutes to twelve o'clock, prayers said and thereafter introductions were made.

MIN. NO. NA/DCS/LANDS/2019/343: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted as outlined in the notice of the meeting after it was proposed and seconded by Hon. Simon Kingara, M.P and Hon. George Sunkuyia, M.P respectively.

MIN. NO. NA/DCS/LANDS/2019/344: SUBMISSIONS BY THE MINISTRY OF LANDS & PHYSICAL PLANNING ON THE 2019/2020 SUPPLEMENTARY I ESTIMATES

The Principal Secretary, Ministry of Lands and Physical Planning submitted the following in respect of the Supplementary Estimates I of the Financial Year 2019/2020;

i. The Ministry's recurrent budget has been proposed to decrease by Kshs. 90,160,991. The reduction is on account of the following vote heads;

Head	**Approved Estimates FY 2019/2020 (Kshs. Million)**	**Proposed Estimates Sup. I FY 2019/2020 (Kshs. Million)**	**Decrease (Kshs. Million)**
Headquarters Administration and Planning Services	581.79	558.98	(22.81)
Development Planning Services	12.044	9.24	(2.80)
Adjudication and Settlement Services	528.94	528.00	(0.941)
Survey Department - National Bulk Tilting Centre	652.78	647.59	(5.19)
Kenya Institute of Surveying and Mapping	220.21	212.87	(7.3)
Department of Physical Planning	166.38	164.83	(1.54)
Department of Lands	678.42	672.69	(5.73)
County Land Offices	175.60	131.81	(43.78)
TOTAL FOR VOTE 1112 Ministry of Lands and Physical Planning	**3,016.2**	**2,926.03**	**(90.16)**

ii. The shortfall arising from the reduction will have the following implication on the realization of targeted outputs: -

a. Processing and registration of the remaining 337,500 title deeds
b. Sensitization of counties and sectors on the implementation of National Spatial Plan and National Land Use Policy.
c. Finalization of Kenya National Spatial Infrastructure policy and acceleration of topographical maps.
d. Payment of pending bill to KSG incurred on training staff on promotional courses.
e. Printing of maps and land titles.

The Principal Secretary agreed with the proposal made by the Committee that a sum-total of Kshs 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of

Kshs 43,789,037 deducted from County Land Offices-Vote 1112be reinstated and the same be deducted from the vote head survey department-National Bulk Titling Centre. He also agreed that the Kenya Institute of Survey and Mapping was underfunded and proposed that the Institute be domiciled in the Ministry of Education to attract adequate funding and to enable the ministry of lands and Physical Planning to focus on its key mandate. The Committee resolved to support the proposal once it was formally made.

The Committee recommended that the Ministry needed to automate its revenue collection platforms to reduce corruption and boost revenue collection. The Principal Secretary informed the meeting that the ministry was in the process of automating the same and had already started piloting payment through the Mpesa platform for the Settlement Trust Fund.

Committee Observations

i. The Committee observed the proposed reduction of Kshs 43 million on the County Land Offices and Kshs 7.3 million on the Kenya Institute of Survey and Mapping Heads will have significant negative effect on the operations and delivery of two important bodies that are already under funded.

ii. The County Land Offices form a nexus between the ministry and operations at the counties without which issuance of title deeds, solving boundary disputes and completion of ongoing adjudication will be difficult.

MIN. NO. NA/DCS/LANDS/2019/345: SUBMISSIONS BY THE NATIONAL LAND COMMISSION ON THE 2019/2020 SUPPLEMENTARY I ESTIMATES

The Ag. Chief Executive Officer, National Land Commission, who was accompanied by the new Commissioners submitted the following in respect of the Supplementary Estimates I of the Financial Year 2019/2020;

i. the Commission's recurrent budget has been proposed to decrease by Kshs 120, 992, 425 million on account of the following vote heads;

Program	Approved Estimate	Supplementary	Change in Estimate
General Administration, planning and support	1,164.2	1,102.9	(61.4)
Land Administration and management	89.4	53.4	(35.9)
Public Land Information management	6.5	4.6	(1.8)
Land Dispute and Conflict Resolutions	47.8	26.0	(21.7)
Land Administration and management	**1,308.2**	**1,187.2**	**(120.9)**

The Ag. Chief Executive Officer stated that the proposed reduction would adversely affect the operations of the commission as it was already grossly underfunded as the commission had only been allocated Ksh 1,458,000,000 out of a request of Ksh 2.4 billion. The Committee advised that the commission needed to lobby for more funded at the ongoing sector working groups and demonstrate clear outputs to attract more funding.

The Committee was also informed that the Commission had requested for an additional funding of Ksh. 916 million to cater for among other an outstanding Staff Gratuity of Ksh. 519 million occasioned by the transition of contract staff into permanent and pensionable terms in the 2018/2019 FY. The representative of the National treasury stated that the matter would be addressed through installments but noted at the commission ought to have withheld the transition until the required funds were availed through accurate projections of the same in the subsequent Financial year

Committee Observations

i. The Committee observed that the Commission has pending bills to the tune of Kshs 561, 115, 922.68 million of which Kshs 519,000,000 is staff gratuity which has been pending for over one year and Kshs 42, 417, 522.8 is for merchants who supplied the Commission with goods and services.

ii. The Commission is in need of office space as majority of staff and Commissioners have been moved to ACK annex and surrendered Ardhi house to the Ministry of Lands and Physical Planning hence the request for an additional Kshs 34 million being annual rent Kshs 30 million being cost of partitioning the new offices.

s

Committee Recommendations

The Committee made the following recommendations in respect of the proposed Supplementary Estimates I of the Financial Year 2019/2020 of the Ministry of Lands & Physical Planning and the National Land Commission;

i. The Committee recommends the reinstatement of the Sum-total of Kshs 7,344,117 deducted from Kenya Institute of Survey and Mapping-Vote 1112 and the sum total of Kshs 43,789,037 deducted from County Land Offices-Vote 1112 and the same be deducted from the vote head survey department-National Bulk Titling Centre within Vote 1112-Ministry of Lands and Physical Planning.

ii. The committee agrees with the proposed reduction of Kshs 120,992,425 from the National Lands Commission- Vote 2021.

iii. The Committee recommends the approval of the 2019/2020 Revised Estimate (Supplementary Estimates I) of Kshs 1,187,207,575 for Vote 2021 -the National Land Commission and Kshs 2,926,039,009 for Vote 1112 - Ministry of Lands and Physical Planning.

MIN. NO. NA/DCS/LANDS/2019/346: ADJOURNMENT

There being no other business to discuss, the meeting was adjourned at twenty – nine minutes past two o'clock.

Signature.....

HON. DR. RACHAEL KAKI NYAMAI, M.P.

(Chairperson)

Date.....21-11-2019.....

MINUTES OF THE 84TH SITTING OF THE DEPARTMENTAL COMMITTEE ON LANDS HELD ON THURSDAY, 14TH NOVEMBER, 2019 IN THE BOARDROOM, 9TH FLOOR, HARAMBEE SACCO PLAZA, PARLIAMENT BUILDINGS AT 11.30 A.M

PRESENT

1. Hon. Dr. Rachael Nyamai, M.P - **Chairperson**
2. Hon. Khatib Mwashetani, M. P - **Vice Chairperson**
3. Hon. Jayne Kihara, M.P
4. Hon. Joshua Kutuny, M.P
5. Hon. Mishi Mboko, M.P
6. Hon. Omar Mwinyi Shimbwa, M.P
7. Hon. Ali Mbogo, M.P
8. Hon. Babu Owino, M.P
9. Hon. Caleb Kositany, M.P
10. Hon. Catherine Waruguru, M.P
11. Hon. George Aladwa, M.P
12. Hon. George Risa Sunkuyia, M.P
13. Hon. Jane Wanjuki Njiru, M.P
14. Hon. Owen Baya, M.P
15. Hon. Samuel Kinuthia Gachobe, M.P
16. Hon. Simon Nganga Kingara, M.P
17. Hon. Teddy Mwambire, M.P

APOLOGIES

1. Hon. Kimani Ngunjiri, M.P
2. Hon. Josphat Gichunge Kabeabea, M.P

IN ATTENDANCE

THE NATIONAL ASSEMBLY SECRETARIAT

1.	Mr. Leonard Machira	-	Clerk Assistant I
2.	Mr. Ahmad Guliye	-	Clerk Assistant III
3.	Mr. Adan Abdi	-	Fiscal Analyst
4.	Ms. Jemimah Waigwa	-	Legal Counsel
5.	Mr. Nimrod Ochieng	-	Audio Recording Officer
6.	Ms. Peris Kaburi	-	Serjeant At Arms

MIN. NO. NA/DCS/LANDS/2019/324: PRELIMINARIES

The meeting was called to order at eleven minutes to twelve o'clock and prayers were said.

MIN. NO. NA/DCS/LANDS/2019/325: ADOPTION OF THE AGENDA

The agenda of the meeting was adopted as outlined in the notice of the meeting after it was proposed and seconded by Hon. Owen Baya, M.P and Hon. George Sunkuyia, M.P respectively.

MIN. NO. NA/DCS/LANDS/2019/326: BRIEFING ON THE 2019/2020 SUPPLEMENTARY I ESTIMATES BY THE PARLIAMENTARY BUDGET OFFICE

The Parliamentary Budget Office briefed the Committee on the proposed Supplementary I Estimates of the Financial Year 2019/2020 and the following highlights were noted;

i. The Ministry of Lands and Physical Planning has been proposed for a budget cut of 90.1 million under the recurrent vote.

ii. The recurrent expenditure has been cut across all sub-heads and the table below shows the heads with its proposed reduction;

Head	Approve 2019/20	Supplementary	Revised 2019/20 (Supplementary 1)
HQ's Administration & Planning Services	581,793,178	22,810,668	558,982,510
Development Planning Services	12,044,461	2,802,943	9,241,518
Adjudication & Settlement Services	528,947,827	941,304	528,006,523
Survey Department-National Bulk Titling Centre	652,786,384	5,195,530	647,590,854
Kenya Institute of survey & Mapping	211,218,862	7,344,117	203,874,745
Department of Physical Planning	166,380,253	1,544,566	164,835,687
Department of Lands	678,428,380	5,732,836	672,695,544
County Land Offices	175,600,655	43,789,037	131,811,618

iii. A reduction of Ksh. 120.9 million has been proposed for the National Land Commission on its recurrent vote largely on items under use of goods and services which account of 87 percent of the total budget cuts.

iv. The proposed cut was likely to hamper the operations of the legal and enforcement department and the county coordination offices who are the biggest spenders of Operations & Maintenance items.

v. The table below shows the sub programs that would be affected by the proposed cuts;

Program	Approved Estimate	Supplementary	Change in Estimate
General Administration, planning and support	1,164.2	1,102.9	(61.4)
Land Administration and management	89.4	53.4	(35.9)
Public Land Information management	6.5	4.6	(1.8)
Land Dispute and Conflict Resolutions	47.8	26.0	(21.7)
Land Administration and management	**1,308.2**	**1,187.2**	**(120.9)**

Committee Observations

The Committee noted the following;

i. The Ministry of Lands and Physical Planning did not spend any monies on the development vote for the first quarter of the Financial Year 2019/2020;

ii. The biggest reduction in the recurrent budget for the ministry on account of austerity measures has been on the county land offices vote head this would adversely affect service delivery at the grass root level;

iii. The Kenya Institute of survey & Mapping was grossly underfunded, and the proposed reduction of the Institute's recurrent budget would affect its operations. The Committee also observed that the Institute budget should be maintained, and the proposed reduction be sourced from other Heads with enough allocation .

iv. The revenue collection potential of the Ministry has been reduced significantly on the account of the supplementary budget.

v. The Committee resolved to invite the Cabinet Secretary, Ministry of Lands & Physical Planning and the National Land Commission to report on among other particulars of affected programs and sub-programs, including any changes to key performance indicators, outputs and targets.

