REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

12TH PARLIAMENT

FIRST SESSION

THE REPORT OF THE AD HOC COMMITTEEON THE FIRST SUPPLEMENTARY ESTIMATES FOR 2017/2018

OCTOBER 2017

PREFACE

Mr. Speaker Sir, on behalf of the Members of the Ad hoc Committee on the Supplementary Estimates and 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; it is my pleasure to present to this House, the Committee's Report on the Supplementary Estimates No. 1 for financial year 2017/2018.

Mandate of the Committee

Mr. Speaker, the Ad hoc Committee on the Supplementary Estimates was formed on 28th September 2017 in line with Standing Order 218. The committee assumed the functions of the Budget and Appropriations Committee as contemplated in the Standing Order 207 relating to review of the budget estimates, in particular the Supplementary Estimates for the financial year 2017/2018 and any legislation related to those estimates.

Mr. Speaker, the Ad hoc Committee iscomprised of the following Honourable Members:-

(i) Hon. Joseph K. Limo, MP - **Chairperson**
(ii) Hon. (Dr.) Naomi Shaban, E.G.H, MP
(iii) Hon. Moses Lessonet, MP
(iv) Hon. Alois Lentoimaga, MP
(v) Hon Benard Masaka Shinali, MP
(vi) Hon. Khatib Mwashetani, MP
(vii) Hon. Kimani Ichung'wah, MP
(viii) Hon. Sarah Paulata Korere, MP
(ix) Hon. Fatuma Gedi Ali, MP

(x) Hon. Qalicha Wario, MP

(xi) Hon. Ruth W. Mwaniki, MP

Scrutiny of the First Supplementary Estimates for Financial Year 2017/2018

Mr. Speaker, the Supplementary Estimates No. 1 for the financial year 2017/2018 was submitted to the National Assembly on 27th September 2017. The Ad hoc Committee on the Supplementary Estimates examined and discussed the estimates and has made recommendations, which are contained in this report. If approved by the House, these recommendations will form the basis for the passage of the supplementary appropriation law.

Mr. Speaker, in reviewing the First Supplementary Estimates for 2017/18, the Committee held seven (7) Sittings which included two (2) sittingswith the National Treasury. The committee also consulted with various Ministries, Government Agencies, Independent Offices and Commissions and their submissions have been taken into account in the finalization of this report.

Mr. Speaker, in line with article 221(5) of the Constitution that requires public participation in discussing and reviewing the Budget Estimates, the Committee also received written submissions from the public and these have been taken into account in the finalization of this report.

Acknowledgements

Mr. Speaker, the Committee is grateful to the various Ministries, Departments and Agencies of the National Governmentas well as the independent offices and commissions who appeared before the Committee on short notice and sat through lengthy deliberations in the process of reviewing these supplementary estimates. The Committee also extends its gratitude to the public who submitted written memoranda on the supplementary budget for their commitment and patriotism in ensuring that Parliament lives up to its oversight role.

Lastly **Mr. Speaker,** the Committee is also grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the steadfast support received as it discharged its mandate of reviewing the First Supplementary Estimates for the financial year 2017/18.

Mr. Speaker, it is therefore my humble duty and privilege, on behalf of the Ad hoc Committee on the Supplementary Estimates to table the Report on the First Supplementary Estimates for FY 2017/2018 and recommend it to the House for adoption.

(i) Hon. Ruth W. Mwaniki, MP .....

(ii) Hon Benard Masaka Shinali, MP .....

(iii) Hon. Fatuma Gedi Ali, MP .....

(iv) Hon. (Dr.) Naomi Shaban, MP .....

(v) Hon. Alois Lentoimaga, MP .....

(vi) Hon. Moses Lessonet, MP .....

(vii) Hon. Kimani Ichung'wah, MP .....

(viii) Hon. Khatib Mwashetani, MP .....

(ix) Hon. Qalicha Wario, MP .....

(x) Hon. Sarah Paulata Korere, MP .....

Signed: .....

Hon. Joseph K. Limo, M.P.

Chairperson, Ad hoc Committee on the Supplementary Estimates

Date: 9 - 10 - 2017

I. OVERVIEW OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR 2017/2018

Introduction

Mr. Speaker, this House approved the budget for financial year 2017/18 in March; three months before the constitutional deadline of June 2017. This was to pave way for the country to prepare for the general elections. The election was held on 8th August 2017 but the Supreme Court ruling occasioned a repeat election to be held within sixty days of the ruling. Consequently, three months into implementation of the budget, expenditure on a repeat of the presidential election in addition to ravages of a protracted drought, the need to enhance Free Day Secondary Education as well as implementing agreed CBAs to quell labour unrest in the education sector has necessitated the first supplementary budget. The Supplementary Estimates was submitted to the National Assembly on 27th September 2017.

Mr. Speaker, as the 11th National Assembly noted during the approval of the budget in March this year, implementation of the budget in an election year is bound to face significant challenges. Currently, there is heightened uncertainty in the country on account of protracted political activity as the country prepares for a repeat of the presidential election. This has adversely affected the business environment leading to shortfalls in revenue collection. Other prevailing challenges include food insecurity, above target inflation and labour unrest particularly in the health and education sectors. As a result, the economic outlook for this year is not favourable and growth projections have been revised downwardsto about 5 percent or below by various institutions including the National Treasury, the IMF, World Bank and the Parliamentary Budget Office. This revision of the growth target implies revenue shortfalls, which means that expenditure allocations or borrowing could be adjusted downwards during the financial year.

Mr. Speaker, the Supplementary budget proposes a number of changes in various votes for both recurrent and development expenditure. Overall, the first supplementary budget proposes to increase the total budget estimates by Ksh. 22.3 billion. This comprises of a net increase in

recurrent estimates of Ksh. 52.9 billion and a net decrease of Ksh. 30.6 billion in development expenditure.

Adherence to the Legal Framework

Mr. Speaker, this House is aware that the process of supplementary budget preparation, approval and implementation, is provided for in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012, Section 40 of the PFM Regulations as well as the National Assembly Standing Orders. In essence, a good supplementary budget should comply by with these set down laws and procedures in order to avoid distorting the development agenda as envisaged in the approved budget for any particular financial year.

Mr. Speaker, the laws, particularly the PFM Act and the regulations, provide that a supplementary budget should only address unforeseen and unavoidable expenditures for which little or no budgetary provisions were made. The committee notes with concern that some expenditures in the supplementary do not meet this criteria as they are neither unforeseen nor unavoidable.

Mr. Speaker, the Committee also notes that some crucial content such as actual budget performance, updated expenditure, debt and revenue projections, outstanding liabilities and commitments as well as the impact of budget changes on contingent liabilities and pending bills has not been provided. This is a concern as without this information, this House may not be in a position to make informed decisions. **Mr. Speaker,** you will recall that this House raised the same concern in the first and second supplementary budgets for financial year 2016/17 but it appears that this matter has not been taken into account. It is necessary for this information to be included as it will promote risk management, consistency and predictability in budget planning and implementation.

Mr. Speaker, the Committee also observed that despite the provision of PFM regulation 40(8) that no new programmes or projects should be introduced in a supplementary budget, new projects have been introduced underthe Ministry of Health (construction of health facilities) and the State department for sports development(renovations of various stadia). **Mr. Speaker,** it is important to adhere to laid down regulations on the budget so as to avoid distorting the policy direction of the budget as had been envisaged. As such, any projects with no budgetary provisions and which do not meet the criteria of a supplementary budget should ideally be deferred to the following financial year.

II. KEY PROPOSED ADJUSTMENTS UNDER SUPPLEMENTARY ESTIMATES NO. 1 FOR 2017/2018

a) Recurrent expenditure

Mr. Speaker, under the recurrent budget, it is noted that significant cuts have been effected on various items such as domestic travel, foreign travel and training expenses. Indeed honourable members, there is a reduction of 20 percent on domestic travel and 75 percent on foreign travel, training expenses, printing and advertising, among other expenses for operations and maintenance across the board for all Ministries, Departments andAgencies including Parliament and the Judiciary.

In particular **Mr. Speaker,** significant reductions are noted in the recurrent budget under both the Parliamentary Service Commission and the National Assembly votes which has been reduced by Ksh. 6.8 billion. Bulk of these cuts relates to committee work for both the National Assembly as well as in the senate. Other significant cuts are in the Ministry of Foreign Affairs, which has a reduction of Ksh. 3.2 billion meant for operation and maintenance expenses in Kenya consulates, embassies and high commissions all over the world.

However, **Mr. Speaker**, the Committee observes that despite these austerity measures, the total recurrent budget has gone up by Ksh. 52.9 billion. The major increments will mainly cater for the following activities:

- Ksh. 23.1 billion for enhancement of Free Day Secondary Education,
- Ksh. 10 billion for the Independent Electoral and Boundaries Commission to cater for the repeat election,
- Ksh. 6.2 billion for older persons cash transfer programme,
- Ksh.6.9 billion to cater for enhanced security operations including resettlement of IDPs,
- Ksh. 5.2 billion to cater for salaries for University staff in line with implementation of the CBA,
- Maize subsidy (Ksh. 3 billion), famine relief supplies (Ksh. 2.2 billion), livestock off-take (Ksh. 950 million) among other drought mitigation measures

Mr. Speaker, it is important to note that despiteinstituting austerity measures in the budget,the overall budget has increased by Ksh. 22.3 billion while recurrent expenditure has risen by Ksh. 52.6 billion. Thus, the supplementary budget does not fully address the expected financing shortfalls. Extraordinary times call for extraordinary measures. Under the prevailing circumstances, expenditure cuts are necessary if not unavoidable particularly with regard to non-priority expenditure.

However, **Mr. Speaker**, these cuts should be instituted through a well thought out framework taking into account the nature of work of the various spending agencies to ensure that service delivery and operations of these agencies are not adversely affected. Application of a blanket formula across all agencies is not ideal as it could be disproportionate to the minimum budgetary needs depending on the nature of their work and could hinder day-to-day operations of the various spending agencies. **Mr. Speaker**, it is also noted that such extensive cuts across the board, renders the budget unpredictable and is not supportive of the Medium Term Expenditure Framework (MTEF).

b) Development expenditure

Mr. Speaker,the major reductions under the development budget are mainly in the following areas:

- Ksh. 9.5 billion from the State Department for Planning and Statistics including Ksh. 5.9 meant for the National Government Constituency Development Fund
- Ksh. 6.7 billion meant for the Digital Literacy Programme (Laptop programme)
- Ksh. 7.5 billion for the LAPSSET project
- Ksh. 7.2 billion meant for various infrastructure projects in public universities
- Ksh. 5 billion meant for completion of various roads under the State Department of Infrastructure
- Ksh. 3.2 billion from the State Department for Investment and Industry including money meant for development of Leather Industrial park and Special Economic Zones.
- Ksh. 2.4 billion from the Parliamentary Service Commission including Ksh. 1.5 billion meant for construction of the multi-storey office block

Mr. Speaker, it is also important to note that there are some agencies with additional allocations to their development budgets, some of which are enhanced donor commitments. This includes the following:

- Ksh. 8.3 billion counterpart funding from China for equipping of various Technical Training Institutes with modern equipments
- Ksh. 3.7 billion in form of donor funds to cater for implementation of the National Agricultural and Rural Inclusive Growth Project.
- Ksh. 7.4 billion net increase on account of increased donor commitments as well as enhanced allocations for the Lake Turkana Power Project,
- Ksh. 2.5 billion to the Kenya Climate Smart Agriculture Project
- Ksh. 2 billion to cater for low cost housing

Mr. Speaker,you will recall that during the approval of the second supplementary for financial year 2016/17, this House raised concern over the inadequate inclusion of all donor commitments in the

budget. It appears that the framework for donor commitments is not comprehensive enough and as a result there is always in-year revisions of development estimates related to new external resources. This is one of the key contributors of low absorption of external resources in the recent years.

Mr. Speaker, this committee observes that most of the changes in the development budget are with respect to ongoing projects, some of which have contractual obligations that, if breached, could lead to payment of penalties as well as slowing down or even complete stalling of these projects. Furthermore, disruption of expenditure allocations midway means that there may be deferred payments leading to pending bills at the end of the financial year. Pending bills, being priority payments in government spending, further reduce available development oriented resources while necessitating special audits within the year to ascertain their nature.

Mr. Speaker, the benefit of development spending over recurrent is that it is more likely to generate higher returns in the long term by increasing the productive capacity of the economy and more sustainable growth as opposed to recurrent expenditure. Revising the development budget downwards in the course of the year could lead to lower contribution of the development budget towards sustainable economic development. This also points to a possibility that at the end of the year, the development budget could constitute less than 30 percent of the total implemented budget as provided in the PFM law.

III. ALIGNMENT OF EXPENDITURE PRIORITIES TO THE ECONOMIC TRANSFORMATION AGENDA

Mr. Speaker,the committee is concerned that the supplementary budget has distorted the policy direction of the budget particularly with regard to alignment of the budget to the policy priorities as spelt out in the Budget Policy Statement. The proposed changes in the supplementary budget have led to downward revision of targets for key policy interventions such as ongoing public investments in roads, agricultural mechanization, industrial investment including special economic zones and

industrial parks, vulnerable persons accessing subsidized health insurance andconstruction of teacher training colleges. These interventions were expected to boost economic growth and development including creation of jobs and promotion of welfare.Under the current circumstances, this may not be achieved as most of these targets including job creation, have been scaled downwards. As such, the budget may not meet its primary objective as indicated in its theme, which was to create jobs and improve the welfare of Kenyans.

IV. SUBMISSIONS FROM THE PUBLIC

Mr. Speaker, as indicated earlier, in line with article 221(5) of the constitution, the committee also received submissions from the public on the supplementary estimates. The main concerns were with regard to the following:

i) The need to recruit additional teachers, given the enhanced allocation for free day secondary education. This will enhance the quality of education. The committee is in agreement and recommends that the National Treasury considers setting aside funds for the recruitment of additional teachers

ii) The need to enhance infrastructure in public schools focusing on classrooms, science laboratories, additional desks and toilet facilities among others. The committee notes that Ksh. 1.4 billion has been allocated in the supplementary budget for school infrastructure

iii) The unclear manner in which budget changes were effected across various Ministries, Departments and Agencies. Concern was expressed that the changes could have the effect of paralyzing day to day operations in the various MDAs. The Committee has adequately this concern in the report.

