


COMPENDIUM OF DEPARTMENTAL COMMITTEE REPORTS ON THE BUDGET ESTIMATES FOR FY 2025-2026

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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

COMMITTEE ON ADMINISTRATION AND INTERNAL SECURITY

REPORT ON THE CONSIDERATION OF THE 2025/2026 BUDGET ESTIMATES WITH
RESPECT TO: -

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

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PART I

PREFACE

1.1 Introduction

1. This is the report of the Departmental Committee on Administration and Internal Security on the scrutiny of the 2025/2026 Budget Estimates with respect to Ministries, Departments and Agencies (MDAs) oversighted by the Committee. The MDAs include the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance & Delivery Management, State Department for Cabinet Affairs, State House, State Department for National Government Coordination, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority. The report is as a result of deliberations between the Committee and the aforementioned Offices.
2. The report contains the Observations, and the Recommendations of the Committee as regards the consideration of the 2025/2026 Budget Estimates for the sub-sectors within the oversight of the Committee.

1.2 Mandate of the Committee

3. The Departmental Committee on Administration and Internal Affairs of the National Assembly is established under Standing Order 216 whose functions pursuant to the Standing Order 216 (5) are as follows: -
 - a. *investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
 - b. *study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;*
 - (ba) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - c. *study and review all legislation referred to it;*
 - d. *study, assess and analyze the relative success of the Ministries and departments by the results obtained as compared with their stated objectives;*
 - e. *investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - f. *vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - (fa) *examine treaties, agreements and conventions;*
 - g. *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - h. *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*

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

1.3 Subjects of the Committee

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

5. In terms of budget oversight, the Committee oversees the following Offices, Ministry and Agencies:
 - a. Executive Office of the President, Vote 1011;
 - b. Office of the Deputy President, Vote 1012;
 - c. Office of the Prime Cabinet Secretary, Vote 1013;
 - d. State Department for Parliamentary Affairs, Vote 1014;
 - e. State Department for Performance & Delivery Management, Vote 1015;
 - f. State Department for Cabinet Affairs, Vote 1016;
 - g. State House, Vote 1017;
 - h. State Department for National Government Coordination, Vote 1018;
 - i. State Department for Immigration & Citizen Services, Vote 1024;
 - j. National Police Service, Vote 1025;
 - k. State Department for Internal Security & National Administration, Vote 1026;
 - l. National Police Service Commission, Vote 2101; and
 - m. Independent Policing Oversight Authority, Vote 2151.