MIN. NO. NA/DCS/LANDS/2019/327: ADJOURNMENT

There being no other business to discuss, the meeting was adjourned at twelve minutes to one o'clock.

Signature.....

HON. DR. RACHAEL KAKI NYAMAI, M.P.

(Chairperson)

Date.....21-11-2019.....

REPUBLIC OF KENYA



KENYA NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION

THE DEPARTMENTAL COMMITTEE

ON

SPORTS, CULTURE AND TOURISM

REPORT ON THE CONSIDERATION OF THE 2019/2020 SUPPLEMENATRY ESTIMATES NO. 1 FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1201- State Department for Tourism
Vote 1132- State Department for Sports
Vote 1134- State Department for Culture and Heritage

DIRECTORATE OF COMMITTEE SERVICES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2019

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PART I

1. PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Sports, Culture and Tourism and pursuant to provisions of standing order number 207 (6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its Considerations of the 2019/20 Supplementary Estimates No. 1.

1.1 Mandate of the Committee

The Departmental Committee on Sports, Culture and Tourism is one of the fifteen Departmental Committees of the House established pursuant to Article 124 of the Constitution of Kenya 2010 and Standing Order 216 of the National Assembly and mandated to:

(a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
(b) Study the programme and policy objectives of ministries and departments and the effectiveness of the implementation.
(c) study and review all legislation referred to it;
(d) study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
(e) investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;
(f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (*Committee on Appointments*); and
(g) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.

The Departmental Committee on Sports, Culture and Tourism oversights the following Ministries/Departments/Agencies:

1. State Department for Sports Development
2. State Department for Heritage
3. State Department for Tourism

1.2 Committee Membership

The Committee on Sports, Culture and Tourism comprises of the following Members:

Hon. (Dr.) Victor Kioko Munyaka, M.P – Chairperson
Machakos Town Constituency
Jubilee Party

Hon. (Dr.) Korei Ole Lemein, M.P - Vice Chairperson
Narok South Constituency
Jubilee Party

Hon. Christopher Omulele, M.P
Luanda Constituency
Orange Democratic Movement Party

Hon. (Dr.) Christine Ombaka, M.P
Siaya County
Orange Democratic Movement Party

Hon. Cyprian Kubai Iringo, M.P
Igembe Central Constituency
Jubilee Party

Hon. Jones Mlolwa, M.P
Voi Constituency
Orange Democratic Movement Party

Hon. Daniel Wanyama Sitati, M.P
Webuye West Constituency
Jubilee Party

Hon. Benard Masaka Shinali, M.P
Ikolomani Constituency
Jubilee Party

Hon. (Prof.) Jacqueline Oduol, M.P
Nominated
Orange Democratic Movement Party

Hon. Lydia Haika Mnene Mizighi, M.P
Taita Taveta County
Jubilee Party

Hon. George Risa Sunkuyia, M.P
Kajiado West Constituency
Jubilee Party

Hon. Annie Wanjiku Kibeh, M.P
Gatundu North Constituency
Jubilee Party

Hon. Sylvanus Maritim, M.P
Ainamoi Constituency
Jubilee Party

Hon. Jeremiah Lomurukai, M.P
Loima Constituency
Orange Democratic Movement Party

Hon. Charles Ngusya Nguna, M.P
Mwingi West Constituency
Wiper Democratic Party

Hon. Titus Mukhwana Khamala, M.P
Lurambi Constituency
Amani National Congress

Hon. (Dr.) Tecla Chebet Tum, M.P
Nandi County
Jubilee Party

Hon. Charles Kamuren, M.P
Baringo South Constituency
Jubilee Party

Hon. Jane Jepkorir Kiptoo Chebaibai, M.P
Elgeyo Marakwet County
Jubilee Party

1.3 Committee Secretariat

The Committee Secretariat consists of the following:

Samuel Kalama	-	Senior Clerk Assistant
Fredrick Otieno	-	Second Clerk Assistant
Joe Okong'o	-	Media Relations Officer
Salem Lorot	-	Legal Counsel II
Vitus Okech	-	Research Officer III
Abdirahim Omar	-	Fiscal Analyst III
Sheila Chebotibin	-	Sergeant At-Arms

1.4 Overview of the examination of the 2019/20 Supplementary Estimates No. 1

The 2019/20 Supplementary Estimates No. 1 was submitted to the National Assembly in accordance with Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012, Section 40 of the PFM Regulations and Standing Order 243 and subsequently tabled on the floor of the House on 12th November, 2019. The Committee held a total of four (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview. The agencies include State Department for Tourism - Vote 1202, State Department for Culture and Heritage- Vote 1134 and State Department for Sports- Vote 1132.

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

1. State Department for Sports

Observations:

(i) In the financial year 2019/20, the State Department for Sports has been allocated a total of **Kshs 15.2 billion** comprised of **Kshs 1.3 billion** for recurrent expenditure and **Kshs 13.9 billion** for development expenditure. The department allocation has increased significantly by Kshs 13.0 billion in FY 2019/20 from Kshs 2.2 billion in FY 2018/19 representing a percentage growth 590.9%.

(ii) The Committee observed that the department's recurrent budget has been decreased by Kshs 53 million representing 5% decline on the department budget. However, the development budget has been adjusted upwards by Kshs 100 million. In overall terms, the net effect is an increase of Kshs 47 million representing a percentage change of 0.3%.

(iii)The committee further observed that the proposed reduction of Kshs 53 million under the supplementary budget will affect the department's budgetary provision on the following items; communication, supplies and services, domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, purchase of motor vehicles, equipment and furniture.

(iv)The additional allocation of Kshs 100 million is specifically meant to expedite the completion of Kipchoge Keino Stadium which is a critical sports infrastructure for the athletes. The project was identified by the budget and appropriation committee during its public budget hearings.

(v) The committee has also observed that the department has a pending bill amounting to **Kshs 583.7 million** comprised of **Kshs 17 million** for AGPO, Kshs 261.6 million – Non-AGPO and **Kshs 305 million** which are historical pending bills that are under audit before being processed for payment.

Recommendations:

The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the state department for Sports as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.

2. **State department of Culture and Heritage**

Observations:

(i) The approved allocation to the State Department was **Kshs. 3.6 billion**. Out of this amount, **Kshs. 3.0 billion** was for recurrent expenditure while **Kshs. 0.6 billion** was for development expenditure.

(ii) In the proposed supplementary estimates, the department recurrent budget has been decreased by **Kshs. 0.122 billion** representing 5% of its approved budget. In addition, the development budget has also increased by **Kshs. 17 million**. In overall terms, the budget has been revised by 3.4%.

(iii) The committee observed that the budgets for the following critical projects such as the Refurbishment of Archives Offices, Rehabilitation and upgrade of Maralal Kenyatta House, Rehabilitation and upgrade of Lokitaung Memorial have been reduced by **Kshs. 12.4 million**, **Kshs 5.3 million**, and **Kshs 5.3 million** respectively. The Committee further noted that if the proposed budgetary cuts were implemented, the projects will stall in the FY 2019/20. More importantly, the committee has undertaken inspections in the National Archives Offices recently and has observed that the offices are in dilapidated situation and hence there is urgent need for renovations.

(iv) The committee further observed that there is a new provision of **Kshs. 40 million** for the fencing of Kapenguria Museum. The project was identified by the Budget and Appropriation Committee during its public budget hearings.

(v) The committee has observed that the department has a pending bill amounting to **Kshs. 704.9 million**. It is further noted that a significant proportion of the pending bill amounting to **Kshs. 438 million** is pension arrears and statutory deductions owed to pensioners and NSSF by the National Museums of Kenya.

Financial Recommendations

Reductions

The Committee recommends a reduction of **Kshs 23 million** from the allocation of **Kshs 40 million** meant for the fencing of Kapenguria Museum. The

Increase

The committee recommends the reallocation of the **Kshs. 23 million** deducted from the budget for the Fencing of Kapenguria Museum to the following projects; Refurbishment of Archives

Offices – **Kshs 12.4 million**, Rehabilitation and upgrade of Maralal Kenyatta House – **Kshs 5.3 million**, and Rehabilitation and upgrade of Lokitaung Memorial - **Kshs 5.3 million.** The projects are ongoing and the proposed through the supplementary budget will affect the timely completion of the projects.

State Department of Tourism

Observations:

(i) In the financial year 2019/20, the department has been allocated **Kshs 7,875.9 million** which is composed of **Kshs 6,345 million** is for recurrent expenditure while **Kshs 1,530** is for development expenditure.

(ii) In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 468.9 million representing 7.4% of its approved recurrent budget. In addition, the development budget of the department has significantly been reduced by Kshs 701 million (54.2%). In overall terms, the budget has been revised downwards by 14.9%.

(iii) It was noted that the PFM regulation requires that any adjustments to various programmes, whether increase or decrease should not be more than 10% of the approved estimates per programme. However, the budget for the programme of tourism development and promotion has been significantly reduced by 14.9% contrary to the provisions of the PFM regulations.

(iv) The proposed reduction of **Kshs 468.9 million** under the recurrent budget is due to budget rationalization and will affect the following budget items; Domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, office and general supplies, purchase of motor vehicles, equipment and furniture.

(v) The department's development budget has a net reduction of Kshs 701 million and the following projects will be affected; Sustaining new markets and sitting booths in Tourism Target Markets – KTB – (Kshs 375 million), Kenyatta International Convention Center (KICC) – (Kshs 120 million), Coastal Beach Management Programme – (Kshs 100 million), Kisumu Water Front – (Kshs 120 million) and Malindi Beach Management – (Kshs 130 million).

(vi) The Committee also observed that the proposed reductions effected against the water front projects in Kisumu and Malindi as well as the Coastal Beach Management Programme were so significant that the projects are not likely to take off.

(vii) In addition, the Committee observed that the proposed reduction of Kshs 375 million from the development budget of the Kenya Tourism Board will significantly affect its ability to market the country in tourism target markets and sustain booths in our traditional markets.

(viii) The Committee further observed that there is a new provision of **Kshs 24 million** and **Kshs 120 million** for Mama Ngina Beach Management and open space office

modelling respectively. The new provision for the Mama Ngina Beach Management is meant for settling contractual agreement for ongoing works and **Kshs 24 million** is meant for office partitioning at the newly built tourism fund building for the state department.

Financial Recommendation

Reductions

The recommends reduction of **Kshs. 30 million** from Coastal Beach management Programme, **Kshs. 120 million** from Kisumu Waterfront and **Kshs. 110 million** from Malindi Waterfront. The Committee noted that these projects have not taken off and the remaining allocations for the projects are not enough to start up the projects.

Increase

The Committee recommends reallocation of the Kshs. 260 million deducted from the above projects to the following ongoing projects that have immediate and profound results for the sector; Ushanga Kenya Initiative - Kshs. 50 million, Farm Murera Gate Road Meru - Kshs. 42 million and Kenya Tourism Board Kshs. 168 million.

Projects	Supplementary Budget (Kshs Millions)	Committee Recommendation (Kshs millions)	Revised Estimate (Kshs millions)
Farm Murera Gate Road Meru	-	42.0	42.0
Ushanga Kenya Initiative	(354.2)	50	(304.2)
sustaining new markets and sitting booths	(375)	168	(207)
TOTAL	729.2	260	469.2

1.5 Acknowledgements

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the 2019/2020 Supplementary Estimates No. 1.