V. FINANCING OF THE SUPPLEMENTARY ESTIMATES NO. 1 FOR 2017/2018

Mr. Speaker, as earlier indicated, the updated fiscal projections for the supplementary budget was not submitted to Parliament. The National Treasury informed the Committee that Ksh. 22.3 billion additional expenditure above the total approved estimates will be funded through donor commitments amounting to Ksh. 21.06 billion, an increase in the road maintenance levy as Appropriations in Aid (Ksh. 1.3 billion) and Ksh. 0.94 billion from the exchequer.

Mr. Speaker,Given the likely underperformance of businesses on account of prevailing challenges in the business environment, revenue shortfalls are likely to persist in this financial year. It is likely therefore, that the financing gap is much higher than envisaged. There is no clear strategy on how this will be addressed, in light of declining business activity and reduced or postponed private and public (government) consumption. In this regard, the cuts on government common supplies need to be revisited so as to support local businesses and tax yield.

Mr. Speaker, the Committee has reconsidered some of these cuts based on priority occasioned by its interactions with several MDAs and public participation. The committee changes will occasion additional Ksh. 16.35 billion requiring some financing. It is expected that this expenditure will easily be cancelled out by expected under-absorption by various agencies as well as rationalization within the financial year.

VI. COMMITTEE RECOMMENDATIONS

Having considered the above matters, the committee recommends as follows:

a. Policy Recommendations

(i) That, as much as possible, the National Treasury should restrict the supplementary budget to unforeseen and unavoidable expenditures to avoid extensive budget adjustments in the course of the year which renders the budget unpredictable and reduces its effectiveness;

(ii) That, development expenditure should be given priority over the recurrent budget in order to achieve a more sustainable growth path and to avoid accrual of pending bills and breach of contractual obligations;

(iii) That, an updated fiscal projection be provided indicating expected revenue performance under the prevailing circumstances with clear strategies on how this budget will be financed;

(iv) That, expenditure adjustments should not be done using a blanket formula across the board but should be based on clear analysis, taking into account the policy direction of the budget;

(v) That, expenditure adjustments should not be done at itemized level but should be guided by programmes given that this is a programme based budget;

(vi) That, the National Treasury should set aside funds for the recruitment of additional teachers;

(vii) That, expenditure adjustments be done in consultation with Ministries, Departments and Agencies to ensure provisions for key projects are not affected; and

(viii) That, owing to the expected economic downturn and low revenue performance, and considering the overarching role of policy direction of the national government in matters of finance and economy, that county governments urgently consider on their own motion to implement appropriate austerity measures with a view to realising more resources for development. In this regard, counties are urged to reduce by fairly equivalent ratios as the national government the spending on foreign and domestic travel, office supplies, hospitality expenditure, purchase of furniture among others. Savings from these austerity measures should ideally be channelled to assist the National Government efforts on drought and to help ease the pressure on the cost of living among the *wananchi.*

b. Proposed Increments/ Reversals of Reduction

Mr. Speaker, the Committee recommends the following increments; some of which are reversals of reduction:

(i) Increase Ksh. 2 Billion recurrent expenditure for Management of electoral processes programme in vote 2031 Independent Electoral & Boundaries Commission. This increment is for KIEMS upgrade.

(ii) Increase Ksh. 3.7 Billion recurrent expenditure for food subsidy under crop development and management programme in vote 1161 State Department of Agriculture to pay the deficit and meet the gap on food requirements.

(iii) Increase Ksh. 350 Million development expenditure for upgrade of ASK Jamhuri under General Administration and support services programme in vote 1161 State Department of Agriculture.

(iv) Increase Ksh. 131 Million recurrent expenditure for the Witness protection programme in vote 1321 Witness Protection Agency.

(v) increase Ksh. 3.81 Billion recurrent expenditure to cater for operations and maintenance expenses in the Parliament budget.

(vi) Increase Ksh. 1.9Billion development expenditure for the General Administration, Planning and support services under vote 2041 Parliamentary Service Commission.

(vii) Increase Ksh. 82.5 Million development expenditure for regional hub in Kakamega under the audit services programme in vote 2111 Auditor General.

(viii) Increase Ksh. 30 Million development expenditure for construction of Eldoret office block under the audit services programme in vote 2111 Auditor General.

(ix) Increase Ksh. 50 Million recurrent expenditure additional funding for office rent in vote 2111 Auditor General.

(x) Increase Ksh. 158.5Million recurrent expenditure for the audit services programme in vote 2111 Auditor General.

(xi) Increase Ksh. 318.7 Million recurrent expenditure for Cooperative Development and Management programme in vote 1173 State department for Cooperatives. This

allocation is for debt waivers for Stegro EPZ Tea Factory (Ksh. 300 million) and Bunyala Fishermen Cooperative (Ksh. 18.7 Million).

(xii) Increase Ksh. 700 Million development expenditure for LPG gas cylinders under the Exploration and Distribution of Oil & Gas programme in vote 1153 State department for Petroleum.

(xiii) Increase Ksh. 1.5 billion for the Constituency Development Fund under the State Department for Planning and Statistics.

(xiv) Increase Ksh. 500 Million to the Lake Basin Development Authority for the payment of pending bills.

(xv) Increase Ksh. 246.2 Million to the Ministry of Health for the following highly specialized services: Mathari National Training and Referral Hospital (Ksh. 23 Million), Government Chemist (Ksh. 53.8 Million), Spinal Injury Hospital (Ksh. 8.2 million), National Quality Control Laboratory (Ksh. 11.2 billion) and Training of Health Workers (Ksh. 150 Million).

(xvi) Increase Ksh. 100 Million for school infrastructure programme under the State Department for basic education.

(xvii) Increase Ksh. 125 Million to the Kenya Industrial Estate under the State Department for Industry and Investments for purposes of advancing loans.

(xviii) Increase Ksh. 400 Million to the Export Processing Zones Authority under the State Department for Industry and Cooperatives for various capital projects.

(xix) Increase Ksh. 15.7 Million to the Salaries and Remuneration Commission for payment of contractual services.

(xx) Increase Ksh. 45 Million development expenditure to the State Law Office for construction of ultra modern library and moot court in Karen.

(xxi) Increase Ksh. 183.99 Million to the State Department for Basic Education for payment of pending bills on the purchase of sanitary towels.

Mr. Speaker, The Committee further recommends that this House resolves to approve:-

(i) an increment of the total recurrent expenditure for Financial Year 2017/2018 by **Kshs. 63,513,309,301** in respect of the Votes as contained in the Schedule;

(ii) areduction of the total capital expenditure for Financial Year 2017/2018 by **Kshs.24,899,676,347** in respect of the Votes as contained in the Schedule;

(iii) an overall increment in the total budget for Financial Year 2017/2018 by **Kshs.38,613,632,954** in respect of the Votes as contained in the Schedule; and

(iv) That the Schedule forms the basis of the enactment of the First Supplementary Appropriations Act, 2017.

Schedule: Supplementary Adjustments for FY 2017/18 in (KShs)

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
1011 The Presidency	(835,440,293)	(216,500,000)	(1,051,940,293)	-	-	-	7,866,966,719	893,500,000	8,760,466,719
0702000 P2 Cabinet Affairs	(406,410,037)	428,250,000	21,839,963			-	1,730,039,614	645,250,000	2,375,289,614
0703000 P3 Government Advisory Services	(39,196,875)	-	(39,196,875)			-	975,772,905	-	975,772,905
0704000 P4 State House Affairs	(106,416,745)	(90,750,000)	(197,166,745)			-	3,246,554,755	230,250,000	3,476,804,755
0734000 P.6 Deputy President Services	(283,416,636)	(554,000,000)	(837,416,636)			-	1,914,599,445	18,000,000	1,932,599,445
1021 State Department for Interior	**5,100,000,000**	**465,700,000**	**5,565,700,000**	-	-	-	**111,919,293,000**	**18,082,496,889**	**130,001,789,889**
0601000 P.1 Policing Services	2,443,000,000	(1,500,000,000)	943,000,000			-	81,026,788,581	9,925,000,000	90,951,788,581
0602000 P.2 Planning, Policy Coordination and Support Service	2,657,000,000	1,965,700,000	4,622,700,000			-	23,747,126,501	6,082,200,000	29,829,326,501
0603000 P3 Government Printing Services	-	-	-			-	770,983,833	150,000,000	920,983,833
0605000 P.4 Population Management Services	-	-	-			-	6,249,244,085	1,925,296,889	8,174,540,974
0736000 P8: NGO Regulatory Services	-	-	-			-	125,150,000	-	125,150,000
1023 State Department for Correctional Services	-	-	-	-	-	-	**21,535,369,313**	**900,000,000**	**22,435,369,313**
0624000 P.3 Betting Control, Licensing and Regulation Services	-	-	-			-	119,933,224	-	119,933,224

Vote, Programme Codes & Title	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
0604000 P1 Correctional services	-	-	-			-	21,014,616,887	854,336,504	21,868,953,391
0623000 P.2 General Administration, Planning and Support Services	-	-	-			-	400,819,202	45,663,496	446,482,698
1032 State Department for Devolution	**(100,408,370)**	**-**	**(100,408,370)**	**-**	**-**	**-**	**1,007,391,630**	**3,539,300,000**	**4,546,691,630**
0712000 P7: Devolution Services	(30,499,989)	-	(30,499,989)			-	792,462,645	2,519,300,000	3,311,762,645
0732000 P.3 General Administration, Planning and Support Services	(69,908,381)	-	(69,908,381)			-	214,928,985	1,020,000,000	1,234,928,985
1033 State Department for Special Programmes	**2,185,335,872**	**32,825,000**	**2,218,160,872**	**-**	**-**	**-**	**4,338,445,872**	**4,552,275,000**	**8,890,720,872**
0713000 P 8: Special Initiatives	2,221,130,872	-	2,221,130,872			-	3,379,407,801	-	3,379,407,801
0733000 P.9 Accelerated ASAL Development	34,637,500	46,400,000	81,037,500			-	734,723,595	4,547,750,000	5,282,473,595
0743000 P.3 General Administration, Planning and Support Services	(70,432,500)	(13,575,000)	(84,007,500)			-	224,314,476	4,525,000	228,839,476
1034 State Department for Planning and Statistics	**(330,454,765)**	**(9,501,182,844)**	**(9,831,637,609)**	**-**	**2,000,000,000**	**2,000,000,000**	**5,383,995,235**	**29,977,673,156**	**35,361,668,391**
0706000 P1 : Economic Policy and National Planning	(123,656,026)	(6,426,265,044)	(6,549,921,070)		1,500,000,000	1,500,000,000	1,110,781,029	27,078,817,356	28,189,598,385
0707000 P2 : National Statistical Information Services	-	-	-			-	2,333,333,297	1,454,800,000	3,788,133,297

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
0708000 P3: Monitoring and Evaluation Services	(26,312,981)	(43,792,800)	(70,105,781)			-	128,163,530	128,180,800	256,344,330
0709000 P4: General Administration Planning and Support Services	(175,866,425)	-	(175,866,425)			-	349,705,548	-	349,705,548
1013000 P.7 Integrated Regional Development	(4,619,333)	(3,031,125,000)	(3,035,744,333)		500,000,000	**500,000,000**	1,462,011,831	1,315,875,000	2,777,886,831
1041 Ministry of Defence	1,686,984,819	-	**1,686,984,819**	-	-	-	**105,261,384,819**	**45,000,000**	**105,306,384,819**
0801000 P.1: Defence	1,800,000,000	-	1,800,000,000	-	-	-	103,941,000,000	45,000,000	103,986,000,000
0802000 P.2 Civil Aid	-	-	-			-	200,000,000	-	200,000,000
0803000 P.3 General Administration, Planning and Support Services	(113,015,181)	-	(113,015,181)			-	1,120,384,819	-	1,120,384,819
1052 Ministry of Foreign Affairs	**(3,175,928,501)**	**(1,752,500,001)**	**(4,928,428,502)**	-	-	-	**14,570,071,499**	**247,499,999**	**14,817,571,498**
0714000 P.1 General Administration Planning and Support Services	(487,893,513)	(235,000,000)	(722,893,513)			-	2,703,598,372	75,000,000	2,778,598,372
0715000 P.2 Foreign Relation and Diplomacy	(2,571,672,238)	(1,517,500,001)	(4,089,172,239)			-	11,693,435,950	172,499,999	11,865,935,949
0741000 P4 Economic and Commercial Diplomacy	(98,277,250)	-	(98,277,250)			-	43,635,750	-	43,635,750
0742000 P5 Foreign Policy Research, Capacity Dev. and Technical Cooperation	(18,085,500)	-	(18,085,500)			-	129,401,427	-	129,401,427

Vote, Programme Codes & Title	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
1063 State Department for Basic Education	**23,136,411,431**	**749,988,600**	**23,886,400,031**	**183,988,154**	**100,000,000**	**283,988,154**	**83,269,399,585**	**7,256,718,600**	**90,526,118,185**
0501000 P.1 Primary Education	(56,653,013)	(128,607,900)	(185,260,913)	183,988,154		183,988,154	16,966,664,925	4,471,955,600	21,438,620,525
0502000 P.2 Secondary Education	23,583,251,800	1,188,759,000	24,772,010,800		100,000,000	100,000,000	57,799,711,118	2,651,375,500	60,451,086,618
0503000 P.3 Quality Assurance and Standards	(9,758,027)	(219,000,000)	(228,758,027)			-	4,142,484,757	83,000,000	4,225,484,757
0508000 P. 8 General Administration, Planning and Support Services	(380,429,329)	(91,162,500)	(471,591,829)			-	4,360,538,785	50,387,500	4,410,926,285
1064 State Department for Vocational and Technical Training	**(105,143,007)**	**8,356,901,000**	**8,251,757,993**	**-**	**-**	**-**	**2,535,356,993**	**14,002,901,000**	**16,538,257,993**
0505000 P.5 Technical Vocational Education and Training	(39,645,513)	8,252,901,000	8,213,255,487			-	2,333,479,487	11,873,901,000	14,207,380,487
0507000 P.7 Youth Training and Development	(11,624,052)	104,000,000	92,375,948			-	50,563,448	2,129,000,000	2,179,563,448
0508000 P. 8 General Administration, Planning and Support Services	(53,873,442)	-	(53,873,442)			-	151,314,058	-	151,314,058
1065 State Department for University Education	**5,033,786,755**	**(7,232,250,002)**	**(2,198,463,247)**	**-**	**-**	**-**	**90,755,304,284**	**5,435,849,998**	**96,191,154,282**
0504000 P.4 University Education	5,177,615,336	(6,777,750,002)	(1,600,134,666)			-	87,148,005,550	5,284,349,998	92,432,355,548
0506000 P. 6 Research, Science, Technology and Innovation	(34,852,671)	(454,500,000)	(489,352,671)			-	3,064,418,082	151,500,000	3,215,918,082