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

1.4 Committee Membership

7. The Committee comprises of the following Members: -

Hon. Gabriel Tongoyo, CBS, MP
Chairperson
Narok West Constituency

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

Hon. Kaluma George Peter, MP
Homa Bay Constituency

Hon. Protus Ewesit Akujah, MP
Loima Constituency

Hon. Aduma Owuor, MP
Nyakach Constituency

Hon. Rozaah Akinyi Buyu, MP
Kisumu West Constituency

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

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

Hon. Liza Chepkorir Chelule, MP
Nakuru County

Hon. Peter Francis Masara, MP
Suna West Constituency

Hon. Sarah Paulata Korere, MP
Laikipia North Constituency

Hon. Francis Sigei, EBS, MP
Sotik Constituency

Hon. Oku Kaunya, MP
Teso North Constituency

Hon. Hussein Weytan, MP
Mandera East Constituency,

Hon. Mburu Kahangara, MP
Lari Constituency

1.5 Committee Secretariat

8. The Committee Secretariat consists of the following:

Mr. John Mugoma
Clerk Assistant 1
Head of Secretariat

Ms. Grace Wahu
Clerk Assistant II

Mr. Gideon Kipkogei
Clerk Assistant II

Mr. Edison Odhiambo
Fiscal Analyst I

Ms. Clarah Kimeli
Principal Legal Counsel

Ms. Judith Kanyoko
Legal Counsel II

Ms. Delvin Onyancha
Research Officer II

Mr. Rodgers Kilungya
Audio Officer

Mr. Benson Kimanzi
Serjeant-At-Arms

Ms. Ivy Maritim
Media Relations Officer III

1.6 Examination of the 2025/2026 Budget Estimates

9. The 2025/2026 Budget Estimates were tabled in the National Assembly on Wednesday, 30th April, 2025 and subsequently committed to Departmental Committees for consideration in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4). The Committees were required to consider the 2025/2026 Budget Estimates with respect to MDAs under their purview and thereafter report to the Budget and Appropriations Committee.
10. Following the committal of the Estimates of Expenditure for the financial year ending 30th June 2026, the Committee was briefed by the Parliamentary Budget Office on Tuesday 13th May, 2025 on the contents of the Estimates and the Committee thereafter proceeded to hold consultative meetings with the Ministry, Departments and Agencies under its mandate from Wednesday, 14th to Friday, 16th May, 2025.
11. The Committee deliberated on the issues contained in the 2025/2026 Budget Estimates and subsequently adopted the report.
12. Details on this presentation on the Parliamentary Budget Office brief and submissions from the Agencies are **annexed in this report**.

1.7 Acknowledgement

13. The Committee is thankful to the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members of the Committee and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the 2025/2026 Budget Estimates.
14. On behalf of the Departmental Committee on Administration and Internal Security, it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2025/2026 Budget Estimates with respect to the Executive Office of the President, Office of the Deputy President, Office of the Prime Cabinet Secretary, State Department for Parliamentary Affairs, State Department for Performance & Delivery Management, State Department for Cabinet Affairs, State House, State Department for National Government Coordination, State Department for Immigration & Citizen Services, National Police Service, State Department for Internal Security and National Administration, National Police Service Commission and Independent Policing Oversight Authority.

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

PART II

2.0 OVERVIEW OF 2024/2025 BUDGET ESTIMATES

2.1 Overall Estimates

15. The proposed overall gross expenditures for FY 2025/26 is projected at KSh. 4,247.9 billion. The allocation to Parliament and Judiciary as tabled separately in line with Article 221 (1), (3) Article 127(5c) and Article 173(3) of the Constitution is KSh. 49.49 billion and KSh. 27.7 billion respectively. The total revenues including Appropriations –in-Aid are projected at KSh. 3,916 billion (17.2 percent of the GDP) from KSh. 3,067.7 billion (17.6 percent of the GDP) in the FY 2024/25 Supplementary II Estimates.

2.2 The Executive Office of the President

16. The total proposed allocation to the Executive Office of the President amounts to Kshs. 19,115.1 million. This is an increase from the BPS ceiling of Kshs. 17,858 million previously approved by the House.
17. The increase is mainly in the State House that has increased by KSh. 1,092 million, Office the President proposed to increase by KSh. 602 .9 million and State Department for Performance and Delivery Management that is proposed to increase by KSh. 63 .4 million. It is also observed that there is a newly created state Department for Coordination of National Government which is proposed for budgetary allocation of KSh. 194 .3 million. Table 6 summarizes the proposed expenditures for FY 2025/26 and the medium term for all the Votes under the Executive Office of the President.
18. It is noted that the increases are not in tandem with the government's fiscal policy which aims to progressively reduce the fiscal deficit from 5.3 percent of the GDP in FY 2023/24 to 2.7 percent of GDP by 2028/2029. Further, it is not clear on what the newly created State Department with a proposed allocation of KSh. 194 million will perform given that there is no Executive Order yet to assign its functions commensurate with the proposed resources.