Finally, I wish to express my appreciation to the Honourable Members of the Committee who made useful contributions towards the preparation and production of this report.

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Sport, Culture and Tourism, to submit its Report on the consideration the 2019/2020 Supplementary Estimate No. 1.

Signature: ..... **Date:** 22/11/19

(THE HON. (DR.) VICTOR MUNYAKA, M.P.)
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS, CULTURE AND TOURISM

PART II

2. BROAD OVERVIEW OF THE 2019/2020 SUPPLEMENTARY ESTIMATES NO. 1

2.1 Overview of the Supplementary Estimates

The overall budget for the FY 2019/20 amounts to **Kshs. 3,080.8 billion** up from the **Kshs 2,836.1** billion allocated in the FY 2018/19.

It was noted that the supplementary estimate was necessitated by the government resolve to rationalize its budget in the face of consistent shortfall in revenue over the years. It was also occasioned by the need to realign and enhance the provision for the Programmes and projects under the "Big Four" Plan as well as the need to institute policy measures against wastage.

However, the Committee was concerned that the budget cuts will negatively affect the budgetary provisions of the departments under its purview on the operation and maintenance. Further, some of the ongoing projects might be affected and it could lead to projects being stalled.

State Department of Sports

(i) In 2019/20, the State Department has been allocated a total of **Kshs. 15.2 billion** comprised of **Kshs. 1.3 billion** for recurrent expenditure and **Kshs. 13.9 billion** for development expenditure. The department allocation has increased significantly by **Kshs. 13.1 billion** in FY 2019/20 from **Kshs. 2.2 billion** in FY 2018/19 representing a percentage growth 590.9%. The significant growth in budgetary allocation has been occasioned by the projected Appropriation in Aid (AIA) of Kshs 13.2 billion for Sport, Arts, and Social Development Fund.

(ii) The department's exchequer release as at 30th September, 2019 stood at **Kshs. 0.3 billion** representing 2% of the approved budget. The released funds were solely for the department's recurrent expenditure representing 19% of the approved recurrent budget while there were no funds released for development expenditure as at the end of the quarter. The department's cumulative expenditure as at 30th September, 2019 was **Kshs. 0.24 billion** which was solely spent on the department's recurrent expenses. The table 2 below shows the 1st quarter budget implementation for FY 2019/20.

(iii) In the proposed supplementary 1 budget, the department's recurrent budget has been decreased by **Kshs. 0.05 billion** representing 5% decline on the department budget. However, the development budget has been adjusted upwards by **Kshs. 0.1 billion**. In overall terms, the net effect is an increase of **Kshs. 0.05 billion** representing a percentage change of 0.3%.

State Department of Culture and Heritage

(iv) The approved allocation to the State Department was **Kshs. 3.6 billion**. Out of this amount, **Kshs 3.0 billion** was for recurrent expenditure while **Kshs. 0.6 billion** is for development expenditure. In comparison, the department was allocated **Kshs 3.9 billion** in FY 2018/19 comprised of **Kshs. 3.1 billion** for recurrent expenditure and **Kshs. 0.9 billion** for development expenditure. This represents a reduction of **Kshs. 0.6 billion** in budgetary provision.

(v) During the 1st quarter of the FY 2019/20, The State Department's received an exchequer release of **Kshs. 0.569 billion** which represents 19% of its approved budget for the FY 2019/20. The department actual expenditure stood at **Kshs. 0.568 billion** which was spent on its recurrent expenses. The department has not incurred any expenditure on its development vote during the 1st quarter of the financial year.

(vi) In the proposed supplementary budget, the department recurrent budget has been decreased by **Kshs. 0.122 billion** representing 5% of its approved budget. However, the development budget has not been affected. In overall terms, the budget has been revised by 3.8%.

(vii) The development budget of the department has been increased by **Kshs. 17 million**. The projects to be affected by the adjustment in the development include the following; a new provision of **Kshs. 40 million** for the fencing of Kapenguria Museum, the budgets for the Refurbishment of Archives Offices, Rehabilitation and upgrade of Maralal Kenyatta House, Rehabilitation and upgrade of Lokitaung Memorial have been reduced by **Kshs. 12.4 million**, **Kshs. 5.3 million**, and **Kshs. 5.3 million** respectively.

State Department of Tourism

(viii) In the financial year 2019/20, the State Department has been allocated **Kshs 7,875.9 million** which is composed of **Kshs 6,345 million** is for recurrent expenditure while **Kshs. 1,530** is for development expenditure. The amount allocated exceeds the budget policy statement ceiling by **Kshs 1,886.1 million**. This increase was attributed to Appropriation In Aid of **Kshs 3.7 billion** under the tourism fund which was not previously reflected during the consideration of the budget policy statement.

(ix) During the 1st quarter of the FY 2019/20, The State Department's received an exchequer release of Kshs 298.8 million which represents 3% of its approved budget for the FY 2019/20. The department actual expenditure stood at Kshs. 241.1 million which was spent on its recurrent expenses. The department has not incurred any expenditure on its development vote during the 1st quarter of the financial year.

(x) In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 468.8 million representing 5% of its approved budget. In addition, the development budget of the department has significantly been reduced by **Kshs 701 million (54.2%).** In overall terms, the budget has been revised downwards by 14.9%.

3. VOTE BY VOTE REVIEW

3.1 State Department for Sports- Vote 1132

The budgetary provision for the State Department during the FY 2019/20 amounts to **Kshs. 1,260,190,000** and **Kshs. 700,000,000** under Recurrent and Development votes respectively. In addition, the department will also benefit from the projected Appropriation in Aid of Kshs 13.2 billion under the Sports, Arts and Social Development Fund.

Compared to the 2018/19 FY budget provision under recurrent vote of **Ksh. 1,472,011,320**, the provision of **Ksh 1,165,630,000** in 2019/20 FY represents a reduction of **Kshs 306,381,320.**

Under supplementary I 2019/20 FY the recurrent vote budget provision was further reduced by **Kshs. 61.56 million.** This implies that the state Department may not adequately meet budgetary requirements earmarked for planned activities i.e.

- Officials' participation in sporting competitions for technical support
- Fuel and lubricants whose monthly consumption is averagely **Ksh 440,000** translating to **Ksh 1.34 million** per quarter
- Foreign travel given the nature of sporting activities most of which are held abroad.

The State Department's pending bills under the recurrent vote for the period ending 30th September 2019 is indicated below:

Table 1. State Department's pending bills

NO.	MDA	CATEGORY (Kshs.)			AMOUNT (Kshs.)
		AGPO	Non-AGPO	Historical	
1.	State Department of Sports	1,722,611	64,430,982.95	74,463,949.70	**140,617,543.65**
2.	Sports Kenya	15,176,000	196,062,000.00	145,068,000.00	**356,307,000.00**
3.	Kenya Academy of Sports	138,436	1,142,840.00	24,537,173.00	**25,818,449.00**
4.	Anti-Doping Agency of Kenya (ADAK)	-	-	61,000,000.00	**61,000,000.00**

Total	**17,037,047**	**261,635,822.95**	**305,069,122.7**	**583,742,992.65**

Most of the recurrent vote bills were settled before the close of the financial year with supplementary funding from The National Treasury. However, the SAGAs were not the beneficiaries of the additional funding that's why the outstanding figures are higher.

On the other hand, development pending bills totaled to **Kshs. 1.9 billion** of which **Kshs. 1.8 billion** relates to stadia projects while **Kshs. 0.1 billion** was for consultancy services for infrastructural development at the Kenya Academy of Sports.

With budget allocation of **Kshs. 700 million** in the 2019/20 FY, the pending bills will be settled to some extent. The remaining balances will be considered under the budget ceiling of the State Department from the Sports, Arts and Social Development Fund. In this financial year, Nyayo stadium has been prioritized for completion.

3.2 State Department for Culture and Heritage

Financial Performance Report

Table 2. Budget Allocations FY 2019/2020

No.	Description	Printed Estimates	Supplementary I Estimates	Revised Estimates
1.	**Recurrent**	**2,577,200,000**	**(122,151,828)**	**2,455,048,172**
2.	**Development**	**552,000,000**	**17,000,000**	**569,000,000**
	Total	**3,129,200,000**	**(105,151,828)**	**3,024,048,172**

At the beginning of the FY, the State Department had an allocation of **Kshs. 2,577,200,000 million** in the recurrent vote and a further **Kshs. 552 million** in the Development vote. This was however reduced by **Kshs. 122,151,828 million** for recurrent expenditure and **Kshs. 23 million** for development expenditure in the Supplementary Estimates No. I. The State Department got **Kshs. 40 million** for a new project named fencing of Kapenguria Museum. The reduction of **Kshs 105,129,828 million** was to cater for the big Four Agenda projects. Though the **Kshs. 40 million** is additional funding we lost **Kshs. 23 million** and it is our wish to complete the project.

Pending Bills

The States Department's current pending bills are categorized as below:

Table 3: Pending Bills

No.	Description		Amount (Kshs)	Remarks
1.	Kenya Culture Centre	Land Rates owed to Nairobi City	63,589,520	relates to land rates charged to the Centre

		County		
		Habitech Consultants	3.5M	This is the Consultant undertaking the Centre's project the International Arts and Culture Centre.
2.	Ministry Headquarters		41,675,655.10	Related to administration and other departments
3.	Kenya National Library Service	CBAs	73,150,122.80	To settle CBAs arrears for 2012-2013 and 2013-2017
4.	National Museums of Kenya	Recurrent and Development	85M	
		Pension arrears	293M	
		NSSF	145M	
	Total		**704.9M**	

3.3 State Department of Tourism

The State Department's recurrent budget performance is as indicated in the table below:

Table 4: **State Department's recurrent budget performance**

ITEM NAME	Approved Estimates 2019/20 kshs	Quarterly Budget	Actual expenditure as 30th September, 2019	% of absorption
Personnel Emolument	192,389,400	48,097,350	33,834,381	70% (the actual expenditure does not include September salary of Kshs.17M
Current Transfers SAGAs	828,400,000	207,100,000	184,635,000	89%
Domestic Travel	50,604,638	12,651,160	5,010,750	40%
Foreign Travel	30,530,607	7,632,652	4,643,724	61%
Printing	56,866,501	14,216,625	523,840	4%
Rent	46,667,768	11,666,942	0000	0%
Training	67,320,365	16,830,091	1,574,800	9%
Hospitality	82,799,097	20,699,774	7,370,033	36%
UEL	23,969,729	5,992,432	1,070,000	18%
eneral Supplies	42,365,241	10,591,310	554,115	5%

Communication services (Internet /Telephone)	14,633,973	3,658,493	488,000	13%
Maintenance Moto vehicle	11,392,363	2,848,091	200,000	7%
Maintenance - other asset	11,495,282	2,873,821	269,000	9%
Other operating expense (Contracted services, legal, temporary committee)	67,649,008	16,912,252	885,200	5%
Specialised materials & supplies	182,343,086	45,585,772	0	0%
Acquisition of Non-financial assets	18,047,992	4,511,998	0	0%
Utilities	2,453,750	613,438	0	0%
Total	**1,729,928,800**	**432,482,200**	**241,133,843**	**56%**

The expenditure for Capital Budget for the State Department was Nil as at 30th September. The budget had not been loaded awaiting rationalization.

In the proposed supplementary budget, the department's recurrent budget has been decreased by Kshs. 468.9 million representing 7.4% of its approved budget. In addition, the development budget of the department has significantly been reduced by Kshs. 701 million (54.2%). In overall terms, the budget has been revised downwards by 14.9%.