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
0508000 P. 8 General Administration, Planning and Support Services	(108,975,910)	-	(108,975,910)				-	542,880,652	-	542,880,652
1071 The National Treasury	**3,992,154,275**	**2,840,970,466**	**6,833,124,741**	-		-	-	**81,434,454,275**	**46,749,013,082**	**128,183,467,357**
0717000 P1 : General Administration Planning and Support Services	4,711,862,349	1,707,262,158	6,419,124,507				-	76,202,471,629	6,775,595,102	82,978,066,731
0718000 P2: Public Financial Management	(578,028,086)	1,147,208,308	569,180,222				-	3,878,662,007	38,580,314,180	42,458,976,187
0719000 P3: Economic and Financial Policy Formulation and Management	(123,841,757)	(13,500,000)	(137,341,757)				-	952,775,318	1,338,103,800	2,290,879,118
0720000 P4: Market Competition	-	-	-				-	340,000,000	55,000,000	395,000,000
0740000 P5 Government Clearing Services	(17,838,231)	-	(17,838,231)				-	60,545,321	-	60,545,321
1081 Ministry of Health	**(90,644,005)**	**(956,232,265)**	**(1,046,876,270)**	**246,200,000**		-	**246,200,000**	**30,877,376,247**	**30,022,431,054**	**60,899,807,301**
0401000 P.1 Preventive, Promotive & RMNCAH	(51,640,385)	(45,000,000)	(96,640,385)				-	1,588,381,257	7,262,824,415	8,851,205,672
0402000 P.2 National Referral & Specialized Services	(85,517,250)	(99,500,000)	(185,017,250)	96,200,000			**96,200,000**	15,954,152,328	9,847,363,400	25,801,515,728
0403000 P.3 Health Research and Development	-	(195,000,000)	(195,000,000)	-			-	5,497,163,179	473,000,000	5,970,163,179
0404000 P.4 General Administration, Planning & Support Services	55,501,625	(729,232,265)	(673,730,640)	150,000,000			**150,000,000**	6,101,965,750	2,014,905,265	8,116,871,015

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
0405000 P.5 Health Policy, Standards and Regulations	(8,987,995)	112,500,000	103,512,005			-	1,735,713,733	10,424,337,974	12,160,051,707
1091 State Department of Infrastructure	**1,162,632,071**	**(5,000,000,000)**	**(3,837,367,929)**	-	-	-	**53,820,632,071**	**129,987,591,571**	**183,808,223,642**
0202000 P.2 Road Transport	1,162,632,071	(5,000,000,000)	(3,837,367,929)			-	53,820,632,071	129,987,591,571	183,808,223,642
1092 State Department of Transport	**276,431,343**	**(7,800,000,000)**	**(7,523,568,657)**	-	-	-	**6,327,131,343**	**88,969,432,000**	**95,296,563,343**
0201000 P.1 General Administration, Planning and Support Services	288,025,637	1,000,000	289,025,637			-	689,346,875	783,000,000	1,472,346,875
0203000 P3 Rail Transport	-	(300,000,000)	(300,000,000)			-	248,310,000	75,284,000,000	75,532,310,000
0204000 P4 Marine Transport	(2,434,557)	(7,500,000,000)	(7,502,434,557)			-	364,600,324	6,800,000,000	7,164,600,324
0205000 P5 Air Transport	(7,772,636)	(1,000,000)	(8,772,636)			-	4,580,076,187	5,802,432,000	10,382,508,187
0216000000 Road Safety	(1,387,101)	-	(1,387,101)			-	444,797,957	300,000,000	744,797,957
1093 State Department for Maritime Affairs	**(56,440,382)**	**-**	**(56,440,382)**	-	-	-	**218,589,618**	**-**	**218,589,618**
0219000 P 1 Shipping and Maritime Affairs	(56,440,382)	-	(56,440,382)			-	218,589,618	-	218,589,618
1094 State Department for Housing & Urban Development	**(116,931,399)**	**(1,034,935,000)**	**(1,151,866,399)**	-	-	-	**1,608,768,601**	**13,237,065,000**	**14,845,833,601**
0102000 P.2 Housing Development and Human Settlement	(26,169,690)	(234,000,000)	(260,169,690)			-	432,434,189	5,725,000,000	6,157,434,189
0105000 P 5 Urban and Metropolitan	(47,726,845)	(703,435,000)	(751,161,845)			-	224,977,551	7,479,565,000	7,704,542,551

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
Development										
0106000 P 6 General Administration Planning and Support Services	(29,356,208)	-	(29,356,208)				-	238,120,895	-	238,120,895
0218000 P 7 Regulation and Development of the Construction Industry	(13,678,656)	(97,500,000)	(111,178,656)				-	713,235,966	32,500,000	745,735,966
1095 State Department for Public Works	**(56,474,883)**	**(1,632,067,500)**	**(1,688,542,383)**	-		-	-	789,575,117	**544,022,500**	**1,333,597,617**
0103000 P 3 Government Buildings	(31,467,946)	(1,529,670,000)	(1,561,137,946)				-	339,230,686	509,890,000	849,120,686
0104000 P 4 Coastline Infrastructure and Pedestrian Access	(3,314,876)	(102,397,500)	(105,712,376)				-	79,889,145	34,132,500	114,021,645
0106000 P 6 General Administration Planning and Support Services	(21,692,061)	-	(21,692,061)				-	370,455,286	-	370,455,286
1103 State Department for Water Services	**386,908,971**	**2,475,146,698**	2,862,055,669	-		-	-	4,404,068,971	32,252,516,698	36,656,585,669
1001000 P.2 General Administration, Planning and Support Services	(53,289,702)	-	(53,289,702)				-	593,451,456	151,000,000	744,451,456
1004000 P.3 Water Resources Management	270,024,622	1,500,000,000	1,770,024,622				-	1,564,558,928	6,187,600,000	7,752,158,928
1017000 P.4 Water and Sewerage Infrastructure Development	170,174,051	975,146,698	1,145,320,749				-	2,246,058,587	25,913,916,698	28,159,975,285

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
1104 State Department for Irrigation	**(53,876,460)**	**200,000,000**	**146,123,540**	-	-	-	901,423,540	12,458,300,000	13,359,723,540
1014000 P.4 Irrigation and Land Reclamation	(49,076,479)	200,000,000	150,923,521			-	896,163,609	6,628,300,000	7,524,463,609
1015000 P.1 Water Storage and Flood Control	-	-	-			-	-	5,830,000,000	5,830,000,000
1016000 P.3 General Administration, Planning and Support Services	(4,799,981)	-	(4,799,981)			-	5,259,931	-	5,259,931
1105 State Department for Environment	**(94,858,989)**	**(1,463,375,000)**	**(1,558,233,989)**	-	-	-	2,743,441,011	2,165,625,000	4,909,066,011
1002000 P.2 Environment Management and Protection	(20,789,482)	(638,150,000)	(658,939,482)			-	1,334,707,697	1,890,550,000	3,225,257,697
1010000 P.1 General Administration, Planning and Support Services	(39,016,183)	-	(39,016,183)			-	330,536,643	-	330,536,643
1012000 P.3 Meteorological Services	(35,053,324)	(825,225,000)	(860,278,324)			-	1,078,196,671	275,075,000	1,353,271,671
1106 State Department for Natural Resources	**(620,550,083)**	**(663,250,000)**	**(1,283,800,083)**	-	-	-	12,892,449,917	3,214,070,990	16,106,520,907
1003000 P.3 Natural Resources Management and Protection	(620,550,083)	(663,250,000)	(1,283,800,083)			-	12,892,449,917	3,214,070,990	16,106,520,907
1112 Ministry of Lands and Physical Planning	**(151,431,399)**	**(206,625,000)**	**(358,056,399)**	-	-	-	2,312,568,601	3,563,375,000	5,875,943,601
0101000 P. 1 Land Policy and Planning	(151,431,399)	(206,625,000)	(358,056,399)			-	2,312,568,601	3,563,375,000	5,875,943,601

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
1122 State Department for Information Communications and Technology & Innovation	(290,971,922)	(5,799,521,166)	(6,090,493,088)	-		-	-	985,318,078	13,447,478,834	14,432,796,912
0207000 P1: General Administration Planning and Support Services	(72,999,918)	-	(72,999,918)				-	214,359,507	-	214,359,507
0210000 P4: ICT Infrastructure Development	(153,020,266)	(6,106,250,000)	(6,259,270,266)				-	217,079,529	12,590,750,000	12,807,829,529
0217000 P5 E-Government Services	(64,951,738)	306,728,834	241,777,096				-	553,879,042	856,728,834	1,410,607,876
1123 State Department for Broadcasting & Telecommunications	(138,526,765)	(573,000,000)	(711,526,765)	-		-	-	1,957,173,235	191,000,000	2,148,173,235
0207000 P1: General Administration Planning and Support Services	(77,766,168)	-	(77,766,168)				-	233,770,111	-	233,770,111
0208000 P2: Information And Communication Services	(60,760,597)	(407,250,000)	(468,010,597)				-	1,515,953,124	135,750,000	1,651,703,124
0209000 P3: Mass Media Skills Development	-	(165,750,000)	(165,750,000)				-	207,450,000	55,250,000	262,700,000
1132 State Department for Sports Development	1,279,858,793	2,389,999,999	3,669,858,792	-		-	-	3,748,333,817	2,950,000,000	6,698,333,817
0901000 P.1 Sports	1,279,858,793	2,389,999,999	3,669,858,792				-	3,748,333,817	2,950,000,000	6,698,333,817
1133 State Department for Arts and Culture	(72,649,600)	(405,728,010)	(478,377,610)	-		-	-	2,865,775,296	641,250,000	3,507,025,296

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
0902000 P.2 Culture	(20,993,447)	(326,978,010)	(347,971,457)			-	1,336,613,161	95,000,000	1,431,613,161
0903000 P.3 The Arts	(15,071,601)	(71,250,000)	(86,321,601)			-	692,010,890	23,750,000	715,760,890
0904000 P.4 Library Services	(3,193,438)	(7,500,000)	(10,693,438)			-	698,764,569	522,500,000	1,221,264,569
0905000 P.5 General Administration, Planning and Support Services	(33,391,114)	-	(33,391,114)			-	138,386,676	-	138,386,676
1152 State Department for Energy	-	7,381,793,651	7,381,793,651	-	-	-	2,052,500,000	82,548,497,961	84,600,997,961
0211000 P1 General Administration Planning and Support Services	-	-	-			-	354,889,337	327,000,000	681,889,337
0212000 P2 Power Generation	-	(2,072,000,000)	(2,072,000,000)			-	786,987,274	14,560,499,652	15,347,486,926
0213000 P3 Power Transmission and Distribution	-	3,795,103,651	3,795,103,651			-	790,303,296	60,837,308,309	61,627,611,605
0214000 P4 Alternative Energy Technologies	-	5,658,690,000	5,658,690,000			-	120,320,093	6,823,690,000	6,944,010,093
1153 State Department for Petroleum	**(46,777,593)**	**(1,561,625,000)**	**(1,608,402,593)**	-	700,000,000	**700,000,000**	195,232,407	4,276,875,000	4,472,107,407
0215000 P1 Exploration and Distribution of Oil and Gas	(46,777,593)	(1,561,625,000)	(1,608,402,593)		700,000,000	**700,000,000**	195,232,407	4,276,875,000	4,472,107,407
1161 State Department for Agriculture.	**4,127,698,340**	**5,467,294,148**	**9,594,992,488**	3,700,000,000	350,000,000	**4,050,000,000**	14,116,298,340	16,419,094,148	30,535,392,488
0107000 P1: General Administration Planning and Support	1,065,153,481	(132,750,000)	932,403,481			-	4,462,885,676	460,250,000	4,923,135,676

Vote, Programme Codes & Title	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
Services										
0108000 P2: Crop Development and Management	3,073,584,587	5,615,305,148	8,688,889,735	3,700,000,000			**3,700,000,000**	9,489,665,191	14,521,577,422	24,011,242,613
0109000 P3: Agribusiness and Information Management	(11,039,728)	(15,261,000)	(26,300,728)			350,000,000	**350,000,000**	163,747,473	1,437,266,726	1,601,014,199
1162 State Department for Livestock.	**2,062,738,271**	**(1,805,647,250)**	**257,091,021**	-		-	-	7,114,150,771	3,693,332,750	10,807,483,521
0112000 P 6: Livestock Resources Management and Development	2,062,738,271	(1,805,647,250)	257,091,021				-	7,114,150,771	3,693,332,750	10,807,483,521
1164 State Department for Fisheries and the Blue Economy	**(211,834,152)**	**(493,080,000)**	**(704,914,152)**	-		-	-	1,844,465,848	420,920,000	2,265,385,848
0111000 P5: Fisheries Development and Management	(30,304,705)	(453,330,000)	(483,634,705)				-	1,549,912,465	407,670,000	1,957,582,465
0117000 P6: General Administration, Planning and Support Services	(51,342,271)	-	(51,342,271)				-	132,687,033	-	132,687,033
0118000 P7: Development and Coordination of the Blue Economy	(130,187,176)	(39,750,000)	(169,937,176)				-	161,866,350	13,250,000	175,116,350
1172 State Department for Investment and Industry	**(152,156,192)**	**(2,687,131,880)**	**(2,839,288,072)**	-		525,000,000	**525,000,000**	2,189,243,808	3,218,930,120	5,408,173,928
0301000 P.1 General Administration Planning and Support	(104,660,315)	-	(104,660,315)				-	386,652,659	180,000,000	566,652,659