2.3 National Security Sector

19. The sub-sectors comprise the State Department for Immigration & Citizen Services, National Police Service, and State Department for Internal security & National administration, National Police Service Commission and the Independent Policing Oversight Authority.
20. It is observed that the proposed allocation to the National Police Service has surpassed the BPS ceiling of **KSh. 117.9 billion** mainly on account of recruitment of additional police officers planned in the next fiscal year. Similar observation is also made under the National Police Service Commission where KSh. 63 million over and above the BPS ceiling will go towards monitoring the recruitment of the police.
21. The proposed allocations to the sector will mainly be financed through GoK Exchequer and Appropriations in Aid in various Departments. Under the State Department for Immigration and

Citizen Services, the allocations will be funded through the GoK exchequer of KSh. 10.300 million while the rest of KSh. 10,017 million will be funded through AIA accruing from various streams including passport fees collection, issuance of work permits and other population documents.

PART III

3.0 SUBMISSIONS BY THE MINISTRY, DEPARTMENTS AND AGENCIES

22. The Ministry, Departments and Agencies appeared before the Committee from 14th May, 2025 to 16th May, 2025 to deliberate the contents of the 2025/2026 Budget Estimates. The detailed presentations made to the Committee are annexed to this report.

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

3.1 Executive Office of the President

24. The Committee had a consultative meeting with the delegation from the Office of Chief of Staff and Head of Public Service, led by Mr. Arthur Osiya on the examination of the 2025/2026 Budget Estimates on Wednesday, 14th May, 2025. The Committee was informed that:

25. The Committee held a consultative meeting with a delegation from the Office of the Prime Cabinet Secretary led by the Principal Administrative Secretary, Ms. Juliana Nashipae Yiapan, MBS on the examination of the 2025/2026 Budget Estimates on Thursday, 15th May, 2025. The Committee was informed that:

26. The proposed Budget Allocation for the Office in FY 2025/26 is **Kshs. 5,344.40 million** where **Kshs. 1,461 million** is under capital expenditure.

27. At the Budget Policy Statement, the total budget allocation for the office was **Kshs. 4,748.70 Million** of which **Kshs 3,948.70 million** was under the current vote and **Kshs. 800 million** was under development vote.

28. The allocation for current expenditure was reduced by **Kshs. 65 million** and expenditure increased by **Kshs. 661 million** on account of additional allocation to the National Fund for the Disabled Kenya.

29. Affected programmes are as follows:

- a) Government Printing Services, Kshs. 945 million, which is a deviation by Kshs. 299 million and the Development Budget rationalized by Kshs. 323 million.
- b) General Administration Planning and Support Services proposed allocation of Kshs. 2,485 million, which is a deviation of Kshs. 853.96 million from the BPS – an additional allocation to the National Fund for the Disabled.
- c) Government Advisory Services is Kshs. 1,246 million a deviation of Kshs. 103.33 million, the increase is for 185 million committed by European Development Fund for Capacity Implementation of the National Strategy on Preventing and Countering Terrorism and extremism.
- d) Leadership and Coordination of Government Services – proposed allocation of Kshs. 669 million which is a reduction of Kshs. 61.16 million which will affect operations and maintenance.

30. The capital projects include are General Works – refurbishment at EOP; National Fund for the Disabled in Kenya; Directorate of Resource Survey and Remote Sensing; Modernization of Press & Refurbishment of Buildings at GP; Kenya EU Partnership on National Strategy to Counter Terrorism.
31. The National Lottery Board (NLB) a SAGA in the office, has been allocated **Kshs. 108 million** against a requirement of **Kshs. 655 million**.
32. The BETA Projects and value chain provisions are;
 - a. Smart Government, with a provision of Kshs. 9.3 million, for automation of government services and ensuring a comprehensive digital transformation.
 - b. The Ocean and Blue Economy with a provision of Ksh. 33 million, that prioritizes interventions for sustainable utilization of natural blue resources for enhanced economic growth.
 - c. Directorate of Remote Sensing and Survey, with a provision of Kshs. 49 million, for supporting food security, to ensure increased productivity. quality and standards in crop and livestock value chains
 - d. The National Lottery Board, with a provision of 108 million, aims to mobilize revenue and channel the proceeds from the Lottery to key sectors such as health, education, sports and youth empowerment.
 - e. Betting Control and Licensing Board, with a provision of Kshs. 41.14 million, for increased revenue collection.
33. The pending bills relating to financial year 2024/25 totals **Kshs. 376.61 million** out of which **Kshs. 133.79 million** has been settled.
34. The office has an overall budget shortfall of **Kshs. 5,704.78 million**, where **Kshs. 4,554.78 million** is recurrent and **Kshs. 1,150 million** for development vote. The most affected items are: Office of the Government Spokesperson; Betting and Licensing Board (BCLB); National Lottery Board; Government Press; Modernisation of Press and Refurbishment of Buildings among others.