The reductions on the State Department's recurrent budget will affect the following areas:

(i) Headquarter Administrative Services	Kshs. 59,909,938
(ii) Central Planning Unit	Kshs. 10,258,636
(iii)Tourism Services Headquarters	Kshs. 23,472,940
(iv)Finance Management Services	Kshs. 21,051,579
(v) The Ushanga Kenya Initiative	Kshs. 354,171,480
Total	**Kshs. 468,864,573**

Table 5: Breakdown of Changes in Recurrent

Principal Item	Approved Estimate	Revised Estimate	Differences/ Changes
Compensation of Employees	192,389,400	192,389,400	
Utilities Supplies and Services	2,453,750	2,453,750	

Communication, supplies and Services	14,633,973	5,404,484	-9,229,489
Domestic Travel	50,604,638	26,052,313	-24,552,325
Foreign Travel	30,530,607	20,765,299	-9,765,308
Printing, adverting and info. Supplies	56,866,501	11,848,248	-45,018,253
Rental of produced Assets	46,667,768	46,667,768	
Training Expense	67,320,365	17,728,647	-49,591,718
Hospitality Supplies and Services	82,799,097	26,399,548	-56,399,549
Specialised Materials and supplies	182,343,086	23,431,623	-158,911,463
Office and General supplies	42,365,241	16,373,118	-25,992,123
Fuel oil and Lubricants	23,969,729	8,552,363	-15,417,366
Other operating Expenses	67,649,008	15,840,476	-51,808,532
Routine Maintenance	22,887,645	9,943,821	-12,943,824
Social Benefits (Gratuity)		1,789,373	1,789,373
Acquisition of Non- Financial Assets	18,047,992	7,023,996	-11,023,996
TOTAL CHANGES			**-468,864,573**

There is a reallocation of Kshs. 158.5 million from Ushanga Kenya Initiative distributed as below:

Development Items Kshs 144 M

- Mama Ngina Water Front **Kshs. 120 M**
- New Office Partitioning and Equipping **Kshs. 24 M**

Recurrent Items Kshs 14.5 M

- Foreign Travel **Kshs. 8M**
- Domestic Travel **Kshs. 6.5M**

The State Department's development budget was affected as indicated on the table below:

Table 6: Changes in the State Department's development budget

Project Name	Printed Estimates 2019/20	Supplementary Estimate 2019/20	Differences/Change
Open Space Modelling (Partitioning)	0	24,000,000	24,000,000
Construction of Ronald Ngala	300,000,000	300,000,000	0
Sustaining New Markets & Sitting Booths	500,000,000	125,000,000	(375,000,000)
KICC Prefab	120,000,000	0	(120,000,000)
Mama Ngina Waterfront	0	120,000,000	120,000,000
Coastal Beach Mngt. Programme	130,000,000	30,000,000	(100,000,000)
Kisumu Waterfront	240,000,000	120,000,000	(120,000,0000)
Malindi Waterfront	240,000,000	110,000,000	(130,000,000)
TOTAL	**1,530,000,000**	**829,000,000**	**701,000,000**

Projects Linked to the Big Four Agenda

The department does not have programmes and projects directly linked to the big four Agenda and therefore no impact on supplementary budget. However, it is an enabler to the Big Four Agenda.

4. COMMITTEE OBSERVATIONS

The Committee made the following observation:

4.1 State Department for Sports

1. In the financial year 2019/20, the State Department for Sports has been allocated a total of **Kshs 15.2 billion** comprised of **Kshs 1.3 billion** for recurrent expenditure and **Kshs 13.9 billion** for development expenditure. The department allocation has increased significantly by Kshs 13.0 billion in FY 2019/20 from Kshs 2.2 billion in FY 2018/19 representing a percentage growth 590.9%.
2. The Committee observed that the department's recurrent budget has been decreased by Kshs 53 million representing 5% decline on the department budget. However, the development budget has been adjusted upwards by Kshs 100 million. In overall terms, the net effect is an increase of Kshs 47 million representing a percentage change of 0.3%.
3. The committee further observed that the proposed reduction of Kshs 53 million under the supplementary budget will affect the department's budgetary provision on the following items; communication, supplies and services, domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, purchase of motor vehicles, equipment and furniture.
4. The additional allocation of Kshs 100 million is specifically meant to expedite the completion of Kipchoge Keino Stadium which is a critical sports infrastructure for the athletes. The project was identified by the budget and appropriation committee during its public budget hearings.
5. The committee has also observed that the department has a pending bill amounting to **Kshs 583.7 million** comprised of **Kshs 17 million** for AGPO, Kshs 261.6 million – Non- AGPO and **Kshs 305 million** which are historical pending bills that are under audit before being processed for payment.

4.2 State department of Culture and Heritage

1. The approved allocation to the state department was **Kshs 3.6 billion**. Out of this amount, **Kshs 3.0 billion** was for recurrent expenditure while **Kshs 0.6 billion** is for development expenditure.
2. In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 0.122 billion representing 5% of its approved budget. In addition, the development budget has also increased by Kshs 17 million. In overall terms, the budget has been revised by 3.4%.
3. The committee observed that the budgets for the following critical projects such as the Refurbishment of Archives Offices, Rehabilitation and upgrade of Maralal

Kenyatta House, Rehabilitation and upgrade of Lokitaung Memorial have been reduced by Kshs 12.4 million, Kshs 5.3 million, and Kshs 5.3 million respectively. The Committee further noted that if the proposed budgetary cuts were effected the projects will stall in the FY 2019/20.

4. The committee further observed that there is a new provision of Kshs 40 million for the fencing of Kapenguria Museum. The project was identified by the budget and appropriation committee during its public budget hearings.
5. The committee has observed that the department has a pending bill amounting to Kshs 704.9 million. It is further noted that a significant proportion of the pending bill amounting to Kshs 438 million is pension arrears and statutory deductions owed to pensioners and NSSF by the National Museums of Kenya.

4.3 State department of Tourism

1. In the financial year 2019/20, the department has been allocated **Kshs 7,875.9 million** which is composed of **Kshs 6,345 million** is for recurrent expenditure while **Kshs 1,530** is for development expenditure.
2. In the proposed supplementary budget, the department recurrent budget has been decreased by Kshs 468.9 million representing 7.4% of its approved recurrent budget. In addition, the development budget of the department has significantly been reduced by Kshs 701 million (54.2%). In overall terms, the budget has been revised downwards by 14.9%.
3. It was noted that the PFM regulation requires that any adjustments to various programmes, whether increase or decrease should not be more than 10% of the approved estimates per programme. However, the budget for the programme of tourism development and promotion has been significantly reduced by 14.9% contrary to the provisions of the PFM regulations.
4. The proposed reduction of **Kshs 468.9 million** under the recurrent budget is due to budget rationalization and will affect the following budget items; Domestic travel, foreign travel, printing, advertising and information supplies, training, hospitality, office and general supplies, purchase of motor vehicles, equipment and furniture.
5. The department's development budget has a net reduction of Kshs 701 million and the following projects will be affected; Sustaining new markets and sitting booths in Tourism Target Markets – KTB – (Kshs 375 million), Kenyatta International Convention Center (KICC) – (Kshs 120 million), Coastal Beach Management Programme – (Kshs 100 million), Kisumu Water Front – (Kshs 120 million) and Malindi Beach Management – (Kshs 130 million).
6. The Committee further observed that there is a new provision of **Kshs 24 million** and **Kshs 120 million** for Mama Ngina Beach Management and open space office modelling respectively. The new provision for the Mama Ngina Beach Management

is meant for settling contractual agreement for ongoing works and **Kshs 24 million** is meant for office partitioning at the newly built tourism fund building for the state department.

PART III

5. COMMITTEE RECOMMENDATIONS

The Committee recommended the following;

5.1 State Department of Sports

The Committee recommends the approval of the Supplementary Estimate I for FY 2019/20 for the state department for Sports as submitted by the National Treasury to the National Assembly on Tuesday, 12th November, 2019.

5.2 State Department of Culture and Heritage

Financial Recommendations

Reductions

The Committee recommends a reduction of **Kshs. 23 million** from the allocation of **Kshs. 40 million** meant for the fencing of Kapenguria Museum.

Increase

The committee recommends the reallocation of the **Kshs. 23 million** deducted from the budget for the Fencing of Kapenguria Museum to the following projects; Refurbishment of Archives Offices – **Kshs. 12.4 million**, Rehabilitation and upgrade of Maralal Kenyatta House – **Kshs. 5.3 million**, and Rehabilitation and upgrade of Lokitaung Memorial – **Kshs. 5.3 million**.

5.3 State Department for Tourism

Financial Recommendation

Reductions

The recommends reduction of **Kshs. 30 million** from Coastal Beach management Programme, **Kshs. 120 million** from Kisumu Waterfront and **Kshs. 110 million** from Malindi Waterfront. The Committee noted that these projects have taken off and the remaining allocations for the projects are not enough to start up the projects.

Increase

The Committee recommends reallocation of the Kshs. 260 million deducted from the above projects to the following projects; Ushanga Kenya Initiative Kshs. 50 million, Farm Murera Gate Road Meru Kshs. 42 million and Kenya Tourism Board Kshs. 168 million.

PART IV:

ANNEXES

ANNEX I: Projects whose re-allocations have gone beyond the 10 percent threshold

ANNEX II: Submissions by PBO

ANNEX III: Submissions from MDAs and other key submissions

ANNEX IV: list of programs/projects related to Big Four Agenda and their allocations

ANNEX V: List of reconcilable development project list

ANNEX VI: Schedule of approval

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

12TH PARLIAMENT – THIRD SESSION - 2019

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES

REPORT ON THE CONSIDERATION OF SUPPLEMENTARY BUDGET I FOR THE FY 2019/20 FOR THE FOLLOWING SPENDING AGENCIES:

State Department for Industry

State Department for Trade

State Department for Cooperatives

DIRECTORATE OF COMMITTEE SERVICES,

CLERK'S CHAMBERS,

PARLIAMENT BUILDINGS,

NAIROBI

November, 2019

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PART I: INTRODUCTION

1.0 PREFACE

Mr. Chairman,

On behalf of the Departmental Committee on Trade, Industry and Cooperatives and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the Supplementary Budget estimate number I of the FY 2019/20.

1.1 Establishment of the Committee

The Departmental Committee on Trade, Industry and Cooperatives is one of the fifteen Departmental Committees of the National Assembly established under ***Standing Order 216*** whose mandates pursuant to the ***Standing Order 216 (5)*** are as follows:

1. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations **and estimates of the assigned ministries and departments;**
2. **To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;**
3. To study and review all the legislation referred to it;
4. To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
5. To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
6. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No.204 (Committee on appointments);
7. To examine treaties, agreements and conventions;
8. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
9. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and

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

1.2 Mandate of the Committee

In accordance with Second Schedule of the Standing Orders, the Committee is mandated to oversee issues related to trade, securities exchange, consumer protection, pricing policies, commerce, and industrialization including special economic zones, enterprise promotion and development including small and medium-size enterprises, intellectual property, industrial standards, anti-counterfeit policies and co-operatives development.

In executing its mandate, the Committee oversees the Ministry of Industry, Trade and Cooperatives.