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
Services									
0302000 P.2 Industrial Development and Investments	(47,495,877)	(1,661,506,880)	(1,709,002,757)		400,000,000	**400,000,000**	849,783,149	1,997,493,120	2,847,276,269
0303000 P.3 Standards and Business Incubation	-	(1,025,625,000)	(1,025,625,000)		125,000,000	**125,000,000**	952,808,000	1,041,437,000	1,994,245,000
1173 State Department for Cooperatives	**(26,712,552)**	**(105,000,000)**	**(131,712,552)**	318,700,000	-	**318,700,000**	737,987,448	385,000,000	1,122,987,448
0304000 P.1 Cooperative Development and Management	(26,712,552)	(105,000,000)	(131,712,552)	318,700,000		318,700,000	737,987,448	385,000,000	1,122,987,448
1174 State Department for Trade	**(250,089,707)**	**(256,250,000)**	**(506,339,707)**	-	-	-	2,164,310,293	71,250,000	2,235,560,293
0307000 P 3: Trade Development and Promotion	(250,089,707)	(256,250,000)	(506,339,707)			-	2,164,310,293	71,250,000	2,235,560,293
1183 State Department for East African Integration	(194,504,104)	-	**(194,504,104)**	-	-	-	1,356,495,896	65,000,000	1,421,495,896
0305000 P 1: East African Affairs and Regional Integration	(194,504,104)	-	(194,504,104)			-	1,356,495,896	65,000,000	1,421,495,896
1184 State Department for Labour	**(236,956,488)**	**(408,075,001)**	**(645,031,489)**	-	-	-	1,792,943,512	636,024,999	2,428,968,511
0910000 P 5: General Administration Planning and Support Services	(83,328,809)	-	(83,328,809)			-	478,154,933	-	478,154,933
0906000 P 1: Promotion of the Best Labour Practice	(66,497,928)	(150,750,000)	(217,247,928)			-	466,033,781	50,250,000	516,283,781

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
0907000 P 2: Manpower Development, Employment and Productivity Management	(87,129,751)	(257,325,001)	(344,454,752)				-	848,754,798	585,774,999	1,434,529,797
1185 State Department for Social Protection	**5,770,712,572**	**(295,794,717)**	**5,474,917,855**	-		-	-	15,218,012,572	14,663,955,283	29,881,967,855
0908000 P 1. Social Development and Children Services	(327,111,442)	(133,425,000)	(460,536,442)				-	3,010,258,449	894,975,000	3,905,233,449
0909000 P 2: National Social Safety Net	6,190,046,854	(157,119,717)	6,032,927,137				-	12,056,421,924	13,767,230,283	25,823,652,207
0914000 P 3: General Administration, Planning and Support Services	(92,222,840)	(5,250,000)	(97,472,840)				-	151,332,199	1,750,000	153,082,199
1191 Ministry of Mining	**(176,869,950)**	**394,500,000**	**217,630,050**	-		-	-	1,287,594,267	1,650,821,429	2,938,415,696
1007000 P.1 General Administration Planning and Support Services	(133,800,191)	(45,000,000)	(178,800,191)				-	790,690,898	15,000,000	805,690,898
1008000 P.2 Resources Surveys and Remote Sensing	(14,455,912)	(270,750,000)	(285,205,912)				-	170,572,219	90,250,000	260,822,219
1009000 P.3. Mineral Resources Management	(28,613,847)	710,250,000	681,636,153				-	326,331,150	1,545,571,429	1,871,902,579
1201 Ministry of Tourism	**(79,441,386)**	**(2,940,750,000)**	**(3,020,191,386)**	-		-	-	2,777,458,614	980,250,000	3,757,708,614
0306000 P 2: Tourism Development and Promotion	(79,441,386)	(2,940,750,000)	(3,020,191,386)				-	2,777,458,614	980,250,000	3,757,708,614
1211 State Department for Public Service and	**939,267,402**	**(1,098,100,273)**	**(158,832,871)**	-		-	-	14,455,917,402	11,891,899,727	26,347,817,129

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
Youth Affairs									
0710000 P 5: Public Service Transformation	(275,397,203)	(514,273,273)	(789,670,476)			-	1,586,847,286	1,781,211,684	3,368,058,970
0709000 P4: General Administration Planning and Support Services	1,382,190,428	-	1,382,190,428			-	5,551,585,773	-	5,551,585,773
0711000 P6: Youth Empowerment	(167,525,823)	(583,827,000)	(751,352,823)			-	7,317,484,343	10,110,688,043	17,428,172,386
1212 State Department for Gender	**(188,481,629)**	**(242,250,000)**	**(430,731,629)**	-	-	-	1,424,218,371	3,187,750,000	4,611,968,371
0911000 P 1: Community Development	-	-	-	-		-	470,000,000	2,130,000,000	2,600,000,000
0912000 P 2: Gender Empowerment	(93,869,370)	(242,250,000)	(336,119,370)			-	753,026,131	1,057,750,000	1,810,776,131
0913000 P 3: General Administration, Planning and Support Services	(94,612,259)	-	(94,612,259)			-	201,192,240	-	201,192,240
1252 State Law Office and Department of Justice	**(304,375,231)**	**(1,102,750,000)**	**(1,407,125,231)**	-	45,000,000	**45,000,000**	4,383,634,769	388,178,571	4,771,813,340
0606000 P.1 Legal Services	(147,357,660)	(10,500,000)	(157,857,660)			-	1,953,662,838	3,500,000	1,957,162,838
0607000 P.2 Governance, Legal Training and Constitutional Affairs	(23,801,852)	(1,045,000,000)	(1,068,801,852)		45,000,000	**45,000,000**	1,747,977,029	360,000,000	2,107,977,029
0609000 P. 4 General Administration, Planning and Support Services	(133,215,719)	(47,250,000)	(180,465,719)			-	681,994,902	24,678,571	706,673,473

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
1261 The Judiciary	(1,070,766,360)	(879,925,000)	(1,950,691,360)	-	-	-	12,361,768,912	3,248,975,000	15,610,743,912
0610000 P 1: Dispensation of Justice	(1,070,766,360)	(879,925,000)	(1,950,691,360)			-	12,361,768,912	3,248,975,000	15,610,743,912
1271 Ethics and Anti-Corruption Commission	300,000,000	-	300,000,000	-	-	-	3,068,540,000	1,268,000,000	4,336,540,000
0611000 P.1 Ethics and Anti-Corruption	300,000,000	-	300,000,000			-	3,068,540,000	1,268,000,000	4,336,540,000
1281 National Intelligence Service	3,150,000,000	-	3,150,000,000	-	-	-	29,754,000,000	-	29,754,000,000
0804000 P.1 National Security Intelligence	3,150,000,000	-	3,150,000,000			-	29,754,000,000	-	29,754,000,000
1291 Office of the Director of Public Prosecutions	(305,637,538)	(80,000,000)	(385,637,538)	-	-	-	1,944,442,462	2,550,000	1,946,992,462
0612000 P.1 Public Prosecution Services	(305,637,538)	(80,000,000)	(385,637,538)			-	1,944,442,462	2,550,000	1,946,992,462
1311 Office of the Registrar of Political Parties	(79,222,690)	-	(79,222,690)	-	-	-	798,527,310	-	798,527,310
0614000 P.1 Registration, Regulation and Funding of Political Parties	(79,222,690)	-	(79,222,690)			-	798,527,310	-	798,527,310
1321 Witness Protection Agency	(121,012,507)	-	(121,012,507)	131,000,000	-	131,000,000	442,380,483	-	442,380,483
0615000 P.1 Witness Protection	(121,012,507)	-	(121,012,507)	131,000,000		131,000,000	442,380,483	-	442,380,483
2011 Kenya National Commission on Human Rights	(60,643,700)	-	(60,643,700)	-	-	-	389,766,300	-	389,766,300
0616000 P 1: Protection and Promotion of Human	(60,643,700)	-	(60,643,700)			-	389,766,300	-	389,766,300

Vote, Programme Codes & Title	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
Rights									
2021 National Land Commission	(358,232,450)	(300,000,000)	(658,232,450)	-	-	-	1,093,767,550	-	1,093,767,550
0113000 P1: Land Administration and Management	(180,364,992)	-	(180,364,992)			-	202,117,228	-	202,117,228
0114000 P2. General Administration, Planning and Support Services	(71,470,435)	-	(71,470,435)			-	820,095,345	-	820,095,345
0115000 P3. Land Disputes and Conflict Resolutions	(74,073,544)	-	(74,073,544)			-	52,097,456	-	52,097,456
0116000 P4. National Land Information Management System	(32,323,479)	(300,000,000)	(332,323,479)			-	19,457,521	-	19,457,521
2031 Independent Electoral and Boundaries Commission	10,000,000,000	(45,000,000)	9,955,000,000	2,000,000,000	-	2,000,000,000	32,860,477,459	712,210,000	33,572,687,459
0617000 P.1 : Management of Electoral Processes	10,000,000,000	(45,000,000)	9,955,000,000	2,000,000,000		2,000,000,000	32,860,477,459	712,210,000	33,572,687,459
2041 Parliamentary Service Commission	(3,131,447,963)	(2,412,500,000)	(5,543,947,963)	1,691,566,119	1,900,000,000	3,591,566,119	10,287,068,157	2,637,500,000	12,924,568,157
0722000 P.2 Senate Affairs	(1,285,069,525)	-	(1,285,069,525)	828,342,515		828,342,515	5,290,539,449	-	5,290,539,449
0723000 P. 3 General Administration, Planning and Support Services	(1,846,378,438)	(2,412,500,000)	(4,258,878,438)	863,223,604	1,900,000,000	2,763,223,604	4,996,528,708	2,637,500,000	7,634,028,708
2042 National Assembly	(3,692,484,022)	-	(3,692,484,022)	2,117,499,399	-	2,117,499,399	19,591,048,577	-	19,591,048,577
0721000 P.1 National Legislation, Representation and	(3,692,484,022)	-	(3,692,484,022)	2,117,499,399		2,117,499,399	19,591,048,577	-	19,591,048,577

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations				Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital		Total	Recurrent	Capital	Total
Oversight										
2051 Judicial Service Commission	**(306,622,300)**	**-**	**(306,622,300)**	-		-	-	183,537,700	-	183,537,700
0619000 P. 1 General Administration, Planning and Support Services	(306,622,300)	-	(306,622,300)				-	183,537,700	-	183,537,700
2061 The Commission on Revenue Allocation	**26,711,063**	**-**	**26,711,063**	-		-	-	**391,711,063**	**-**	**391,711,063**
0724000 P.1 Inter-Governmental Revenue and Financial Matters	26,711,063	-	26,711,063				-	391,711,063	-	391,711,063
2071 Public Service Commission	**(7,575,000)**	**(45,000,000)**	**(52,575,000)**	-		-	-	**1,351,425,000**	**15,000,000**	**1,366,425,000**
0725000 P.1 General Administration, Planning and Support Services	(7,575,000)	(45,000,000)	(52,575,000)				-	1,024,568,639	15,000,000	1,039,568,639
0726000 P.2 Human Resource management and Development	-	-	-				-	202,189,957	-	202,189,957
0727000 P.3 Governance and National Values	-	-	-				-	124,666,404	-	124,666,404
2081 Salaries and Remuneration Commission	**47,934,499**	**-**	**47,934,499**	**15,700,000**		-	**15,700,000**	609,634,499	-	**609,634,499**
0728000 P.1 Salaries and Remuneration Management	47,934,499	-	47,934,499	15,700,000			**15,700,000**	609,634,499	-	609,634,499
2091 Teachers Service Commission	**56,457,400**	**-**	**56,457,400**	-		-	-	201,893,457,400	118,000,000	202,011,457,400

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
0509000 P.1 Teacher Resource Management	414,910,000	-	414,910,000			-	195,473,566,350	-	195,473,566,350
0510000 P.2 Governance and Standards	(30,526,438)	-	(30,526,438)			-	53,988,812	-	53,988,812
0511000 P.3 General Administration, Planning and Support Services	(327,926,162)	-	(327,926,162)			-	6,365,902,238	118,000,000	6,483,902,238
2101 National Police Service Commission	(18,596,220)	**(65,000,000)**	**(83,596,220)**	-	-	-	467,393,780	-	467,393,780
0620000 P.1 National Police Service Human Resource Management	(18,596,220)	(65,000,000)	(83,596,220)			-	467,393,780	-	467,393,780
2111 Auditor General	**(373,734,385)**	**(176,250,000)**	**(549,984,385)**	208,502,085	112,500,000	**321,002,085**	5,110,767,700	171,250,000	5,282,017,700
0729000 P.1 Audit Services	(373,734,385)	(176,250,000)	(549,984,385)	208,502,085	112,500,000	321,002,085	5,110,767,700	171,250,000	5,282,017,700
2121 Controller of Budget	**(80,069,000)**	-	**(80,069,000)**	-	-	-	494,931,000	-	494,931,000
0730000 P.1 Control and Management of Public finances	(80,069,000)	-	(80,069,000)			-	494,931,000	-	494,931,000
2131 The Commission on Administrative Justice	**(59,710,598)**	-	**(59,710,598)**	-	-	-	416,789,402	-	416,789,402
0731000 P.1 Promotion of Administrative Justice	(59,710,598)	-	(59,710,598)			-	416,789,402	-	416,789,402
2141 National Gender and Equality Commission	**(93,045,793)**	-	**(93,045,793)**	-	-	-	352,824,207	-	352,824,207
0621000 P 1: Promotion of Gender Equality and Freedom	(93,045,793)	-	(93,045,793)			-	352,824,207	-	352,824,207

	Proposed Increase/Reduction 2017/18			Ad Hoc Committee Recommendations			Revised Supplementary Estimates FY 2017/18		
Vote, Programme Codes & Title	Change In Gross Current Estimates	Change In Gross Capital Estimates	Change In Gross Total Estimates	Recurrent	Capital	Total	Recurrent	Capital	Total
from Discrimination									
2151 Independent Policing Oversight Authority	95,860,000	(150,000,000)	(54,140,000)	-	-	-	695,860,000	-	695,860,000
0622000 P.1 Policing Oversight Services	95,860,000	(150,000,000)	(54,140,000)			-	695,860,000	-	695,860,000
Total Programmes	52,900,153,544	-30,632,176,347	22,267,977,197	10,613,155,757	5,732,500,000	16,345,655,757	1,054,000,641,966	617,997,651,359	1,671,998,293,325

MINUTES OF 7TH SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON MONDAY 9TH, OCTOBER 2017 IN COMMITTEE ROOM 9, MAIN PARLIAMENT BUILDINGS AT 10.00 A.M.