3.2 Office of the Deputy President

35. The Committee had a consultative meeting with the delegation from the Office of the Deputy President led by Mr. Moses N. Mbaruku on the examination of the 2025/2026 Budget Estimates on Wednesday, 14th May, 2025 and the Committee was informed that;
36. The Office was allocated **Kshs. 3,447.5 million** for 2025/26 BPS, comprising of **Kshs. 3,347.5 million** for recurrent expenditure and **Kshs. 100 million** for Development expenditure. In the Budget Estimates, the allocation decreased by **Kshs. 525.4 million** to **Kshs. 2,922 million** comprising of **Kshs. 2822.1 million** for recurrent expenditure and **Kshs. 100 million** for development expenditure.
37. Facilitation of engagements of H.E the Deputy President and supporting him in coordinating Government service delivery, conducting strategic monitoring and evaluation and fast-tracking

implementation of Government projects across the country.

38. The Office of the Deputy President is spearheading various reforms in the agricultural priority areas and their value chain, and also fosters Intergovernmental relations by holding quarterly Intergovernmental Budget Economic Council (IBEC) meetings, sectoral working committees and fast tracking the implementation of resolutions.
39. The Office of the Deputy President also liaises with Constitutional Commissions and Independent Offices in matters that require interventions by the National Government and also coordinates and supervises the implementation of development Partners Funded Projects and programmes.
40. A deviation of Kshs. 525.4 million will affect the General Administration Planning and support services by Kshs. 93.9 million, Coordination and Supervisory Services by Kshs. 256.4 million, and Government Strategic Priorities and Interventions by Kshs. 175.1 million.
41. The office has no pending bills, however there are historical pending bills amounting to **Kshs. 1,350,529,095** that are being handled by Pending Bills Verification Committee.
42. Inadequate resources especially for Hospitality and Domestic Travel, and increased personnel emolument requirement will affect the attainment of the office objectives.

3.3 Office of the Prime Cabinet Secretary

43. The Committee held a consultative meeting with a delegation from the Office of the Prime Cabinet Secretary led by the Principal Administrative Secretary, Ms. Juliana Nashipae Yiapan, MBS on the examination of the 2025/2026 Budget Estimates on Thursday, 15th May, 2025. The Committee was informed that:
44. The total requirements to implement the planned programmes and activities in financial year 2025/26 amounts to **Ksh. 2,622.7 million** which includes; Compensation to Employees of **Ksh. 368.4 million**, Use of Goods and Services **Ksh. 1,802.6 million** and Acquisition of Non-Financial Assets **Ksh. 451.7 million**.
45. The approved 2025 Budget Policy Statement Ceilings for FY 2025/26 amounts to **Ksh. 926.6 million**. The approved ceiling includes **Ksh. 239.0 million** for Compensation to Employees of, **Ksh. 674.9 million** for Use of Goods and Services and **Ksh. 12.7 million** for Acquisition of Non-Financial Assets.
46. The FY 2025/26 requirements and the approved 2025 Budget Policy Statement Ceilings for Vote 1013 includes the requirements and allocations for the National Government Coordination Secretariat (NGCS) which has been moved to the New State Department for National Government Coordination during finalization of the FY 2025/26 budget estimates.
47. During the finalization of FY 2025/26 budget estimates, the National Treasury has proposed an allocation of Ksh. 866.8 million to Vote 1013 which excludes the proposed allocation for the new

State Department National Government Coordination.