1.3 Committee Membership

The Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday 14th December, 2017 and comprises of the following Members:-

1. Hon. Kanini Kega, MP, **Chairperson** – Kieni Constituency – Jubilee Party
2. Hon. Cornelly Serem, MP, **Vice Chairperson** – Aldai Constituency – Jubilee Party
3. Hon. Alexander Kimutai Kigen Kosgey, MP – Emgwen Constituency- Jubilee Party
4. Hon. Alois Musa Lentoimaga, MP – Samburu North Constituency – Jubilee Party
5. Hon. Anab Mohamed Gure, MP – Garissa Constituency – Jubilee Party
6. Hon. Andrew Mwadime, MP – Mwatate Costituency – ODM Party
7. Hon. Bunyasi John Sakwa, MP – Nambale Constituency – ANC Party
8. Hon. Daniel Maanzo, MP – Makueni Constituency – ODM Party
9. Hon. Gideon Sitelu Konchela, MP – Kilgoris Constituency – Jubilee Party
10. Hon. James Mukwe, MP – Kabuchai Constituency – ODM Party
11. Hon. Jones Mlolwa, MP – Voi Constituency – ODM Party
12. Hon. Raymond Kipruto Moi, MP – Rongai Constituency - KANU
13. Hon. Jeremiah Ekamais Lomorukai, MP – Loima Constituency – ODM Party
14. Hon. Gichimu Robert, MP – Gichugu Constituency – Jubilee Party
15. Hon. Kimani Patrick Wainaina Jungle, MP – Thika town Constituency - Independent
16. Hon. Korir Generali Nixon Kiprotich, MP – Langata Constituency – Jubilee Party
17. Hon. Nduati Joseph Ngugi, MP – Gatanga Constituency – Jubilee Party
18. Hon. Wachira Rahab Mukami, MP – Nyeri County – Jubilee Party
19. Hon. (Dr.) Wilberforce Oundo, Phd, MP – Funyula Constituency – ODM Party

1.4 Committee Secretariat

The committee is facilitated by the following staff:-

1. Mr. Erick Nyambati - **Clerk Assistant II/Lead Clerk**
2. Ms. Nuri Kitel Nataan - **Clerk Assistant III**
3. Ms. Emma Essendi - **Legal Counsel I**
4. Mr. Robert Ngetich - **Fiscal Analyst III**
5. Mr. Chelang'a Maiyo - **Research & Policy Analyst III**
6. Mr. Yaqub Ahmed - **Media Relations Officer**
7. Mr. Richard Sang - **Serjeant-At-Arms**

1.5 Acknowledgement

The 2019/20 supplementary Estimates were tabled in the House on Tuesday, 12th November, 2019, and thereafter referred to Departmental Committees for consideration.

Upon a brief from the Parliamentary Budget office, the Committee called for a meeting with the Ministries and Government Agencies that it oversights to consider their supplementary Estimates.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Supplementary estimates for the FY 2019/20

I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Cooperatives, the State Department for Trade and the State Department for Industry for the useful contributions they made towards the preparation and production of this report.

On behalf of the Committee and Pursuant to Standing Order 235 (4a) it is now my duty to forward the Committee's report to the Budget and Appropriations Committee.

SIGNED.....**DATE**...22/11/2019

HON. KANINI KEGA, M.P (CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVE

PART II

2.0 BROAD OVERVIEW OF THE OF THE SUPPLEMENTARY ESTIMATES I

1. In the FY 2019/20, National Assembly approved a total budget of Ksh. 15,698 million to the three state departments comprising of Ksh. 5,866 million recurrent and Ksh. 10,102 million development expenditure. The following table shows the approved allocations to each state department.

Table 1: showing 2019/20 Approved Budget to State Departments			
State Department	Recurrent	Development	Total
State Dept. for Cooperatives	**732,900,000**	**3,727,500,000**	**4,460,400,000**
Cooperative Development & Management	732,900,000	3,727,500,000	4,460,400,000
State Dept. for Trade	**1,692,900,000**	**460,000,000**	**2,152,900,000**
Trade Development & Promotion	1,692,900,000	460,000,000	2,152,900,000
State Dept. for Industrialization	**3,440,614,000**	**5,915,000,000**	**9,355,614,000**
General Admin. Planning & Support Services	463,155,981	230,000,000	693,155,981
Industrial Development & Investments	1,532,989,956	1,729,000,000	3,261,989,956
Standards & Business Incubation	1,444,468,063	3,956,000,000	5,400,468,063
Totals	**5,866,414,000**	**10,102,500,000**	**15,968,914,000**

Source: Budget Estimates 2019/20

Status of first quarter(Q1) Budget Implementation

2. Q1 budget implementation was slowed by Treasury's move to reprioritize the 2019/20 budgetary allocations. The need to reprioritize budget allocations was as a result of the underperformance of the revenues in the financial year 2018/19 which was used in projecting the 2019/20 revenues, and the need to ensure adequate budget provisions for the Big Four Agenda.
3. The slowed implementation affected the development budget with state department of Industrialization being the only department to have received development exchequer of Ksh. 1,937 million which represents 41% of its development budget.
4. Out of the total recurrent budget of Ksh. 5,866 million, the state departments have utilized Ksh. 828 million in the first quarter translating to 14% of the total budget. State department for **cooperatives** has utilized Ksh. 70.7 million out of Ksh. 732.9

million recurrent budget translating to 9.6%. State department for **Trade** have utilized Ksh. 184.5 million out of Ksh. 1,692 million recurrent budget representing 11% utilization. Industrialization has utilized Ksh. 572 million out of Ksh. 3,440 million recurrent budget which represents 16.6%. The following table shows the exchequer issues and actual expenditure of the recurrent budget for the first quarter.

Table 2: Recurrent Expenditure for 1st quarter				
State Department	Approved Expenditure	Exchequer Issued	Actual Expenditure	% absorption
Cooperatives	732,900,000	76,554,251	70,700,580	9.6
Trade	1,692,900,000	145,286,361	184,570,486	10.9
Industrialization	3,440,614,000	604,168,078	572,973,345	16.6
Totals	**5,866,414,000**	**826,008,690**	**828,244,411**	14.11

2.1 COMMITTEE REVIEW OF STATE DEPARTMENTS

2.2 State Department for Industrialization

The Principal Secretary for Industrialization informed the committee as follows amongst others;

The state department for Industrialization has been provided additional allocation of Ksh. 5,926 million for development expenditure which is in line with the objective of the supplementary- providing resources for the Big Four projects

They proposed the following changes;

S/NO.	PROJECT (MILLION)	PRINTED ESTIMATE	SUPPLEMENTARY I ESTIMATES	ADDITIONS / REDUCTIONS BY SDI	PROPOSED REVISED ESTIMATE
1.	Construction of Constituency Industrial Development Centres – ESP MSEA	352	630.77	+278,768	**630.77**
2.	Development of Freeport & Industrial Parks-Special Economic Zone - Dongo Kundu Mombasa - SEZA	0	2,160	-1,460.00	**700.00**
3.	Development of Naivasha Industrial Park – Special Economic Zones (SEZA)	0	1,200	0	**1,200.00** 1130

4.	Development of Leather Industrial Park – Kenanie KLDC	100	2,255.20	-1,668.00	**587.20**
5.	Technical support and coordination for the manufacturing sector pillar - State Department Headquarters	0	320	0	**320.00**
6.	Development of Athi River Textile Hub – EPZA	300	300	+200.00	**500.00**
7.	Modernization of Foundry Plant & Fabrication Workshop – NMC	75	297.4	0	**297.40**
8.	Modernisation of RIVATEX	300	300	300.00	**300.00**
	Construction of A Perimeter Wall	150	150	150.00	**150.00**
	Fire Fighting Equipment	20	20	20.00	**20.00**
	Construction of an Effluent Treatment	130	130	130.00	**130.00**
	Injection of working capital			+550.00	**550.00**
	RIVATEX (Donor Funded)	604	604	0	**604.00**
9.	Cotton Development (RIVATEX) - Subsidy and Extension Support	100	100	0	**100.00**
10	Infrastructure and civil works Development – KITI	250	82	+168.00	**250.00**
11	Construction of Industrial Research Laboratories – KIRDI Kisumu	550	308.20	+241.80	**550.00**
12	Construction of Industrial Research Laboratories - KIRDI South B	700	700	+318.00	**1,018.00**
13	Provision of Finances to SMEs in the manufacturing sector – KIE	1,200	1,200	+ 150	**1,350.00**
14	Kenya Youth Empowerment and Opportunities Project MSEA (Donor Funded)	604	604	0	**604.00**
15	Kenya Industry and Entrepreneurship Project - State Department (Donor Funded)	230	230	0	**230.00**
16	Development of Various Small and Medium Enterprises (SMEs) in Kenya IDB Capital (Donor Funded)	550	550	0	**550.00**
17	Micro and Small Enterprises Fund	0	0	1,500.00	**1,500.00**
	Total	**5,311**	**11,842**		**11,841.57**

2.3 State Department for Trade

The Principal Secretary for Trade briefed the committee amongst others as follows;-

The state department implements one programme- Trade Development and Promotion whose key targets include: to refurbish 2 warehouses (KNTC); Enactment of the Kenya Commodities Exchange Bill; achieve 60% partitioning of the KIBT Parklands Building;

increased export earnings: reduced counterfeit goods; and improved competitiveness of Kenyan goods.

In the Supplementary Estimates No. I of FY 2019/20, the SDT has experienced budgetary cuts in most budget items at 50% under Recurrent Vote where expenditures and commitments had already been made including for settling pending bills, which form the first (1st) charge as per the National Treasury guidelines. The breakdown of the said cuts is **Kshs.146.0 million** under Recurrent Vote and **Kshs.120.0 million** under Development Vote:

While the recurrent budget cuts affects all Departments, the development cut affects only the Kenya Institute of Business Training (KIBT) project on partitioning of the new building in Parklands, Nairobi.

Breakdown of the Supplementary Estimates No. I by Vote and Head (Figures in Kshs. Millions)

The Table analyzes the changes in Recurrent Vote leading to decrease in allocation by **Kshs. 146.0 million** already mentioned.

Sub-programme	Department	Printed Estimates	Supplementary Estimates No. 1	Variance	Remarks
Domestic Trade Development	Internal Trade	93.2	80.3	12.9	Operations and maintenance items reduced by 50%
Fair Trade and Consumer Protection	Weight &Measures	85.1	68.5	16.6	AIA-2.7 million. Operations and maintenance items reduced by 50%.
	KECOPAC	40.3	40.3	-	Grants not affected
	ACA	397.6	397.6	-	AIA – 17.0 million. Grants not affected
Export Market Development	EPC	318.7	318.7	-	AIA – 4.9 million. Grants not affected
Regional Economic Integration Initiative	Regional Trade and Export	5.9	4.7	1.2	Operations and maintenance items reduced by 50%.
Entrepreneurial and management Training	KIBT	79.9	63.7	16.2	AIA-2.1 million. Operations and maintenance items reduced by 50%.
International Trade	External HQs and Foreign Trade Services	273.8	227.1	46.7	Operations and maintenance items reduced by 50%.
	Kenya Trade Remedies Agencies	40.0	40.0	-	Grants not affected
General Administration, Planning and Support Services	All supporting Units	358.4	306.0	52.4	Operations and maintenance items reduced by 50%.
	Total	**1,692.9**	**1,546.9**	**146.0**	

Table 3: Breakdown of the Supplementary Estimates I No. 1 under Development Vote by Vote and Head/Project (Figures in Kshs. Millions)

The table analyses the changes in Development Vote leading to decrease in allocation by **Kshs.120.0 million**

Sub-programme	Department	Printed Estimates	Supplementary Estimate No. 1	Variance	Remarks
Domestic Trade Development	Warehouse Refurbishment (KNTC)	20.0	20.0	-	Grants not affected. Half allocation already issued and project due to commence.
Fair Trade and Consumer Protection	ACA-Acquisition of Regional ACA Exhibit Warehouse.	50.0	50.0	-	Grants not affected. Half allocation already issued and procurement process is on-going.
Regional Economic Integration Initiative	Establishment of Commodities Exchange Platform (KOMEX)	150.0	150.0	-	The project is on-course with additional allocation of **Kshs.120.0 million** in ICT ministry.
Entrepreneurial and Management Training	KIBT Parklands Building Partitioning	240.0	120.0	120.0	The project is on course, but grossly affected by this budget cut. Appeal submitted to the National Treasury for reversal of cut and additional allocation of **Ksh.100.5 million** to complete this FY.
	Total	**460.0**	**340.0**	**120.0**	