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Moses Lessonet, MP
3. Hon. Kimani Ichung'wah, MP
4. Hon. Fatuma Gedi Ali, MP
5. Hon. Benard Masaka Shinali, MP
6. Hon. Alois Lentoimaga, MP
7. Hon. Qalicha Wario, MP
8. Hon. Sarah Paulata Korere, MP

Absent with Apologies

1. Hon. (Dr.) Naomi Shaban, MP
2. Hon. Khatib Mwashetani, MP
3. Hon. Ruth W. Mwaniki, MP

IN ATTENDANCE

MINISTRY OF DEVOLUTION AND PLANNING

1. Hon. Irungu Nyakera	**P.S.**
2. Hon. Joseph Mukui	

PARLIAMENTARY BUDGET OFFICE & SECRETARIAT

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III

7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Ms. Lynette Otieno	Legal Counsel II
9.	Ms. Christine Maeri	Hansard Officer
10.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
   i. *Adoption of the draft 2017-18 Supplementary Estimates*
5. Any Other Business

MIN AD-HOC (ESTIMATES) /07 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 10.30 a.m. and welcomed members to the meeting. Thereafter, Hon. Alois Lentoimaga, MP, led the committee with a word of prayer.

In his introductory remarks, the Chairman read the agenda of the meeting. He informed members that he had invited the Ministry of devolution and planning to appear before the committee. He then welcomed Parliamentary Budget Office (PBO) to brief members on their analysis of the 2017-18 budget estimates of Ministry of Industry, Trade and Cooperatives.

MIN AD-HOC (ESTIMATES)/07/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The minutes of:

i. 1st Sitting on 2nd October, 2017 was proposed by Hon. Benard Masaka Shinali, MP and seconded as true reflection by Hon. Fatuma Gedi Ali, MP.

ii. 2nd Sitting on 3rd October, 2017 was proposed by Hon. Sarah Paulata Korere, MP and seconded as true reflection by Hon. Qalicha Wario, MP.

iii. 3rd Sitting on 4th October, 2017 was proposed by Hon. Fatuma Gedi Ali, MP and seconded as true reflection by Hon. Moses Lessonet, MP

iv. 4th Sitting on 5th October ,2017 was proposed by Hon. Qalicha Wario, MP and seconded as true reflection by Hon. Benard Masaka Shinali, MP

v. 5th Sitting on 6th October ,2017 was proposed by and seconded by Hon. Moses Lessonet, MP and seconded as true reflection by Hon. Sarah Paulata Korere, MP

vi. 6th Sitting on 7th October, 2017 was proposed by Hon. Fatuma Gedi Ali, MP and seconded as true reflection by Hon. Benard Masaka Shinali, MP

MIN AD-HOC (ESTIMATES)/07/2017/03: MATTERS ARISING

There were no matters arising.

MIN AD-HOC (ESTIMATES)/07/2017/04: BRIEFING BY PARLIAMENTARY BUDGET OFFICE

The presentation highlighted that the approved gross estimates of the department for FY 2017/18 is KSh. 7.7 billion comprised of Ksh. 2.3 billion for recurrent expenditure and Ksh. 5.4 billion for development expenditure. Under the Supplementary estimates I for FY 2017/18, the allocation for the department has substantially been adjusted downwards to Ksh 4.9 billion representing a net decrease of Ksh 2.8 billion (or 37 percent).

The programmes greatly affected are: Industrial Development & Investments (reduction of Ksh 1.7 billion under development) and the Standards and Business Incubation (reduction of Kshs. 1.1 billion under development).

The affected programmes adversely affect the prospects of creating the needed employment opportunities given the high unemployment rate at over 40 percent. The targets that have been down scaled have direct bearing in stifling employment opportunities e.g. by reducing the number of targeted SMEs to receive credit from

900 to 650, a reduction of the targeted number of jobs created under Freeport and Industrial Parks from 30,000 to 20,000.

There are various projects under Industrialization that are behind completion time plans. Some of the projects such as Development of Leather Industrial Park (Kenanie) planned to be completed in 2018, Modernization of Rivertex planned to be completed in 2019 have their completion rates targets scaled down in the Supplementary budget. If their completions are not fast tracked, then funds will continuously get tied to them without realization of the intended benefits

In the state department of industry and investments the reduction will mainly affect job creation because most of the institutions are geared towards creating an enabling environment for job creation and producing both for domestic market and export. The county is already importing more than its producing meaning, exportation of jobs which would be accelerated by reduction of resource allocation to the institutions

After the presentation, the Chair invited members to comment on the presentation. After deliberations the committee recommended that an additional Kshs. 125 million for Kenya Industrial Institute (K.I.E) and Kshs. 400 million for EPZ.

MIN AD-HOC (ESTIMATES)/07/2017/05: MEETING WITH THE MINISTRY OF DEVOLUTION & PLANNING

The presentation from the Principal Secretary (P.S.) of Ministry of Devolution highlighted that the allocation of National Government Constituency Development Fund (NGCDF) in the proposed supplementary estimates was guided by the High Court ruling of the previous year that capped the allocation to Kshs. 25 billion. In addition, the current economic situation that is negatively affecting revenue shortfall may affect a higher allocation to the fund. The P.S. urged members to reconsider the allocation and if economic environment improved, the committee may reconsider to increase the allocation in the second supplementary.

The presentation also highlighted that the ministry needed an additional Kshs. 500 million for the Lake Basin Development Authority. The allocation would be used to clear payments to the Contractor. After the presentation, the chair welcomed

questions from members. Members queried the total cost of the project and whether the government was the one settling the interest payments accrued. After deliberation, it was agreed that the Ministry shall submit a memorandum, detailing the contractual obligations of the initial contract and variations if any.

MIN AD-HOC (ESTIMATES)/07/2017/06: ADOPTION OF THE DRAFT 2017-18 SUPPLEMENTARY ESTIMATES

Members were taken through the draft report by Parliamentary Budget Office. After deliberations, the committee adopted the report with the following recommendations:

a. Policy Recommendations

i. That, as much as possible, the National Treasury should restrict the supplementary budget to unforeseen and unavoidable expenditures to avoid extensive budget adjustments in the course of the year which renders the budget unpredictable and reduces its effectiveness.

ii. That, development expenditure should be given priority over the recurrent budget in order to achieve a more sustainable growth path and to avoid accrual of pending bills and breach of contractual obligations.

iii. That, an updated fiscal projection be provided indicating expected revenue performance under the prevailing circumstances with clear strategies on how this budget will be financed.

iv. That, expenditure adjustments should not be done using a blanket formula across the board but should be based on clear analysis, taking into account the policy direction of the budget.

v. That, expenditure adjustments should not be done at itemized level but should be guided by programmes given that this is a programme based budget.

vi. That, expenditure adjustments be done in consultation with Ministries, Departments and Agencies to ensure provisions for key projects are not affected.

vii. That, owing to the expected economic downturn and low revenue performance, and considering the overarching role of policy direction of the national government in matters of finance and economy, that county governments urgently consider on their own motion to implement appropriate austerity measures with a view to realising more resources for development. In this regard, counties are urged to reduce by fairly equivalent ratios as the national government the spending on foreign and domestic travel, office supplies, hospitality expenditure, purchase of furniture among others. Savings from these austerity measures should ideally be channelled to assist the National Government efforts on drought and to help ease the pressure on the cost of living among the wananchi.

b. Proposed Increments/ Reversals of Reduction

the Committee recommends the following increments:

1) Increase Ksh. 2 Billion recurrent expenditure for Management of electoral processes programme in vote 2031 Independent Electoral & Boundaries Commission. This increment is for KIEMS upgrade.
2) Increase Ksh. 3.7 Billion recurrent expenditure for food subsidy under crop development and management programme in vote 1161 State Department of Agriculture to pay the deficit and meet the gap on food requirements.

3) Increase Ksh. 350 Million development expenditure for upgrade of ASK Jamhuri under General Administration and support services programme in vote 1161 State Department of Agriculture
4) Increase Ksh. 131 Million recurrent expenditure for the Witness protection programme in vote 1321 Witness Protection Agency
5) Increase Ksh. 3.81 Billion recurrent expenditure to cater for operations and maintenance expenses in the Parliament budget.
6) Increase Ksh. 1.9 Billion development expenditure for the General Administration, Planning and support services under vote 2041 Parliamentary Service Commission
7) Increase Ksh. 82.5 Million development expenditure for regional hub in Kakamega under the audit services programme in vote 2111 Auditor General
8) Increase Ksh. 30 Million development expenditure for construction of Eldoret office block under the audit services programme in vote 2111 Auditor General
9) Increase Ksh. 50 Million recurrent expenditure additional funding for office rent in vote 2111 Auditor General.
10) Increase Ksh. 158.5 Million recurrent expenditure for the audit services programme in vote 2111 Auditor General
11) Increase Ksh. 318.7 Million recurrent expenditure for Cooperative Development and Management programme in vote 1173 State department for Cooperatives. This allocation is for debt waivers for farmers in Bomet (Ksh. 300 million) and Bunyala Fishermen Cooperative (Ksh. 18.7 Million).
12) Increase Ksh. 700 Million development expenditure for LPG gas cylinders under the Exploration and Distribution of Oil & Gas programme in vote 1153 State department for Petroleum
13) Increase Ksh. 1.5 billion for the Constituency Development Fund under the State Department for Planning and Statistics
14) Increase Ksh. 500 Million to the Lake Basin Development Authority for the payment of pending bills
15) Increase Ksh. 246.2 Million to the Ministry of Health for the following highly specialized services: Mathari National Training and Referral Hospital (Ksh. 23 Million), Government Chemist (Ksh. 53.8

Million), Spinal Injury Hospital (Ksh. 8.2 million), National Quality Control Laboratory (Ksh. 11.2 billion) and Training of Health Workers (Ksh. 150 Million)

16) Increase Ksh. 100 Million for school infrastructure programme under the State Department for basic education
17) Increase Ksh. 125 Million to the Kenya Industrial Estate under the State Department for Industry and Investments for purposes of advancing loans
18) Increase Ksh. 400 Million to the Export Processing Zones Authority under the State Department for Industry and Cooperatives for various capital projects
19) Increase Ksh. 15.7 Million to the Salaries and Remuneration Commission for payment of contractual services
20) Increase Ksh. 45 Million development expenditure to the State Law Office for construction of ultra-modern library and moot court in Karen
21) Increase Ksh. 184 Million to the State Department for Basic Education for payment of pending bills on sanitary towels to avoid legal tussles

MIN AD-HOC (ESTIMATES) /07 /2017/07: ADJOURNMENT

There being no other business the meeting adjourned at 5.30 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

9- 10- 2017

DATE

MINUTES OF 6th SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON SATURDAY 07TH, OCTOBER 2017 IN WINDSOR GOLF HOTEL & COUNTRY CLUB .

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Ruth W. Mwaniki, MP
3. Hon. Moses Lessonet, MP
4. Hon. Kimani Ichung'wah, MP
5. Hon. Fatuma Gedi Ali, MP
6. Hon. (Dr.) Naomi Shaban, MP
7. Hon. Benard Masaka Shinali, MP
8. Hon. Alois Lentoimaga, MP
9. Hon. Khatib Mwashetani, MP
10. Hon. Qalicha Wario, MP
11. ~~Hon. Sarah Paulata Korere, MP~~

IN ATTENDANCE

PARLIAMENTARY SERVICE COMMISSION

1. **Mr. Michael Sialai** — **Clerk of National Assembly**
2. Dr. Wakah George
3. Mr. Irungu Kigundu

PARLIAMENTARY BUDGET OFFICE & SECRETARIAT

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Ms. Lynette Otieno	Legal Counsel II

9.	Ms. Christine Maeri	Hansard Officer
10.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
   i. *Meeting with the Parliamentary Service Commission to discuss 2017-18 Supplementary Estimates*
   ii. *Committee decision on 2017-18 Supplementary Estimates*

5. Any Other Business

MIN AD-HOC (ESTIMATES) /06 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 10.00 a.m. and welcomed members to the meeting. Thereafter, Hon. Sarah Paulata Korere, MP led the committee with a word of prayer. Thereafter, the Chair invited the Parliamentary Service Commission make their presentation.

MIN AD-HOC (ESTIMATES)/06/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN AD-HOC (ESTIMATES)/06/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN AD-HOC (ESTIMATES)/06/2017/04: MEETING WITH THE PARLIAMENTARY SERVICE COMMISSION TO DISCUSS 2017-18 SUPPLEMENTARY ESTIMATES

The presentation highlighted that the Commission would prefer their initial budget for 2017-18 to be reinstated. The proposed reduction would affect the Commission

service delivery to Members of Parliament. The Committee was informed that the Commission had substantial pending bills that needed to be settled. In addition, the proposed reduction could also affect gratuity payments for staff who served at Constituency and County level in the 11th Parliament. After the presentation, there was a lengthy discussion about Members of Parliament welfare. The clerk of National Assembly agreed that the issues raised by members will be brought to the attention of the Commission as well as other stakeholders. After deliberations, the chair thanked the commission for coming.

MIN AD-HOC (ESTIMATES)/06/2017/05: COMMITTEE'S DECISION ON 2017-18 SUPPLEMENTARY ESTIMATES

The committee deliberated on various proposals submitted and after deliberations the committee agreed on the following:

i. An additional Kshs. 2 billion to IEBC for the repeat presidential elections

ii. An additional Kshs. 1.5 billion to the National Government Constituencies Development Fund (NGCDF) to cater for bursaries

iii. An additional Kshs. 350 million to State Department for Agriculture for Jamhuri ASK show ground for rehabilitation and Kshs. 3.7 billion for food subsidy program

iv. Kshs. 131 million for Witness Protection Agency be reinstated

v. An additional Kshs. 6 billion to be allocated in Parliamentary Service Commission. Allocation in the printed estimates for the Multi Storey Building as well as other operating expenses to be reinstated. The Austerity measures should be applied as follows:

Item	Proposed Reduction
Domestic travel	-20%
Foreign travel	-25%
Printing and Advertising	-25%
Training	-25%
Office and General Supplies	-75%
Routine maintenance	-25%
Hospitality	-25%
Other operating expenses	0%
Purchase of vehicles	-75%
Purchase of furniture	-75%
Purchase of Specialized Plant	-75%

vi. Under Auditor General Office, austerity measures to be applied at 50 percent instead of 75 percent, Kakamega office to be fully funded as planned and Kshs. 30 million for Eldoret office. In addition, Kshs. 50 million additional funding for Rent.

vii. An additional 246.2 million be reinstated to the ministry of Health

viii. An additional Kshs. 100 million to be allocated under State Department Basic Education for school infrastructure to make amount to Kshs. 1.5 billion in total.

ix. Under State Department for Cooperatives, Kshs. 300 million to cater for debt waivers for Bomet farmers (STEGRO) and Kshs. 18.7 million for Bunyala fishermen Cooperative

x. Reallocate Kshs 470 million reverse from allocation under Affirmative Fund to Ministry of Education. The reallocation is pursuant to the Basic Education Act.

xi. Under Ministry of Energy and Petroleum, an additional Kshs 404 million to cater for additional request and the remaining balance to be include in the second supplementary.