48. The proposed FY 2025/26 for Vote 1013 has been reviewed down by **Kshs 59.8 million** from the approved 2025 Budget Policy Statement ceilings.
49. The FY 2025/26 proposed allocation comprises **Kshs. 216.8 million** for Compensation to Employees of, **Ksh. 550.3 million** for Use of Goods and Services and **Ksh. 99.7 million** for Acquisition of Non-Financial Assets.
50. The Office of the Prime Cabinet Secretary will play a facilitative role in implementation of the Bottom-Up Economic Transformation Agenda (BETA) priority programmes through coordination and supervision of implementation of National Government Policies, Projects and Programmes.
51. The resultant FY 2025/26 budget shortfall amounts after the reorganization of Vote 1013 amounts to **Kshs 1,170.75 million** comprising of **Kshs 71.03 million** for implementation of the approved organization structure, **Kshs 48 million** for payment of service gratuity and **Kshs 1,051.72 million** for other recurrent expenditures.
52. The FY 2025/26 Budget Shortfall will affect achievement of the targets and objectives of the Office of the Prime Cabinet Secretary will in turn negatively affect effective coordination and supervision service across Ministries, Departments and Agencies.

3.4 State Department for Parliamentary Affairs

53. The Committee held a consultative meeting with a delegation from the State Department for Parliamentary Affairs led by the Principal Secretary, CPA. Aurelia Chepkirui Rono on the examination of the 2025/2026 Budget Estimates on Thursday, 15th May, 2025. They informed the Committee that: -
54. The budget estimates allocation for the State Department is **Kshs. 458.2 million** against the budget requirement of **Kshs. 1,885.3** This was a deviation of **Kshs. 387.9 million**;
55. The most affected programme was Parliamentary Liaison and Legislative Affairs with a cut of **Kshs. 838.8 million**;
56. The Parliamentary Liaison and Legislative Affairs has been allocated **Ksh.67.4 Million**, Policy Coordination and strategy **Ksh. 74.5 Million** and General Administration Planning **Ksh.191.6 Million**.
57. The total immediate budget required by the state department for FY 2025/26 is **Kshs 784.6 Million** against the proposed budget estimate of **Kshs 333.5 million** with compensation of employees amounting to **Kshs 222.9 million** leaving only **Kshs 110.6 million** for operation.
58. The State Department requires additional budget allocation of **Kshs 674 Million** to cover the shortfall.

3.5 State Department for Performance and Delivery Management

59. The Committee held a consultative meeting with a delegation from the State Department for Performance and delivery services, led by the Mr. Chimwanga Mongo, on the examination of the 2025/2026 Budget Estimates on Friday, 16th May, 2025. The Committee was informed that:
60. The State Department was allocated **Kshs 599.3 million** under the Recurrent Vote and **Kshs.10 million** under the Development vote. In the financial year 2025/26, the State Department has been allocated Kshs 671.40 million under recurrent budget leading to an increase of Kshs. 72.1 million under recurrent. The increase in allocation is on account of an additional Gratuity to staff whose contracts are coming to an end in the financial year 2025/26 and an additional shortfall to cater for basic salary which had been underprovided. The allocation of **Kshs. 10 Million** under Development to undertake prefeasibility studies for the two approved capital projects vis Government Performance Management Programme (GPMIP) & Government Innovation Coordination Programme (GICP) has also been removed under the on-going budget rationalization.
61. On the Bottom-Up Economic Transformation Agenda, the State Department will not be implementing any BETA projects. However, the State Department will play a facilitative role in the achievement of Government Programmes and Projects.
62. Under the approved BPS, the State Department had been allocated **Kshs. 10 million** for the financial year 2025/26 approved budget to undertake prefeasibility studies for the newly approved capital projects vis Government Performance Management Programme (GPMIP) & Government Innovation Coordination Programme (GICP). These allocations have however been removed under the on-going budget rationalization.
63. The State Department is not implementing any capital project neither has it undertaken any pre-feasibility study on new capital project and therefore does not have any feasibility report.
64. On pending bills, the State Department has a total pending of **Kshs. 12.162 million** that is currently undergoing the verification by the internal auditor and will form first charge when implementing FY 2025/26 budget.
65. On pertinent issues, the State Department is facing myriads of challenges among them;
- a) Inadequate Funding by the National Treasury- This has impeded the progress of implementation in the following areas
 - i. Undertaking Annual Performance Evaluation for MDAs placed on Performance Contracts
 - ii. Holding public participation stakeholder's forum on performance management bill
 - iii. Holding Stakeholders forum to come up with public performance guidelines
 - iv. Holding public stakeholders' forums in 47 Counties to create awareness on Government programmes and projects