Phase I entailing Partitioning works For KIBT project are ongoing, and that tender award for Phase II are due subject to confirmation of adequate funding from the National Treasury

2.4 State Department for Cooperatives

The Principal Secretary for Cooperatives informed the Committee amongst other things that;-

The revised budget under the State Department for Cooperatives has been adjusted downwards from the original budget of **Kshs.4,460,400,000** to the Revised Budget of **Kshs.4,119,399,940**, a reduction of **Kshs.341,000,060** as tabulated below:-

Vote	Printed Estimates FY 2019/2020 (Kshs)	Revised Estimates 1 FY 2019/20 (Kshs)	Variation (Kshs)
Recurrent	732,900,000	651,899,940	(81,000,060)

Development	3,727,5000,000	3,467,500,000	(260,000,000)
Total	**4,460,400,000**	**4,119,399,940**	**(341,000,060)**

The table below shows the reduction under the economic classifications for both the recurrent and the development vote:-

Economic Classification	**Printed Estimates FY 2019/2020 (Kshs)**	**Revised Estimates 1 FY 2019/20 (Kshs)**	**Variation (Kshs)**	**% reduction**
Recurrent Vote	**732,900,000**	**651,899,940**	**(81,000,060)**	**11.05**
Compensation to employees	198,200,000	198,200,000	0	0
Use of Goods and services	155,260,000	82,629,941	(72,630,059)	46.8
Current Transfers to government agencies	362,700,000	362,700,000	0	0
Other Recurrent (purchase of motor vehicle and furniture)	16,740,000	8,369,999	(8,370,001)	50
Development Vote	**3,727,500,000**	**3,467,500,000**	**260,000,000**	**7**
Capital grants to government agencies	3,337,500,000	3,337,500,000	0	0
Other Development	390,000,000	130,000,000	(260,000,000)	67
Total	**4,460,400,000**	**4,119,399,940**	**341,000,060**	**7.6**

The State Department requires one utility vehicle for use by the Principal Secretary. The official vehicle that was initially allocated to the Principal Secretary was re-assigned to the Cabinet Secretary during the transitional period in the FY 2017/18. Currently, the Principal Secretary is using an old vehicle with a mileage in excess of 200,000 km which is prone to frequent mechanical breakdowns and high cost of maintenance.

During revised supplementary I estimates the budget for purchase of motor vehicle was reduced by 50% from **Kshs.13,000,000** to **Kshs.6,500,000.** The Head of Public Service had approved the procurement of the vehicle vide letter Ref. No. OP/CAB,23/1A of 16th September, 2019

3.0 OBSERVATIONS

3.1 State Department of Industrialization

1. The state department for Industrialization has been provided additional allocation of Ksh. 5,926 million for development expenditure which is in line with the objective of the supplementary- providing resources for the Big Four projects.
2. The allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu is proposed to reduce by Ksh. 241.8 million. During the scrutiny of the 2019/20 annual estimates, the Committee made a recommendation and resolved to provide additional funds of Ksh. 400 million for the completion and equipping of KIRDI in Kisumu to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the " Big 4 Agenda. This resolution has been negated with the proposed reduction.
3. The Ksh. 2,160 million introduced and allocated for the Development of a Freeport , Industrial parks and Special Economic Zone in Mombasa is in line with providing enough resources towards the Big Four, but given that preliminaries regarding the projects have not commenced, concerns of absorption arose. The Committee further observed that Dongo Kundu has land issues related to compensation of land owners and squatters.
4. Ksh. 1,200 million toward Development of Special Economic Zone in Naivasha is a boost in the realization of the Big Four agenda.
5. The allocation of Ksh 2,475,198,089 towards development of Leather Industrial Park in Kenanie is a welcome idea but the amount is too much to be utilized within the remaining time if the Financial year.
6. The Government has spent a lot of money in modernizing Rivatex but very little has been done in regard to materials/cotton to be utilized by the machines. Thus there is need for working capital towards cotton development-subsidy and extension support.
7. Construction of Constituency Industrial Centres will promote manufacturing by providing the youth with skills and create employment at constituency level. There is need therefore for funding towards sensitization, coordination and monitoring on the implementation of the centers.
8. There is need for MSEA to create a fund to support small and micro enterprises with loans. This will widen the avenues through which the SME will access funds.
9. Reducing 168,000,000 for infrastructure and civil works development for KITI is misinformed since the institution has several incomplete buildings that needs to be completed to facilitate proper training of youth towards achieving the Big Four agenda.

10. Numerical Machine Complex is underfunded despite of its potential in delivering towards the Big Four Agenda.

3.2 State Department of cooperatives;

The Committee made the following observation;

1. Ksh. 30 million was provided for the Modernization of Cooperatives Cotton Ginneries- (Luanda Cooperative Ginnery in Busia County) as resolved by the House but was removed by Treasury against the requirement of the Constitution.

2. The Principal Secretary need to have a utility vehicle to facilitate efficient movement to be able to discharge his mandate effectively

3.3 State Department of Trade

1. The reduction of Ksh 265 million from 2,152 million is unlawful since the reduction forms 12.35% change against the regulation 40(9) of the PFM (National Government) Regulations 2015 which provides that in approving supplementary estimates the National Assembly approval shall not exceed ten (10) percent of the approved budget estimates of a program or Sub-Vote unless it is for unforeseen and unavoidable need as defined in PFM (National Government) Regulations, Regulation 40(3).
2. There is need to control prices of agricultural products that enter the Kenyan market from neighboring countries such as milk, eggs, maize etc as much as the region enjoys free regional markets since Kenyan farmers are counting losses due to the influx of the products. Subsequently there is a need to operationalize Kenya Trade Remedy Agency.
3. Deducting Ksh 120 million from the printed estimate of Ksh 240 million that was budgeted towards partitioning KIBT Parklands building will delay its completion yet the building will be generating revenue to the government if completed.The building has stalled for years and it makes no economic sense to delay its completion because some floors are now occupied.
4. Most activities carried out by the State Department are recurrent thus cutting the recurrent expenditure budget by 50 percent will paralyze many activities and underutilization of officers.

4.0 RECOMMENDATIONS

The Committee made the following financial recommendations;

4.1 State Department for Industrialization

1. A reduction of **Ksh 1,460,000,000** in the allocation for the Development of Freeport & Industrial parks- special Economic Zone Mombasa;
2. A reduction of **Ksh. 1,988,000,000** in the allocation for the Development of Kenanie Leather Industrial Park;
3. A reduction of **Ksh. 67,200,000** on the allocation for the Development of SEZ Textile Park Naivasha;
4. A total of **Ksh 3,515,200,000** from the above reductions to be spent as follows:

i) An increase in the allocation for the Construction of Industrial Research Laboratories-KIRDI Kisumu by **Ksh. 241,800,000**. This will enable the project to carry out Multidisciplinary research and development in industrial and allied technologies for a successful implementation of the "Big 4 agenda";

ii) An increase in the allocation for Construction of Industrial Research Laboratories-KIRDI South B by **Ksh. 318,000,000** for the construction of industrial laboratories;

iii) An increase in the allocation for Infrastructure and Civics works Development-KITI by **Ksh 168,000,000** to enable completion of some infrastructure and civil works;

iv) An increase in the development allocation for RIVATEX by **Ksh 650,000,000** as an injection of working capital;

v) An increase in the development allocation of **Ksh 297,400,000** to Numerical Machines for modernization of foundry plant;

vi) An increase development allocation of **Ksh 170,000,000** for the Development of Athi River Textile Hub-EPZA;

vii) An allocation of **Ksh 320,000,000** as development expenditure towards Technical Support, Sensitization and Coordination for the Manufacturing Pillar;

viii) An allocation of **Ksh. 1,000,000,000** towards MSMEs Fund.

4.2 State Department of Trade

ix) Additional allocation of **Ksh. 100,000,000** to Kenya Trade Remedy Agency;

x) Additional allocation of **Ksh 120,000,000** for KIBT Parklands building to ensure Completion of partitioning;

xi) An additional allocation of **Ksh. 100,000,000** for the recurrent expenditure to support trade promotion.

4.3 State Department of Cooperatives

5. **An allocation of Ksh. 30,000,000** for Modernization of Cooperatives Cotton Ginneries- Luanda Cooperative Ginnery in Busia County.

REPUBLIC OF KENYA



NATIONAL ASSEMBLY

TWELFTH PARLIAMENT – THIRD SESSION, 2019

REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING ON THE CONSIDERATION OF THE SUPPLEMENTARY ESTIMATES I FOR 2019/20 FOR THE FOLLOWING VOTES:

VOTE 1091 – STATE DEPARTMENT OF INFRASTRUCTURE
VOTE 1092 – STATE DEPARTMENT OF TRANSPORT
VOTE 1093 – STATE DEPARTMENT OF SHIPPING AND MARITIME AFFAIRS
VOTE 1094 – STATE DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
VOTE 1095 – STATE DEPARTMENT OF PUBLIC WORKS

CLERK'S CHAMBERS
NATIONAL ASSEMBLY
PARLIAMENT BUILDINGS
NAIROBI

NOVEMBER, 2019

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PART 1: INTRODUCTION

1. Preface

Mr, Chairman,

On behalf of the Departmental Committee on Transport, Public Works and Housing and Pursuant to the Standing Order 207(6), it is my Pleasant privilege and Honor to present to the Budget and Appropriations Committee the report of the Committee on its consideration of the Supplementary Estimates I of 2019/20 for the Votes under the Purview of the Committee.

2. Mandate and Membership of the Committee

a) Mandate

The Second Schedule of the National Assembly Standing Orders assigns the Departmental Committee on Transport, Public Works and Housing the mandate to oversee all matters pertaining transport, roads, public works, construction and maintenance of roads, rails and buildings, air, seaports and housing. In executing its mandate, the Committee oversees the following government State Departments and their respective SAGAs:

i. The State Department for Infrastructure
ii. The State Department for Transport
iii. The State Department for Shipping and Maritime
iv. The State Department for Housing, Urban Development and Public Works

It is from this perspective that the Committee is mandated to scrutinize the Budget Estimates including Supplementary Estimates for the Votes under the Ministry of Transport, Infrastructure, Housing and Urban Development as well as all the SAGAs under the Ministry. The Committee is equally tasked with the responsibility of scrutinizing budget related policies, programmes and their objectives as well as the comprehensiveness and effectiveness of such programmes.

b) Committee Membership

The Departmental Committee on Transport, Public Works & Housing was constituted by the House on Thursday 14th December 2017 comprising of the following Members:-

Chairperson
Hon. David Pkosing, M.P.
Member for Pokot South Constituency
Jubilee Party

Vice-Chairperson
Hon. Moses Kuria, M.P.
Member for Gatundu North Constituency
Jubilee Party

Members

Hon. Dominic Kipkoech Koskei, M.P
Member for Soitik Constituency
Jubilee Party

Hon. Peris Tobiko, M.P.
Member for Kajiado East Constituency
Jubilee Party

Hon. Kulow Maalim Hassan, M.P.
Member for Banisa Constituency
Economic Freedom Party (EFP)

Hon. Mugambi Murwithithania Rindikiri, M.P.
Member for Buuri Constituency
Jubilee Party