After deliberations, Parliamentary Budget Office briefed members on submissions received from public as well as the draft report. It was agreed that in the next committee sitting, Parliamentary Budget Office shall brief members on the budget of State Department of Trade and thereafter the committee shall adopt the report.

MIN AD-HOC (ESTIMATES) /06 /2017/06: ADJOURNMENT

There being no other business the meeting adjourned at 4.00 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

.....9/10/2017.....
DATE

MINUTES OF 5TH SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON FRIDAY 06TH, OCTOBER 2017 IN WINDSOR GOLF HOTEL & COUNTRY CLUB .

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Ruth W. Mwaniki, MP
3. Hon. Moses Lessonet, MP
4. Hon. Kimani Ichung'wah, MP
5. Hon. Fatuma Gedi Ali, MP
6. Hon. (Dr.) Naomi Shaban, MP
7. Hon. Benard Masaka Shinali, MP
8. Hon. Alois Lentoimaga, MP
9. Hon. Khatib Mwashetani, MP
10. Hon. Qalicha Wario, MP
11. ~~Hon. Sarah Paulata Korere, MP~~

IN ATTENDANCE

NATIONAL TREASURY

1) **Mr. Henry Rotich-** **C.S.**
2) **Dr. Kamau Thugge-** **P.S.**
3) Mr. Francis Anyona
4) Mr. Shem Nyakuti
5) Mr. Daniel Ndolo
6) Mr. Musa Kathange
7) Mr. John Njera
8) Ms. Elizabeth Mutheu
9) Ms. Miriam Musyoki
10) Mr. Wambugu Samuel
11) Ms. Isabella Kogei

INDEPENDENT ELECTORAL & BOUNDARY COMMISSION

1.	**Mr. Rasi Masudi**	**Director, Finance**
2.	Mr. Shyller Jilo	
3.	Mr. Jason Akoyo	

PARLIAMENTARY BUDGET OFFICE & SECRETARIAT

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Ms. Lynette Otieno	Legal Counsel II
9.	Ms. Christine Maeri	Hansard Officer
10.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda: *Meeting with the following to discuss 2017-18 Supplementary Estimates*
   i. *IEBC*
   ii. *National Treasury*
5. Any Other Business

MIN AD-HOC (ESTIMATES) /05 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 10.00 a.m. and welcomed members to the meeting. Thereafter, Hon. Sarah Paulata Korere, MP led the committee with a word of prayer. In his introductory remarks, the Chairman read the agenda of the meeting. He then welcomed Parliamentary Budget Office (PBO) to brief members on summary of issues the committee received when they met with other

stakeholders. Thereafter, the Chair invited the Independent Electoral & Boundary Commission make their presentation.

MIN AD-HOC (ESTIMATES)/05/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN AD-HOC (ESTIMATES)/05/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN AD-HOC (ESTIMATES)/05/2017/04: MEETING WITH THE INDEPENDENT ELECTORAL & BOUNDARY COMMISSION

The presentation highlighted that the commission complied with the directive of the committee and that they have submitted an analysis of the commission budget incorporating the additional funds request of Kshs. 3.785 billion, a breakdown for the allocation of National Treasury allocated of Kshs. 10 billion for the presidential Election and commission's work plan.

Members were informed that the additional request was as a result of full version of Supreme Court ruling as well as negations with the company which was procured to provide the KIEMS kit. This occurred after the commission had negotiated with National Treasury on the repeat of the presidential election. After the presentation, the chairman welcomed members to comment on the presentation. After deliberations, the chair thanked the commission for coming.

MIN AD-HOC (ESTIMATES)/05/2017/05: MEETING WITH NATIONAL TREASURY

The Chair informed the committee that after meeting other stakeholders, the committee felt that some additional request from Ministries, Departments and

Agencies (MDAs) were vital and needed funding. Thereafter, the Committee together with National Treasury began deliberating on the additional requests the committee received. After deliberations, National Treasury agreed that they could accommodate the following in the 2017-18 Supplementary Estimates namely:

i. Kshs. 2 billion to IEBC to facilitate the presidential elections.

ii. Kshs. 350 million to State Department for Agriculture for Jamhuri ASK show ground for rehabilitation and Kshs. 3.7 billion for food subsidy program

iii. Kshs. 121 million for Witness Protection Agency be reinstated

iv. Parliamentary Service Commission: additional funding amounting Kshs. 1.2 billion for the Multi Storey Building, austerity measures be applied at 50 percent and other operating activities to remain unchanged

v. Pending bills to be reviewed and attended to by treasury in the State Department of Arts and Culture.

vi. Under Auditor General Office, Kakamega office to be fully funded as planned while Eldoret office to be catered for in the next FY, austerity measures to be applied at 50 percent instead of 75 percent. The additional funding for Rent to be handled under supplementary II.

vii. Under State Department for Cooperatives, Kshs. 300 million to cater for debt waivers for Bomet farmers and Kshs. 18.7 million for Bunyala fishermen Cooperative

viii. Reallocate Kshs 470 million reverse from allocation under Affirmative Fund to Ministry of Education. The reallocation was as result of the Ministry of Education having structures in place for distribution to schools.

ix. Under Ministry of Sports, Kshs 1.2 billion for the sports programme under the Vote 1132 State department for Sports. The reduction is on the allocation meant for hosting the Africa Nations Championship(CHAN)

x. Under Ministry of Energy and Petroleum, an additional Kshs 404 million to cater for additional request and the remaining balance to be include in the second supplementary.

After deliberations, the chair thanked the Ministry for coming. It was agreed that in the next sitting, the committee shall invite Parliamentary Service Commission, deliberate further on the additional requests and make a decision.

MIN AD-HOC (ESTIMATES) /05 /2017/06: ADJOURNMENT

There being no other business the meeting adjourned at 6.30 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

9/10/2017
.....
DATE

MINUTES OF THE 4th SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON THURSDAY 05TH, OCTOBER 2017 IN COMMITTEE ROOM 9.

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Ruth W. Mwaniki, MP
3. Hon. Moses Lessonet, MP
4. Hon. Kimani Ichung'wah, MP
5. Hon. Fatuma Gedi Ali, MP
6. Hon. (Dr.) Naomi Shaban, MP
7. Hon. Benard Masaka Shinali, MP
8. Hon. Alois Lentoimaga, MP
9. Hon. Khatib Mwashetani, MP
10. Hon. Qalicha Wario, MP
11. Hon. Sarah Paulata Korere, MP

IN ATTENDANCE

PARLIAMENTARY SERVICE COMMISSION

1. **Mr. Jeremiah Nyegenye** — **Clerk Senate/ Secretary**
2. **Mr. Michael Sialai** — **Clerk of National Assembly**
3. Dr. Wakah George
4. Mr. Irungu Kigundu
5. Mr. Douglas Nganga
6. Mr. Kasembel W. Nasiuma
7. Ms. Electine Ajiambo Nzaywa

WITNESS PROTECTION AGENCY

1. **Ms. Alice Ondieki** — **CEO**
2. Mr. K.A. Tanui
3. Mr. Maina John
4. Mr. Zackary Kamau

MINISTRY OF ENERGY & PETROLEUM

1. **Hon. Charles Keter** — **C.S.**
2. **Mr. Andrew Kamau** — **P.S.**
3. **Mr. Joseph Njoroge** — **P.S.**
4. Mr. William Mbaka
5. Mr. Ken Tarus

6. Mr. Micah Origa
7. Mr. James Kilonzo
8. Mr. Pavel Omege

MINISTRY OF SPORTS, CULTURE AND THE ARTS

1. **Dr. Hassan Wario** C.S.
2. **Amb. Kirimi Kaberia** P.S.
3. Mr. Joe Okudo
4. Mr. Gordon Oluoch
5. Mr. Wensals Ongajo
6. Mr. Peter Mbugua
7. Ms. Martha Nanga
8. Mr. Joseph Muraga
9. Mr. Stephen Karani
10. Mr. Stephen Muthwa
11. Ms. Pamella Ongwae
12. Mr. Alexander Sasa
13. Ms. Evans Mogusu

INDEPENDENT ELECTORAL BOUNDARY COMMISSION

1. **Mr. Ezra Chiloba** C.E.O
2. Mr. Marjam Hussein
3. Mr. Osman Ibrahim
4. Mr. Rasi Masundi
5. Mr. Douglas Bargarett

MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES

1. **Mr. Willy Bett** C.S.

PARLIAMENTARY BUDGET OFFICE & SECRETARIAT

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Ms. Lynette Otieno	Legal Counsel II

9.	Ms. Christine Maeri	Hansard Officer
10.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda: *Meeting with the following to discuss 2017-18 Supplementary Estimates*

    i. *Parliamentary Service Commission*
    ii. *Witness Protection Agency*
    iii. *Ministry of Energy and Petroleum*
    iv. *Ministry of Sports, Culture and the Arts*
    v. *IEBC.*
    vi. *National Treasury*

5. Any Other Business

MIN AD-HOC (ESTIMATES) /04 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 11.30 a.m. and welcomed members to the meeting. Thereafter, Hon. Sarah Paulata Korere, MP led the Committee with a word of prayer.

In his introductory remarks, the Chairman read the agenda of the meeting and informed members he had invited the Ministry of Agriculture, Livestock and Fisheries to appear before the Committee.

MIN AD-HOC (ESTIMATES)/04/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN AD-HOC (ESTIMATES)/04/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

The chair gave a brief summary of as to why the Committee was formed as well as the challenges facing the country under which necessitated the 2017-18 Supplementary Estimates. He then welcomed Parliamentary Service Commission to make their presentation.

MIN AD-HOC (ESTIMATES)/04/2017/04: MEETING WITH THE PARLIAMENTARY SERVICE COMMISSION (PSC)

The presentation highlighted PSC is divided into 2 votes (Parliamentary Service Commission & National Assembly votes 2041 and vote 2042 respectively and has three programmes namely: Senate Affairs, General Administration, Planning and Support Services and National Legislation, Representation and Oversight promramme. The supplementary budget 2017/18 supplementary budget proposed that:

1. Parliamentary Service Commission be allocated Kshs. 9.2 billion
2. National Assembly to be allocated Kshs. 17.4 billion.

The 2017-18 budget estimates had initially allocated Kshs. 36 billion after National Treasury had a consultative meeting with the commission. The legislature budget represents less than 1.5 percent of the National Government budget. The proposed allocations in the supplementary budget will reduce Parliament's budget by Kshs. 9.289 billion.

The austerity measures being applied may affect the oversight and legislative functions of Parliament. Committee activities such as travel (domestic& foreign), and public participation may be affected by the cuts. It was noted that public participation is important because Parliament has been taken to court due to lack of public participation in some of the legislation that the House passed.

The development budget was reduced by 76 percent affecting the on-going constriction for the multi storey office building. In addition, the allocations

provided will be unable to pay accrued pending bills. The multi-storey building on completion was meant to provide offices for members of parliament. The building was expected to be completed by end of December, 2018.

The presentation also highlighted that during an election year, Parliament usually plays a role as seen in previous election years. The reduction would make the commission be unable to provide: training, furniture, computers, offices, and pay MP's staff at constituency level.

After the presentation, the Chairman welcomed members to comment on the presentation. There was a lengthy deliberation on members concerns such if Parliament would provide cars for members so as to conduct their representative role, whether the cuts would affect contractual obligations which may lead to penalties and other issues. After deliberations, it was agreed that PSC would submit a written submission on proposed reduction and reallocations in their budgets.

MIN AD-HOC (ESTIMATES)/04/2017/05: MEETING WITH WITNESS PROTECTION AGENCY

The presentation from the agency highlighted that agency had budgeted Kshs 114.07 Million for witness related expenditure however the supplementary budget reduced the budget by Kshs 85 million. The reduction implied that the balance of agency witness related budget for the remaining 9 months is only Kshs. 4.4 million having spent Kshs. 24.09 million as at September, 2017.

In addition the austerity measures applied affected the operations costs amounting to Kshs. 35.4 million which will hinder communication, supplies and internet services, domestic travel and consequent lack offsite meetings, training budget and hospitality services. The agency requested the Committee to reinstate Kshs. 121

million. After the presentation, the Chairman welcomed members to comment on the presentation. After deliberations, the chair thanked the agency for coming.

MIN AD-HOC (ESTIMATES)/04/2017/06: MINISTRY OF ENERGY AND PETROLEUM

The presentation highlighted that the additional allocation amounting 5.7 billion or 46 million Euros in the development budget was sought of a penalty for failing to connect power to the national grid after the Lake Turkana Wind project was completed in January, 2018. Members were informed that the lack of completion was because the contracted Spanish company (Isolux) filed for bankruptcy therefore they had to look for another contractor. It was noted however that the transmission line project is 60 percent complete. Members were informed that the amount will be recovered in 6 months after the company begins selling power to KPLC. The Turkana –Suswa project is expected to be completed in May, 2018.

The presentation also highlighted additional request for the Ministry amounting to Kshs. 1.8 billion to cater for purchase of 6kg gas cylinders (Kshs. 1.5 billion), Lokichar crude oil pipeline (Kshs. 185 million), early oil (Kshs 127.5 million) and ERC (Kshs 25 million).

After the presentation, the Chairman welcomed members to comment on the presentation. Members concerns were: last mile connectivity among others. After deliberations, the chair thanked the Ministry for coming.

MIN AD-HOC (ESTIMATES)/04/2017/07: MINISTRY OF SPORTS, CULTURE AND THE ARTS

The presentation highlighted that the current FY, the State Department for Sports was allocated Kshs. 3.02 billion; development budget of 0.56 billion and recurrent budget of Kshs. 2.46 billion. However, in the supplementary budget the Ministry got additional funding of Kshs. 4.2 billion to cater for the preparation and hosting

of CHAN event. The additional funds were to cater for refurbishment of CHAN stadia venues namely:

i.) MISC- Kasarani,
ii.) Nyayo Statium,
iii.) Kipchoge Keino,
iv.) Kinoru Stadium and
v.) Machakos Stadium.
vi.) The funds were also to buy soft service grass and access control/lighting.