- v. Development of documentaries on Countrywide priority government programmes and projects, running of BETA consolidated documentaries, Digital social media marketing and purchase of livestreaming equipment to show case Government programmes and projects during field inspections.
- vi. Monitoring and evaluation of the on-going government priority projects and programmes
- vii. Fast tracking the implementation status and providing practical intervention on Government priority projects and programmes
- viii. Facilitation of GDU fields officers
- ix. Ensuring effective communication on implementation of all presidential priority initiative and public sector reform
- x. Undertaking Annual Stakeholder and multi-stakeholder's forum (Ministerial Road shows)
- xi. Impact Assessment of selected government priority projects and programmes for effectiveness & efficiency of policy implementation.

- b) Inadequate human resource- Currently the State Department has an authorized establishment of 238 staff against an in-post of 196 with a shortfall of 42 staff.
- c) Office space- Officers from the State Department are currently operating from inadequate and scattered offices. The Scattered and uncoordinated teams have led to loss of time, reduced productivity and weak synergy.

66. The State Department requests the Committee to intervene to the National Treasury to provide **Kshs. 876.9 million** to bridge the gap in funding its projects and programmes in order to improve service delivery.

3.6 State Department for Cabinet Affairs

- 67. The Committee held a consultative meeting with a delegation from the State Department for Cabinet Affairs, led by the Principal Secretary, Dr. Idris Salim Dokota, on the examination of the 2025/2026 Budget Estimates on Friday, 16th May, 2025. The Committee was informed that:
- 68. The department does not support SAGAS capital projects and new projects. They also have no pending bills.
- 69. They have requested additional funding amounting to Kshs. 464 million.

3.7 State House

- 70. The Committee held a consultative meeting with a delegation from State House, led by the State House Controller, Mr. Katoo Ole Metito, on the examination of the 2025/2026 Budget Estimates on Wednesday, 14th May, 2025. The Committee was informed that:
- 71. The total budgetary allocation for State House in the FY 2025/26 Budget Estimates is

KSh.8,578.9 million while the approved 2025 Budget Policy Statement (BPS) ceiling was KSh.7,486.9 million reflecting an increase of KSh.1,092.0 million.

72. As an enabler, State House plays a pivotal role in providing leadership and policy direction.
73. In the implementation of Bottom-Up Economic Transformation Agenda (BETA). This involves: -
- a. Facilitating Cabinet Business;
 - b. Providing policy advisory on key priority areas and strategic interventions in line with BETA;
 - c. Tracking and reporting on the implementation of Government priorities and commitments of BETA;
 - d. Following up and reporting on the policy execution on BETA priorities;
 - e. Pursuing initiatives that address the socio-economic issues of the vulnerable and special interest groups; and
 - f. Convening multi- stakeholder forums on the BETA core pillars and enablers to enhance harmony and coherence in execution.
74. They stated that the physical infrastructure at the three (3) State Houses and six (6) State Lodges are old and require continuous improvement, restoration and maintenance. The financial year 2025/26 allocations is KSh.894.91 million.
75. On pertinent issues, State House has been experiencing challenges in execution of its mandate occasioned by inadequate budgetary provisions. They seek additional allocation of KSh.3,395 million to optimally deliver on their overall mandate.