Hon. Samuel Arama, M.P.
Member for Nakuru Town West
Jubilee Party

Hon. Shadrack John Mose M.P.
Member for Kitutu Masaba Constituency
Jubilee Party

Hon. Rigathi Gachagua M.P.
Member for Mathira Constituency
Jubilee Party

Hon. Rehema Dida Jaldesa M.P.
Member for Isiolo County
Jubilee Party

Hon. Ahmed Bashane Gaal M.P.
Member for Tarbaj Constituency
Peoples Democratic Party

Hon. David Njuguna Kiaraho M.P.
Member for Ol Kalou Constituency
Jubilee Party

Hon. Johnson Manya Naicca M.P.
West Constituency Member for Mumias
Orange Democratic Movement Party

Hon. Tom Mboya Odege M.P.
Member for Nyatike Constituency
Orange Democratic Movement Party

Hon. Suleiman D. Ramadhani M.P.
Member for Msambweni Constituency
Orange Democratic Movement Party

Hon. Ahmed Abdisalan Ibrahim M.P.
Member for Wajir North Constituency
Orange Democratic Movement Party
Hon. Gideon Mutemi Mulyungi M.P.
Member for Mwingi Central Constituency
Wiper Democratic Party

Hon. Savula Ayub Angatia M.P.
Member for Lugari Constituency
Amani National Congress Party

Hon. Vincent Kemosi Mogaka M.P.
Member for West Mugirango Constituency
Ford Kenya Party

Hon. Kulow Maalim Hassan, M.P.
Member for Banisa Constituency
Economic Freedom Party (EFP)

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Member for Nakuru Town West
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Member for Lugari Constituency
Amani National Congress Party

Hon. Vincent Kemosi Mogaka M.P.
Member for West Mugirango Constituency
Ford Kenya Party

c) Committee Secretariat

Ms. Chelagat Tungo Aaron
First Clerk Assistant
Lead Clerk

Mr. Ahmed Salim Abdalla
Second Clerk Assistant

Mr. Abdinasir Moge Yusuf
Fiscal Analyst

Ms. Mercy Wanyonyi
Legal Counsel I

Mr. James Muguna
Research Officer III

3. Overview of the Examination of the Supplementary Estimates I

The Departmental Committee on Transport, Public Works and Housing held six (6) meetings to consider the proposed Supplementary Estimates 1 for FY 2019/20. Following the referral of the Supplementary Estimates to the Departmental Committees, the Committee held its meetings in Parliament buildings to scrutinize the supplementary estimates 1 for 2019/120 for MDAs under its purview.

The Departmental Committee was briefed by the Parliamentary Budget Office on the contents of the Supplementary Estimates 1 for 2019/20 for the Votes under its purview. Thereafter, the Committee met with all the State Departments as well as various Semi-Autonomous Government Agencies (SAGAs) falling under them to deliberate and interrogate the proposed Supplementary Estimates 1 for the FY 2019/20. The State Departments are as Follows;

a) Vote 1091 State Department for Infrastructure
b) Vote 1092 State Department for Transport
c) Vote 1093 State Department for Shipping and Maritime
d) Vote 1094 State Department for Housing and Urban Development
e) Vote 1095 State Department for Public Works

During deliberations, the Committee observed that new projects were introduced through the supplementary estimates mainly on account of enabling the big four agenda. These projects were under the State Departments of Infrastructure, Transport and public works. It was noted that the introduction of the new projects towards the big four adjusted some programmes more than the 10% threshold.

Further the Committee noted with Concern, the proposed reduction from the allocations to the critical footbridges that was funded through the intervention of the National Assembly. This negates the Constitutional budget making role of the National Assembly.

The Committee also noted that the reallocations to low volume roads through the House during the estimates were not implemented by the State Department.

i. **Financial Recommendations**

Reductions

a) The committee recommends a reduction of Kshs. **115,497,385** from the Government buildings programme for supervision big four projects in manufacturing.

b) Reduce **Kshs. 352,700,000** from the Government building programme for the supervision big four projects in universal health care.

Increase

c) Increase Kshs. **115,497,385** to Coastline Infrastructure and pedestrian access programme to reinstate the amounts deducted from each of the footbridges.

d) Increase **Kshs.352,700,000** to coast line infrastructure and pedestrian access programme to finance the unfunded 22 footbridges which were ongoing but not funded in 2019/20

Acknowledgments

May I take this opportunity to thank all Members of the Committee for their input and valuable contributions during the deliberations of the submissions by different stakeholders on the Supplementary Estimates 1 for the financial year 2019/2020. The Committee also takes this opportunity to thank the Offices of the Speaker and of the Clerk of the National Assembly for the logistical support accorded to it in executing the exercise within the limited time accorded.

SIGN .....**Date** 21/11/2019

HON. DAVID PKOSING, CBS, M.P
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS & HOUSING

PART II: BODY AND DETAILS OF THE REPORT

1. Broad over view of the Supplementary Estimates I

The 2019/2020 supplementary Budget Estimates were submitted and tabled in the National Assembly on Tuesday 12th November, 2019 and referred to relevant Departmental Committees pursuant to Article 223(2) of the Constitution, Section 43 of the Public Finance Management Act, 2012 and National Assembly Standing Order 243(1) for consideration. The Constitution of Kenya and the Public Finance Management Act 2012 gives the National Assembly the mandate to review the Supplementary Estimates and make recommendations before the expenditure is approved.

Standing Order No. 243(3) provides that after being laid in the House, the Supplementary Estimates are committed to each Departmental Committee to deliberate upon according to their respective mandates. The Standing Orders also allows the Departmental Committees of the National Assembly to review and consider the Supplementary Estimates for the various spending agencies within their purview and make recommendations to the Budget and Appropriation Committee.

During the consideration of the Supplementary Estimates, the Committee was briefed by the Parliamentary Budget Office on the contents and key issues regarding the Supplementary Estimates 1 for FY 2019/20 in the various votes under the purview of the committee. The Committee further held discussions with the State Departments falling within its mandate.

2. Committee Review Ministry by Ministry / Vote by Vote

a) Submission by the State Department for Infrastructure

It was the submission of the PS for the State Department for Infrastructure that The 1st Revised Budget for 2019/2020 is **Kshs.199.0 billion** broken down into Recurrent and Development as follows:-

B1	Gross Budget				
No	Description	Printed Budget 2019/2020	Change	1st Revised Budget 2019/2020	% of Change
(i)	Recurrent	61,451,000,000	(115,589,577)	61,335,410,423	0%
(ii)	Development	124,965,600,000	12,612,035,059	137,577,635,059	10%
Total Gross Budget		**186,416,600,000**	**12,496,445,482**	**198,913,045,482**	7%

The decrease of **Kshs.115 million** in recurrent is as a result of austerity measures on O&M items. There is no other change under the Recurrent Budget. Whereas the increase of **12.6 billion** under Development is for the following:

i. Access Roads to Affordable Housing — Kshs. 205 million
ii. Access Roads to Manufacturing Facilities — Kshs. 519 million
iii. Access Roads to Agricultural Facilities — Kshs. 3.81 billion
iv. 1091152300James- Gichuru – JKIA Express Way — Kshs.5.30 billion
v. 1091135900 Spot Improvement Interventions (48) — Kshs. 1.13 billion

On pending bills the outstanding bills as at 30th June 2019 was **Kshs.71 billion** of which Land compensation was **Kshs.26 billion**. The total net GOK provision for 2019/2020 is **Kshs.63.5 billion**. From 1st July to 30th October more bills were added on account of certified works. The State Department received an exchequer of **Kshs.23 billion** which it used to settle some bills. The total outstanding works as at 30th June, 2019 was **Kshs.655 billion** (including the pending bills) against an annual net GOK allocation of Kshs.63 billion. There is, therefore an acute Budget shortfall which leads to an accumulation of pending bills and delayed Project completion.

The State Department appealed to both the National Treasury and Parliament for more Budget provision in the short and medium term to enable it mitigate against accumulation of pending bills and ensure prompt completion of Projects. As at 30th October 2019, the total pending bills amounted **to Kshs.81 billion**, comprising of carry-over bills 2018/2019 not paid and additional certified works from 1st July – 30th October, 2019. The state Department expects to close the financial year 2019/20 with pending bills portfolio of **Kshs. 114 billion**.

The state Department for Infrastructure therefore appealed to the National Treasury to enhance the 2019/20 budget to pay off the pending bills and increase then ceilings for 2020/21 for the State Department.

b) Submission by the State Department for Transport

The Principal Secretary for the State Department of Transport submitted that the proposed supplementary estimates 1 for 2019/20 adjusts the gross approved allocation to the State Department from **Kshs. 93,831** million to **Kshs.125,987 million**. The recurrent budget is reduced by **Kshs.77 million** mainly on account of the O$M following the guideline by the National Treasury directing such expenditures be reduced by 50%. With regards to **development expenditure**, the proposed supplementary estimates increase the development budget by **Kshs. 32.23** billion from the approved Kshs.84.01 billion to **Kshs.116.24 billion.**

The increase in the development expenditure is mainly on account of the following projects;

i. Dongo Kundu Special Economic Zone	Kshs. 3.59 billion
ii. Naivasha Special Economic Zone	Kshs. 6.90 billion
iii. Rehabilitation of Nairobi-Konza Metre-Gauge Railway Line	Kshs.0.48 billion
iv. Nairobi Commuter Rail	Kshs.4.64 billion
v. Mombasa – Nairobi SGR	Kshs. 16.90 billion

The state Department further informed the committee on the status of pending bills and financing gap. The state department reported a pending bill of Kshs. 1.80 billion carried over from 2018/19. In addition, there is SGR operations and maintenance outstanding fees amounting to **Kshs.30 billion**. However, negotiations with Donor are still on to access the revenue in Escrow Account to meet part of operations to the tune of **Kshs.12.80 billion** hence needs to allocate **Kshs.18 billion** to meet the deficit.

It was noted the SGR makes monthly revenues amounting to **Kshs.1.30 billion** against an operational expense of **Kshs.1.10** billion. The monies cannot finance the operations but goes to an escrow account as a security for the loan.

c) Submission by the State Department for Shipping and Maritime

The PS submitted that the proposed Supplementary Estimates for 2019/20 adjust the gross approved allocation to the State Department from **Kshs. 2.38 billion** to **Kshs. 2.33 billion**. The recurrent budget is reduced by Kshs.47 million mainly on account of the O&M following the guideline by the National Treasury directing such expenditures be reduced by 50%.

The State Department informed the Committee that the reduction mainly affects operations in the headquarters. The State Department has a pending Bill of **Kshs. 640,000** which relates to procurement of ICT equipment. The committee was informed that the pending bill was transferred to the State Department for ICT for payment since the budget for ICT was consolidate under the State Department for ICT.

d) Submission by the State Department for Housing and Urban Development

The PS for Housing and Urban Development informed the Committee that the proposed supplementary estimate 1 for 2019/20 adjusts the gross approved allocation to the State Department from **Kshs. 31.52 billion** to **Kshs. 31.97 billion**. The recurrent budget is reduced by **Kshs.69 million** mainly on account of the O$M following the guideline by the National Treasury directing such expenditures be reduced by 50%.

The Development increases by **Kshs, 514 million** mainly on account of **Kshs.594** million allocated to BRT, **Kshs.20 million** allocated strategic intervention markets and a reduction of Kshs. 100 million from construction of Olenguruone stadium because the function has moved to the State Department for Sports.