The presentation also highlighted that the Ministry requests additional funding to cater for cash awards for our medallists participating in international competitions, personal emoluments at the National Sports Fund for the newly recruited staff and for operational activities, personnel emoluments for Sports Kenya and programmes at the Kenya Academy of Sports. Under State department of State Department of Arts and Culture there additional request to cater for On-going capital projects affected by the reduction, historical pending bills and pending bills for 2016/17.

After the presentation, the Chairman welcomed members to comment on the presentation. After deliberations, the chair thanked the ministry for coming.

MIN AD-HOC (ESTIMATES)/04/2017/08: THE MINISTRY OF AGRICULTURE, LIVESTOCK AND FISHERIES

The presentation highlighted that the Ministry requested additional funds amounting Kshs. 750 million to cater for Jamhuri ASK show ground. The funds will be used to be rehabilitate grounds for use by investors throughout the year as per master plan already prepared by the ASK society. In addition, Kshs. 3.7 billion for subsidy program to pay the deficit and meet the gap on food requirements, Kshs. 2.8 billion for pending bills as well as Kshs. 900 million for the current financial year. After the presentation, the Chairman welcomed members to comment on the presentation. After deliberations, it was agreed that Kshs. 350 million will be allocated to cater for Jamhuri ASK show ground and Kshs. 3.7

billion for subsidy program. After deliberations, the chair thanked the Ministry for coming.

MIN AD-HOC (ESTIMATES)/04/2017/09: MEETING WITH INDEPENDENT ELECTORAL AND BOUNDARY COMMISSION

The presentation highlighted that following the nullification of the presidential election of 8th August 2017 and order by the Supreme Court that fresh presidential election to be held, the commission requested Kshs. 3.79 billion above what was allocated in the Supplementary Budget. An additional Kshs 3,785,924,873 is composed of an increase of Kshs 1.8 billion for upgrading KIEMS and other related election activities such as voter education, purchase of election materials and wages for polling clerks. Members were informed that in the upcoming presidential elections, the commission was planning to hire 3 clerks and a queuing clerk for centres with more than two polling stations.

After the presentation, the Chairman welcomed members to comment on the presentation. After a lengthy deliberation, it was agreed that the commission will submit a written submission giving an analysis of the commission budget incorporating the additional funds request of Kshs. 3.785 million and a breakdown for the allocation of National Treasury allocated of Kshs. 10 billion for the Fresh Presidential Elections (FPE).

MIN AD-HOC (ESTIMATES) /04 /2017/08: ADJOURNMENT

The chair informed the Committee that he invited National Treasury to attend the report writing retreat in Windsor Hotel. There being no other business the meeting adjourned at 6.30 p.m. The next meeting shall be communicated in the future.

SIGNED

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Hon. Joseph K. Limo, M.P.
Chairman, Ad- Hoc Committee on Supplementary Estimates

.....9/10/2017.....
DATE

MINUTES OF THE 3rd SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON WEDNESDAY 04TH, OCTOBER 2017 IN COMMITTEE ROOM 9.

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Ruth W. Mwaniki, MP
3. Hon. Moses Lessonet, MP
4. Hon. Kimani Ichung'wah, MP
5. Hon. Fatuma Gedi Ali, MP
6. Hon. (Dr.) Naomi Shaban, MP
7. Hon. Benard Masaka Shinali, MP
8. Hon. Alois Lentoimaga, MP
9. Hon. Khatib Mwashetani, MP
10. Hon. Qalicha Wario, MP
11. Hon. Sarah Paulata Korere, MP

IN ATTENDANCE

SALARIES AND REMUNERATION COMMISSION

1. **Mr. Daniel Ogutu** — **Vice- Chairperson**
2. Mr. Peter Aringo
3. Mrs. Anne Owun
4. Mr. Francis Anyona
5. Mr. Isaiah Kubai
6. Mr. Jason Namasaka
7. Mr. J.K. Munyonehu

AUDITOR GENERAL OFFICE

1. **Ms. Agnes Mita** — **Deputy, AG**
2. Mr. Charles Mwithari
3. Mr. Samuel Muchiri

MINISTRY OF EDUCATION

1. **Dr. Fred Matiangi** — C.S.
2. **Dr. Bello Kipsang** — P.S.
3. Mr. Robert Masese
4. Ms. Khadiagala, B
5. Mr. George Mothemba
6. Ms. Janet Mucheri
7. Mr. Darius Ogutu
8. Mr.Harun Yussuf
9. Mr. Robert Osano

MINISTRY OF INTERIOR AND BOARDER MANAGEMENT

1. **Dr. Fred Matiangi** — **Ag. C.S. Ministry of Interior**
2. **Dr. Karanja Kibicho** — **P.S.**
3. **Mr. Joseph Boinnet** — **Inspector General**
4. Ms. Alice Gichu
5. Mr. Arthur Osiya
6. Mr. Kariuki Kimemia
7. Mr. Erick Murungi
8. Mr. Mwenda Njoka
9. Mr. Peter Sichangi
10. Ms. Susan Maina
11. Mr. Peter Muita
12. Mr. John Njoroge
13. Mr. Fred Mwei
14. Mr. Robison Otundo
15. Ms. Rosemary Muia
16. Mr. Kingori Mwangi

Parliamentary Budget Office & Secretariat

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Ms. Lynette Otieno	Legal Counsel II
9.	Ms. Christine Maeri	Hansard Officer
10.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda: *Meeting with the following to discuss 2017-18 Supplementary Estimates*

    i. *Ministry of Sports, Culture & the Arts*
    ii. *Salaries and Remuneration Commission*
    iii. *Auditor General Office*
    iv. *Ministry of Education, Vocational &Technical Training*
    v. *Ministry of Interior & Border Management*

5. Any Other Business

MIN AD-HOC (ESTIMATES) /03 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 11.30 a.m. and welcomed members to the meeting. Thereafter, Hon. Khatib Mwashetani, MP led the committee with a word of prayer. In his introductory remarks, the Chairman read the agenda of the meeting and informed that due to unavoidable circumstances the Ministry of Sports, Culture and The Arts was unable to appear before the committee. The agenda (4) (i) was therefore deferred to the following day.

The chair informed the committee that the 2017-18 Supplementary estimates was prepared at a time the country is facing several challenges with huge financial implications namely: shortfall in revenue collection, prolonged drought, repeat of the presidential elections and providing funds to the elderly people through 'Inua Jamii Programme'. He then welcomed Salaries and Remuneration Commission to make their presentation.

MIN AD-HOC (ESTIMATES)/03/2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN AD-HOC (ESTIMATES)/03/2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN AD-HOC (ESTIMATES)/03/2017/04: MEETING WITH SALARIES AND REMUNERATION COMMISSION

The presentation highlighted that the commission was allocated an additional Kshs. 47.9 million in the 2017-18 supplementary estimate to cater for mainly payment of contractual obligations and pensions. The contractual obligations were accrued when the commission hired various consultants to undertake the Job evaluation exercise for public officers.

After the presentation, the chair welcomed members to comment on the presentation. Members queried whether payment of contractual obligations was unforeseen or unavoidable. Members queried also the benefits accrued from the ongoing job evaluation.

There was a lengthy deliberation on the merits of the payment of the contractual obligations. The commission informed members that they had planned to pay all contractual obligations on Job Evaluation Exercise before the commission's time had elapsed in December, 2017. The commission was also able to answer some of the queries members raised. After deliberation, it was agreed that the commission would submit a written submission to the committee the following day before noon

detailing information on the contract, contractual obligations and the reasons as to why the payments were factored in the 2017-18 supplementary estimates.

MIN AD-HOC (ESTIMATES)/03/2017/05: MEETING WITH AUDITOR GENERAL OFFICE

The presentation highlighted that 2017/18 supplementary estimates proposed an overall reduction of Kshs. 549 million for the Auditor General Office. The reduction would mainly affect domestic & foreign travel, communication supplies, printing, internet, training and hospitality services. Members were informed a reduction in the items highlighted above would mainly affect the operations of the office in carrying out its mandate. In particular, a reduction in foreign travel budget may hinder a planned audit to the various Kenya embassies abroad.

In addition, the development budget had been reduced from 235 million to Kshs. 58.7 million. Members were informed that the reduction may hinder two ongoing projects in Kakamega and Eldoret. Members were informed that the contractor is on site in the Kakamega project while the Eldoret project, the office received the designs of the building.

After the presentation, the chair welcomed members to comment on the presentation. Members raised several concerns such as whether the project for Eldoret could be deferred on a later date since the work had not yet began. After deliberations, it was agreed that the office to submit a written submission to committee the following day before noon on preferred areas of reallocation or reductions in their proposed supplementary budget.

MIN AD-HOC (ESTIMATES) /03 /2017/06: MINISTRY OF EDUCATION, VOCATIONAL &TECHNICAL TRAINING

The presentation highlighted that the government intended to provide complete free day secondary education effective from January 2018. The 2017-18 supplementary budget proposed a net increase of Kshs. 749 million. The net increase had factored Kshs. 1.5 billion to infrastructure for secondary schools and

Kshs. 100 million for emergency if destroyed infrastructure in schools. In the recurrent budget, there was an increment of Kshs. 23.6 billion for capitation under Free Day Secondary Education. The capitation was towards learning materials and related costs currently being paid by government and parents so as to fully implement free day secondary education with effect from January.

After the presentation, the chair invited members to react on the presentation.

Members concerns were:

i. Whether the infrastructure for secondary school could be done by National Government Constituency Development Fund (NGCDF)

ii. Whether the supplementary budget had factored the recruitment of 10,000 teachers

iii. Allocation for low costing boarding schools

iv. The allocation provided for natural disaster was insufficient

v. The reduction in infrastructure budget for universities may have potential liabilities

vi. Special allocation for TTi's in ASAL areas

vii. Head teachers' transfers (delocalization) and teachers participating in the repeat poll of presidential elections as well as invigilating national exams.

viii. Additional funding for HELB

The Ministry was able to respond to the concerns of the members. After deliberations it was agreed that the Ministry shall submit a written memorandum submission to committee the following day before noon on preferred areas of reallocation or reductions in their proposed supplementary budget.

MIN AD-HOC (ESTIMATES) /03 /2017/07: MINISTRY OF INTERIOR & BORDER MANAGEMENT

The presentation highlighted the ministry had submitted a budget of 8.27 billion to meet the costs of the 2017 General Elections out of which Kshs. 4.6 Billion was required last financial year and the balance of Kshs. 3.5 billion was required this

financial year. Out of the Kshs. 4.6 billion required last financial year the Treasury rationalized the amount and made available only Kshs. 2.3 billion in the 2016/17 Supplementary Budget. Treasury undertook to make available the 2017/18 component of election budget, amounting Kshs. 3.5 billion in the Supplementary Budget. In addition, Kshs 100 million for drought related security expenditures and Kshs. 1.97 billion to cater for resettlement of the last batch of integrated IDPs.

After the presentation, the chair welcomed members to comment on the presentation. Members concerns were mainly on the police modernization, related expenditures for election such as food ratios and fueling of cars, repealing the IDP Act and issues relating integrated IDPs. The committee recommended that a framework should be developed so that building of police station should be done through National Government Constituency Development Fund.

MIN AD-HOC (ESTIMATES) /03 /2017/08: ADJOURNMENT

There being no other business the meeting adjourned at 6.30 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

.....9/10/2017.....

DATE

MINUTES OF THE 2nd SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON TUESDAY 03rd, OCTOBER 2017 IN COMMITTEE ROOM 9

Present

1. **Hon. Joseph K. Limo, MP- Chairperson**
2. Hon. Ruth W. Mwaniki, MP
3. Hon. Fatuma Gedi Ali, MP
4. Hon. Moses Lessonet, MP
5. Hon. Benard Masaka Shinali, MP
6. Hon. (Dr.) Naomi Shaban, MP
7. Hon. Alois Lentoimaga, MP
8. Hon. Khatib Mwashetani, MP
9. Hon. Kimani Ichung'wah, MP
10. Hon. Qalicha Wario, MP
11. Hon. Sarah Paulata Korere, MP

NATIONAL TREASURY

1) **Mr. Henry Rotich-** **C.S,**
2) **Dr. Kamau Thugge-** **P.S.**
3) Mr. Geoffrey Mwau
4) Mr. Francis Anyona
5) Mr. Joseph Ngugi
6) Mr. Musa Kathange
7) Ms. Geraldine Kyalo
8) Mr. John Njara
9) Ms. Elizabeth Nzyoka
10) Mr. Samuel Kiiru
11) Mr. Bernard Ndungu
12) Mr. Eliud Munyao
13) Ms. Miriam Musyoki

MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

1) **Mr. Aden Mohmaed** **C.S.**
2) **Mr. Ali Noor Ismail** **P.S.**
3) **Mr. Patrick Nduati Mwangi** **P.S.**
4) Dr. Chris Kiptoo
5) Dr. Moses M. Ikiara
6) Mr. Patrick Mwangi
7) Dr. Parmaia Ole Narikae
8) Eng. Joseph Kamau
9) Mr. Charles Mativo
10) Ms. Peris Adema
11) Dr. Issack Mohmaed Noor
12) Ms. Evelyn Ongondi
13) Mr. John Mwendwa
14) Ms. Susannah Ochieng
15) Mr. Patrick Keige
16) Mr. Meshack Koima
17) Mr. Michael Thubi
18) Mr. Thomas Kipkurgat
19) Mr. Wilson Ohuru
20) Mr. Batista Osano
21) Mr. Fanuel Kidenga

MINISTRY OF HEALTH

1) **Mr. Julius Korir** **P.S. Ministry of Health**
2) Dr. Izaq Odongo
3) Mr.Musiyimi F.m
4) Mr. Peter Odundo
5) Ms. Joyce Mutugi
6) Mr. George Mothemba
7) Mr. James Ngethe.