The State Department also informed the committee that it currently has outstanding pending bills amounting to **Kshs 766 million**. However pending bills amounting to **Ksh. 262 million** have been committed for payment leaving a balance of **Kshs 503 million** which doesn't have budgetary provisions.

e) Submission by the State Department for Public Works

The PS for the State Department for public was the first to appear for the processing of the supplementary estimates 1 of 2019/20. The PS informed then committee that the proposed supplementary estimate 1 for 2019/20 adjusts the gross approved allocation to the State

Department from **Kshs. 4.43 billion** to **Kshs. 6.62 billion**. The recurrent budget is reduced by **Kshs.52 million** mainly on account of the O&M following the guideline by the National Treasury directing such expenditures be reduced by 50%.

The Development expenditure is proposed to increase mainly on account of the following big four projects;

i. Supervision Heath projects — Kshs. 1.69 billion
ii. Manufacturing projects — Kshs. 499 million
iii. Housing Projects — Kshs. 157 million

In addition the PS informed the committee on reduction of Kshs. 115 million form critical footbridges that would hinder completion and result in delayed pending bills. PS informed the Committee that they were not consulted on the reductions and they planned to construct 57 footbridges of which only 33 were funded.

The committee raised concerns on the reduction affecting critical footbridges connecting schools across the Country.

3. COMMITTEE OBSERVATIONS

a. Vote 1091: State Department for Infrastructure

i. The Committee observed that the proposed supplementary estimates for 2019/20 adjust the gross approved allocation to the State Department from **Kshs. 186.41 billion** to Kshs.**198.91 billion**. The recurrent budget is reduced by **Kshs.115 million** mainly on account of the O&M following the guideline by the National Treasury directing such expenditures be reduced by 50%. The development budget is increasing by Kshs.12.50 billion mainly on account of James Gichuru – JKIA EXPRESS way, access roads to big four projects and Spot improvements projects (Public participation projects)

ii. The Committee further observed that as at 30th October 2019, the total pending bills amounted to **Kshs. 81 billion**, comprising of carry-over bills 2018/2019 not paid and additional certified works from 1st July to 30th October, 2019.

iii. In addition, the Committee observed that the reallocations made to low volume sealed roads during estimates were not implemented negating the constitutional budget making role of the National Assembly.

b. Vote 1092 State Department for Transport

iv. The Committee observed the Standard Gauge Railway (SGR) project has accumulated **Kshs.30 billion** as pending bills on operations. This resulted from the promotional tariffs it applied when it started operation from 2017/18. It is also noted the SGR makes Kshs.1.3 billion per months against an operation expense of Kshs.1.0 billion. However, this money is deposited in an escrow account as a security the SGR loan and cannot be accessed for operations therefore leaving the operator to foot the bill of the entire operations which at the end becomes unbearable.

c. Vote 1093 State Department for Shipping and Maritime

i. The Committee observed that the State Department suffered a loss of **Kshs. 47,1221,038** in the supplementary estimates 1 for 2019/20. It is noted that this will hinder operations at Headquarters at the State Department.

ii. The Committee Further observed that the State Department has a pending Bill of **Kshs. 640, 000** which relates to procurement of ICT equipment. The committee was informed that the pending bill was transferred to the State Department for ICT for payment since the budget for ICT was consolidate under the State Department for ICT.

d. Vote 1094 State Department for Housing, Urban Development

i. The Committee observed that the proposed supplementary estimates 1 for 2019/20 adjust the gross approved allocation to the State Department from **Kshs. 31.52 billion** to **Kshs. 31.97 billion**. The recurrent budget is reduced by **Kshs.69 million** mainly on account austerity measures on noncore expenditures whereas the Development is increased **Kshs. 514 million** mainly on account of provision for BRT.

ii. The Committee observed that the State Department has a pending bill amounting **Kshs.766** million of which payments towards **Kshs.263 million** is in process whereas the balance of **Kshs.503 million** have no budgetary provision.

iii. The Committee further observed that the National Treasury was fronting that Kshs. 52.0 Billion was available to support affordable housing but funds are held up in Saccos.

e. Vote 1095: State Department for Public Works

i. The Committee observed that allocations to critical footbridges that were connecting schools across the country were reduced from **Kshs. 7.8 million** per footbridge to **Kshs.3.5 million** per footbridge. The committee was informed by the State Department that there are 57 critical footbridges that were planned for construction but only 33 were funded. It was noted that reduction in budgetary allocation will hinder completion and result in accumulation of pending bills. Of important to note is that some of these bridges were funded through intervention of the House and removing the allocations negates the Constitutional budget making role of the National Assembly.

ii. It is observed that within the supervision of big four projects under manufacturing there is an allocation of Kshs.499 million. The state Department submitted that it would be difficult to absorb the amount by the end of the financial year 2019/20. The Committee was equally

concerned with capacity of the State Department fully utilizing the allocated amount by the end of the financial year.

iii. The Committee observed that there was an allocation of **Kshs. 1.694 billion** towards supervision of Big Four projects under Universal Health Care. The details provided indicated that, the purpose of the allocations are for design, documentation, project management for upgrades of works of electrification and LAN installation in 118 health care centres. The committee notes this is a devolved function and may lead to duplication and wastage of resources. Further, according the State Department these amounts may not be absorbed unless implementing agencies fast-track their works.

iv. It was also observed that the State Department has a pending bill of **Kshs. 551** million of which **Kshs.494 million** for development and **Kshs.57 million** for recurrent. The committee notes that the outstanding bills may not be cleared through realignment of the available budgetary provisions or through the first charge approach due to inadequacy of budgetary provisions for the State Department.

PART III: COMMITTEE RECOMMENDATIONS

a) State Department for Infrastructure

ii. The Committee recommends that the National Treasury enhances the budgetary allocation to State Department for Infrastructure in this Financial Year and Consider increasing the ceiling for the FY 2020/21 to enable the State Department settle pending Bills. In addition the national Treasury should seriously consider floating a Roads Bond because the annual allocations are not sufficient to address the current commitment amounting to over Kshs. 680 Billion.

iii. The Committee recommends the National Treasury and the State Department for Infrastructure implement the House resolution on the reallocations to low sealed roads through this Supplementary Estimates 1.

b) State Department for Transport

iv. The committee recommends an immediate amendment to the Rail Development Levy Fund (RDLF) to allow utilization towards railway operations to clear the backlog of pending bills in the Rail Transport. In addition, Treasury must find the payment of the pending bills from exchequer as a stop gap measure in the meantime.

c) State Department for Shipping and Maritime Affairs

v. The Committee recommends that the Budget and Appropriations Committee approves the Supplementary Estimates 1 as proposed by the National Treasury.

d) State Department for Housing and Urban Development

vi. The Committee recommends that the Budget and Appropriations Committee approves the supplementary estimates 1 as proposed by the National Treasury.

vii. The National Treasury should find proper legal mechanism to mobilize the Kshs. 52 .0 Billion they submitted to be available in the Saccos to be used for affordable Housing Programme

e) **State Department for Public Works**

viii. **Financial Recommendations**

Reductions

e) The committee recommends a reduction of Kshs. **115,497,385** from the Government buildings programme for supervision big four projects in manufacturing.

f) Reduce **Kshs. 352,700,000** from the Government building programme for the supervision big four projects in universal health care.

Increase

g) Increase Kshs. **115,497,385** to Coastline Infrastructure and pedestrian access programme to reinstate the amounts deducted from each of the footbridges.

h) Increase **Kshs.352,700,000** to coast line infrastructure and pedestrian access programme to finance the unfunded 22 footbridges which were ongoing but not funded in 2019/20.

PART IV: ANNEXES

Annex 1: Programmes whose reallocations has gone beyond the 10% threshold

Vote	Programme	Approved 2019/20	supplementary estimates 1 2019/20	**Increase/ decrease**	% change
1092: Transport	General Admin., Planning & Support Services	**830**	951	120	14%
	Rail Transport	63,109	92,027	28,918	46%
	Marine Transport	19,931	23,000	3,068	15%
	Road Safety & Transport services	20	17	-3	-15%
1095: State Dept. for Public Works	Government Buildings	1,785	4,127	**2,342**	131%
	Coastline Infrastructure & Pedestrian Access	626	504	**-121**	-19%

ANNEX 2: Submission by PBO (provided separately)

ANNEX: 3: Submissions from MDAs (provided separately)

ANNEX 4: LIST OF PRORAMMES AND PROJECTS RELATED TO THE BIG FOUR AND THEIR ALLOCATIONS

Vote 1091: State Department for Infrastructure

Big four related Projects and their allocations		
	Projects	**Ksh**
Access Roads to Affordable Housing	Starehe	39,445,500
	Shauri Moyo	55,223,700
	Ruai	23,667,300
	Kibera	39,445,500
	Mariguini	47,334,600
	Sub Total	**205,116,600**
Access Roads to Manufacturing	Leather Industrial Park- Kenanie	394,455,000

Facilities	Constituency Industrial Parks -ESP	22,089,480
	dongo Kundu Special Economic Zones -SEZ	102,558,000
	Sub Total	**519,102,480**
Access Roads to Agricultural Facilities	Increase Meat Production	914,110,017
	Increase Annual Processed Milk Production	502,168,940
	Increase Fish Production	184,604,940
	Increase Area under Irrigation by 500,000 Acres	2,208,931,782
	Sub Total	**3,809,815,679**
	Grand Total BIG FOUR	**4,532,035,059**

1094: State Department for Transport

Projects	Approved 2019/20	Proposed Supplementary Estimates 1	Revised Allocation For 2019/20
1092105501 Dongo Kundu Special Economic Zone	-	3,590,000,000	3,590,000,000
1092105502 Naivasha Special Economic Zone (Textile Park)	-	6,900,000,000	6,900,000,000
1092105503 Rehabilitation of Nairobi-Konza Metre - Gauge Railway Line	-	478,003,944	478,003,944
TOTAL	**-**	**10,968,003,944**	**10,968,003,944**

Vote 1095: Public Works – Big four related projects

Projects	**2019/20 allocations**	**Supp.1 allocations**	**Revised**

1095103500 Supervision of Big Four Projects in Universal Health Care	-	1,694,827,513	1,694,827,513
1095103601 Development of Leather Industrial Park - Kenanie	-	3,983,366	3,983,366
1095103602 Construction of Constituency Industrial Development Centre	-	21,908,514	21,908,514
1095103603 Dongo Kundu Special Economic Zone	-	99,185,818	99,185,818
1095103604 Development of Special Economic Zone Textile Parking Naivasha	-	355,515,433	355,515,433
1095103605 Konza Technopolis Complex	-	19,041,128	19,041,128
1095103600 Supervision of Big Four Projects in Manufacturing	-	499,634,259	499,634,259
1095104101 Park Road	-	8,237,601	8,237,601
1095104102 Starehe	-	10,149,617	10,149,617
1095104103 Shauri Moyo	-	23,685,095	23,685,095
1095104104 Ruai	-	45,760,911	45,760,911
1095104105 East African Portland Cement	-	59,798,293	59,798,293
1095104106 Kibera	-	5,019,041	5,019,041
1095104107 Mariguini	-	5,019,045	5,019,045
1095104100 Housing	-	157,669,603	157,669,603

ANNEX 5: LIST OF RECONCILABLE DEVELOPMENT PROJECTS

ANNEXE 6: Schedule of Approvals

Schedule of Amended Programmes in Kshs.									
		2019/20 Supplementary Estimates I			Proposed Committee amendments		Amended 2019/20 Estimates		
Vote 1095	**Programme**	**REC.**	**Dev.**	**Gross**	**Rec.**	**Dev.**	Rec.	Dev.	Gross
State Department for Public works	Government Building	510,895,909	3,616,913,546	**4,127,809,455**	-	**(468,197,385)**	**510,895,909**	3,148,716,161	**3,659,612,070**
	Coastline Infrastructure and Pedestrian access	146,093,169	358,520,444	**504,613,613**	-	**468,197,385**	146,093,169	826,717,829	**1,294,915,214**