NATIONAL INTELLIGENCE SERVICE

1) **Maj. Gen Philips Kameru** **Director General**
2) Ms. Agnes Shikuku
3) Mr. Nyamasyo Ndola
4) Mr. Juma Mafubo
5) Dr. R.Nyawira
6) Mr. Bernard Lutomia
7) Mr. Naphtaly Rono
8) Mr. David Gachue
9) Mr. Kariruki Kimemeia

Parliamentary Budget Office

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. Danson Kachumbo	Fiscal Analyst III
8.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda: *Meeting with the following to discuss 2017-18 Supplementary Estimates*
   i. *National Treasury at 10.00 a.m.*
   ii. *Ministry of Industry, Trade & Investment at 11.30 a.m.*
   iii. *Ministry of Health at 2.00 p.m.*
   iv. *National Intelligence Service at 3.30 p.m.*
5. Any Other Business
6.

MIN AD-HOC (ESTIMATES) /02 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 10.00 a.m. and welcomed members to the meeting. Thereafter, Hon. Khatib Mwashetani, MP led the committee with a word of prayer. In his introductory remarks, the Chairman read the agenda of the meeting. He then welcomed National Treasury to make their presentation.

MIN AD-HOC (ESTIMATES) /02 /2017/02: CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN AD-HOC (ESTIMATES) /02 /2017/03: MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN AD-HOC (ESTIMATES) /02 /2017/04: MEETING WITH NATIONAL TREASURY

The Cabinet Secretary National Treasury briefed the members of the committee on the overview of the 2017/18 supplementary budget adjustments and the prevailing environment under which the budget is prepared.

The CS also briefed the committee some of the challenges encountered in the implementation of the 2017/18 budget emanating from revenue shortfall and expenditure pressure to accommodate spending requirements. Some of the challenges that the CS informed the committee that had an impact on the overall economic performance is the prolong electioneering period that affected business activities as investor adopted wait and see approach thus affecting the revenue performance in the first quarter of the 2017/18 financial year.

The other challenges that the Cabinet Secretary informed the committee which necessitated expenditure rationalization include: prolong drought, insecurity, implementation of agreed CBA especially in the education and health sectors, free day secondary education, food subsidy programme and shortfall in revenue performance occasioned by prevailing business environment.

Further, the Cabinet Secretary (CS) informed the committee that the expenditure cut was necessitated to enhance fiscal discipline as additional borrowing will increase the fiscal deficit.

The CS also informed the committee that the targeted areas of expenditure rationalization were non-essential expenditure such foreign travel, domestic travel and hospitality among others, however, the CS informed the committee that the national treasury reserved Ksh.5.0 billion to facilitate critical or emergency travel.

Furthermore, the CS highlighted the changes in the overall expenditure cut and informed the committee that the overall accumulative changes under the 2017/18 supplementary budget 1 amounts to **Ksh.22.3 billion** which comprises of an overall gross recurrent increase amount to **Ksh.52.9 billion** and gross decrease in capital expenditure amounting to **Ksh.30.6 billion.**

However, the committee members raised concerns on the additional proposed spending by the Cabinet Secretary. Some of the critical issues raised by the committee include:

i. The scope of the free day secondary education allocation
ii. The allocation to CHAN despite the fact the program has been cancelled and the reason of funding CHAN from the national government kitty despite sports been a county function.
iii. The need for funding the low-cost housing project under the supplementary budget.
iv. The financing mode of the increased expenditure in the budget.

The Cabinet Secretary informed the committee that the proposed increment of Ksh. 25.0 billion on free day secondary education is the additional resource required for the half year starting January 2018- June 2018 while the other half year that's July to December will be catered for the 2018/19 financial year. While responding to the allocation to Chan, the CS informed the committee that the despite the cancellation of the Chan program the government has already committed the project on the issue of the funding of the low-cost housing, the Cabinet Secretary informed the committee that the project is necessary as it has a multitier effect in the economy in terms of employment creation among other while at the same time provide cheap mortgage associated with the project. Further the Cabinet Secretary

informed the committee the government intends to borrow the additional Kshs. 22 billion to finances some of the additional requirements which were unforeseen which include the repeat of the presidential election among others.

MIN AD-HOC (ESTIMATES) /02/2017/05: MEETING WITH MINISTRY OF INDUSTRY, TRADE & INVESTMENT

a) State Department of Investment and Industry

The presentation highlighted the proposed reductions under the ministry might greatly affect the operations of the ministry development projects such as Rivatex East Africa Limited, the construction of the ongoing building for Kenya Industrial Research Development Institute and export processing zones. In addition, due to cuts in the supplementary budget for 2017/18, the ministry has accrued pending bills amounting to Kshs 115.8 million as well as outstanding payments amounting to Kshs. 715 million. The ministry was requesting an additional Kshs .831 million to offset the above pending bills and outstanding payments.

b) State Department for Cooperatives

The presentation highlighted that for FY 2017/18, the state department had been allocated Kshs. 936 M of which Kshs. 446 M was Recurrent and 490M for development. In the proposed supplementary budget there is a reduction of operations and maintenance from Kshs. 168 M to Kshs. 84 Million. The reduction may affect the operations of the state department since the department was newly created and was picking up. However, the state department was given an additional Kshs. 57 million for debt waiver for Kipkelion farmers. In addition, the Ministry urged the committee to reconsider the reduction by Kshs. 105 million for digitization cooperative development project which will derail its implementation.

After the presentation, the committee deliberated on concerns members had. It was agreed that the ministry shall submit a written memorandum of a counter proposal to the committee on the proposed supplementary estimates.

MIN AD-HOC (ESTIMATES) /02/2017/06: MEETING WITH MINISTRY OF HEALTH

The presentation gave a summary of 2017-18 budget estimates and the proposed supplementary budget estimates for the ministry. The austerity measures proposed affected mainly:

i. **Mathari National Teaching and Referral Hospital**

A reduction for the hospital amounting to Kshs. 23 million has affected sanitary and cleaning services and routine maintenance

ii. **Government Chemist**

A reduction of Kshs. 53 million will affect areas of purchase of specialized plant, equipment, and maintenance

iii. **Spinal Injury Hospital**

A reduction of 8.2 million will affect the maintenance of specialized equipment and machinery

iv. **National Quality Control Laboratory**

A reduction of 11.2 million for purchase of specialized plant, machinery and equipment would constrain its ability to effectively test drugs.

v. **Training of health workers**

Training allocation has been reduced by Kshs. 150 million

vi. **Kenya Medical Research Institute (KEMRI)**

The Institute budget has been reduced by Kshs. 195 million and this may hinder its operations.

vii. **The Slums Upgrading program**

The ministry is implementing the above program with a view to provide portable health clinic in the urban slum areas in 20 counties. The removal of Kshs. 450 million would result in the program not being implemented.

After the presentation, the committee deliberated on concerns members had. It was agreed that the ministry shall submit a written memorandum of a counter proposal to the committee on the proposed supplementary estimates.

MIN AD-HOC (ESTIMATES) /02/2017/07: MEETING WITH NATIONAL INTELLIGENCE SERVICE

The presentation highlighted the legal basis of the service, the current threat of the country, response and key achievements. The current threats facing the country were namely terrorism, ethnicization of politics and corruption. The service informed members that they had requested Kshs. 35 billion however in the printed estimates the budget was allocated 26 billion. The financing gap was Kshs. 8.4 billion. However, in the supplementary budget, additional request on Kshs. 3.15 billion was allocated. After the presentation, the committee deliberated on concerns members had.

MIN AD-HOC (ESTIMATES) /02/2017/08: ADJOURNMENT

There being no other business the meeting adjourned at 6.30 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

.....9/10/2017.....
DATE

MINUTES OF THE 1st SITTING OF THE AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES HELD ON MONDAY 02 ND, OCTOBER 2017 IN COMMITTEE ROOM 9. AT 2.30 P.M.

Present

1) **Hon. Joseph K. Limo, MP- Chairperson**
2) Hon. (Dr.) Naomi Shaban, MP
3) Hon. Benard Masaka Shinali, MP
4) Hon. Moses Lessonet, MP
5) Hon. Kimani Ichung'wah, MP
6) Hon. Alois Lentoimaga, MP
7) Hon. Khatib Mwashetani, MP
8) Hon. Ruth W. Mwaniki, MP
9) Hon. Fatuma Gedi Ali, MP
10) Hon. Qalicha Wario, MP
11) Hon. Sarah Paulata Korere, MP

Parliamentary Budget Office

1.	Mr. Martin Masinde	Senior Deputy Director
2.	Mr. Robert Nyaga	Deputy Director
3.	Ms. Lucy Makara	Chief Fiscal Analyst
4.	Mr. Frederick Muthengi	Chief Fiscal Analyst/ Clerk
5.	Ms. Millicent Makina	Fiscal Analyst I
6.	Ms. Julie Mwithiga	Fiscal Analyst III
7.	Mr. James Chacha	Fiscal Analyst III
8.	Mr. Danson Kachumbo	Fiscal Analyst III
9.	Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:

i. *Discussion on committee workplan on processing the 2017/18 Supplementary Estimates*
ii. *Briefing on 2017/18 Supplementary Estimates by Parliamentary Budget Office*

5. Any Other Business

MIN AD-HOC (ESTIMATES) /01 /2017/01: PRELIMINARIES

The Chairman called the meeting to order at 2.30 p.m. and welcomed members to the meeting. Thereafter, Hon. Kimani Ichung'wah, MP led the committee with a word of prayer. In his introductory remarks, the Chairman read the agenda of the meeting and asked the Clerk to brief members on committee workplan.

MIN AD-HOC (ESTIMATES)/01/2017/04: DISCUSSION ON COMMITTEE WORKPLAN ON PROCESSING THE 2017/18 SUPPLEMENTARY ESTIMATES

The Clerk of the committee informed members that the committee had invited the following institutions. The choice of the MDAs was informed by the significant amounts involved

	Institution	Date	Time
1	National Treasury	Tuesday, 3rd October	10.00 a.m.
2	Ministry of Industry, Trade& Investment	Tuesday, 3rd October	11.30 a.m.
3	Health	Tuesday, 3rd October	2.00 p.m.
4	National Intelligence Service	Tuesday, 3rd October	3.30 pm.
5	Ministry of Sports, Culture & the Arts	Wednesday, 4th October	10. 00 a.m.
6	Salaries and Remuneration Commission	Wednesday, 4th October	11.30 a.m.
7	Ministry of Education, Vocational & Technical Training	Wednesday, 4th October	2.00 p.m.
8	Ministry of Interior & Border Management	Wednesday, 4th October	3.30 pm.
9	Parliamentary Service Commission	Thursday, 5th October	10.00 a.m.

10	Public Written Submissions		
11	Consider Report Writing Retreat		

After lengthy deliberation on the schedule, the committee amended the schedule to include meeting with the following MDAs in addition to identified ones;

1. Ministry of Energy and Petroleum, State Department of Energy
2. Submissions from the public
3. Office of Auditor General
4. Independent Electoral and Boundaries Commission
5. Wrap up meeting with National Treasury

The chair thereafter called upon Parliamentary Budget Office to brief members on 2017/18 supplementary estimates

MIN AD-HOC (ESTIMATES)/01/2017/05: BRIEFING ON 2017/18 SUPPLEMENTARY ESTIMATES BY PARLIAMENTARY BUDGET OFFICE

The presentation from PBO highlighted that the first supplementary proposes budget proposes to increase the total budget estimates by Ksh. 22.3 billion (0.8% of approved estimates). Bulk of the increased expenditure is on the recurrent estimates which are proposed to increase by Ksh. 52.9 billion (5.3 percent of approved estimates). On the other hand, the cumulative changes under development expenditure amount to a gross decrease by Ksh. 30.6 billion (a reduction of 4.8 percent of approved estimates). Other changes include a reduction of Ksh 9.2 billion for Parliament and a reduction of Ksh. 2.3 billion for the Judiciary. There are no noted changes under the Consolidated Fund Services.

Fundamentals of Current State of the Economy Underpinning the Supplementary I Budget FY 2017-18 were

i. Prolonged political uncertainty has posed a significant risk to the economic outlook for 2017. Its adverse effects on the business environment can be seen through the decline in private sector activity since beginning of the

year. Further, this reduced activity by the private sector means less revenue for the government in form of corporate tax income.

ii. The inflation outlook for 2017 has deviated significantly from the government target of 2.5% to 7.5% and this has eroded some of the gains in economic growth. On average, for the last eight months, inflation stood at 9.28% compared to 6.26% over the same period in 2016. The high inflation was caused by high food and energy prices due to the protracted drought which led to food shortage and higher energy costs as the country shifted to the more expensive thermal energy production given low hydro-power generation as the water levels ran low. Energy costs were further affected by high global fuel prices which also led to higher transport prices. In addition, the cost of water increased due to shortages arising from the drought as well as an upward revision of sewerage tariffs due to introduction of VAT on sewerage services.

iii. The high inflation has led to a significantly higher cost of living and reduced the purchasing power of consumers, especially those in the lower income groups. Further, it has also increased production costs as well as cost of doing business which coupled with lower demand from the consumer, is likely to adversely affect economic growth.

Emerging Issues and Policy Options

i. Extensive review of budgets in the course of the year is not a good practice as it leads to change of policy direction midway through implementation thereby rendering the budget unpredictable and reducing its effectiveness.

ii. Disruption of expenditure allocations midway means that there may be deferred payments leading to pending bills at the end of the financial year. Whereas pending bills are first charges and thereby impacts funds availability for the projected spending, it also erodes budget credibility and hence may give rise to creation of special audits within the year to ascertain propriety of the pending bills.

iii. Given the likelihood of lower than expected revenue performance it is likely that the financing gap will expand even further which may necessitate

additional borrowing. In fact, the total new borrowing may exceed the additional Kshs. 22.3 Billion under the prevailing environment. It is crucial therefore for an updated fiscal projection to be provided with clear strategies on how this budget will be financed.

iv. Inadequate resources so early in the financial year may also lead to delayed disbursements which in turn, will lead to slow budget implementation thus affecting the completion time for capital projects.

v. The provision of donor funds should be aligned to the budget process to allow for proper monitoring of the country's debt accumulation

vi. Expenditure adjustments which are not emergency or unforeseen should be deferred to the following financial year so that resources are allocated to more pressing needs.

vii. Given the prevailing challenges in the Health sector, the Health budget should not be subject to expenditure cuts as this is a priority sector.

MIN AD-HOC (ESTIMATES)/01/2017/06: ADJOURNMENT

There being no other business the meeting adjourned at 5.00 p.m. The next meeting shall be communicated in the future.

SIGNED

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HON. JOSEPH K. LIMO, M.P.
CHAIRMAN, AD- HOC COMMITTEE ON SUPPLEMENTARY ESTIMATES

9/10/2017
.....
DATE