3.8 State Department for Immigration and Citizen Services

76. The Committee held a consultative meeting with a delegation from the State Department for Immigration and Citizen Services, led by the Principal Secretary, Dr. Richard Belio Kipsang, on the examination of the 2025/2026 Budget Estimates on Friday, 16th May, 2025. The Committee was informed that:
77. The BPS ceiling for the State Department amounted to KSh. 20,523.9 million comprising of KSh. 10,485.1 million for Recurrent and KSh. 10,038.8 million for Development expenditures. The proposed estimates however had reduced the expenditure to KSh. 20,317 comprising of KSh. 11,767.4 million for Recurrent and KSh.8,550.3 million for Capital expenditure.
78. Compensation to employees was set to increase by KSh. 611.6 million from KSh.7,295million mainly to take cater for salary review, gratuity and promotion of technical staff.
79. The use of Goods and Services was also proposed to increase from KSh.2,882.3 million at the BPS to KSh.3,616.5 million while current transfers to other government agencies remained at KSh. 172.1 million.

80. The notable reductions under Recurrent included Social Benefits that was set to reduce from KSh. 19.3 million to zero and Non-Financial Assets that was set to reduce from KSh.116.4 million to KSh.72.2 million.
81. The major variations under capital expenditures included e-citizen that was set to increase from KSh. 1,877.5 million to KSh. 1,977.5 million; Supplies for ID Card Materials that was set to increase from KSh.1,615 million to KSh.2,215 million; IPRS Upgrade that was set to increase from KSh. 310 million to KSh. 390 million; supplies for passport production that was set to increase from KSh.340.1 million to KSh.595.1million.
82. The proposed reductions under development projects included Maintenance and refurbishment of immigration offices that was set to reduce from KSh. 350 million to KSh.235 million, the National Integrated Identity Management System (NIIMS) that was set to reduce from KSh. 300 million to zero, Maintenance of Immigration Systems that was set to reduce from KSh. 2,070 million to KSh. 250 million and purchase of e-passport books that was set to reduce from KSh. 2,400 million to KSh. 2,036.5 million.
83. Analysis of the variation by programme shows that the Migration and Citizen Services was set to reduce from KSh. 11,329 million to KSh. 10,649.3 million; Population Management Services was set to increase from KSh. 7,704.7 million to KSh. 8,230.6million and General Administration, Planning and Support Services was set to reduce marginally from KSh. 1,490.2 million to KSh. 1,437.8 million.
84. The total proposed allocation under BETA amounted to KSh.5,194.5 million and they include a proposed allocation of KSh. 1,977.5 million for e-citizen services, a proposed allocation of KSh. 2,115 million towards Maisha Card and Maisha Digital and a proposed allocation of KSh. 383.8 million towards the Unique Personal Identifier (Maisha Namba).
85. The State Department had no new project but there was an additional component under the supplies of ID material for the purchase of Live Capture Units & Mobile Registration Kits intended to automate the process of registration to ensure the process reaches all citizens and save cost.
86. The State Department had pending bills amounting to KSh. 524.2 million for FY 2023/24 and could still not be accommodated in 2024/2025 FY as well as in the proposed estimates for FY 2025/2026.
87. The State Department had been facing a range of challenges that had hindered the effective implementation of its programmes which included transport challenges affecting its officers in various departments, slow inflow of Appropriation in Aid, delayed Exchequer Issues among others. Further there were critically underfunded areas amounting to KSh. 6,052.1 million which could affect service delivery if not funded.

3.9 National Police Service

88. The Committee held a consultative meeting with a delegation from the National Police Service, led by the Inspector General, Mr. Douglas Kanja, MBS on the examination of the 2025/2026 Budget Estimates on Thursday, 15th May, 2025. The Committee was informed that:
89. The National Police Service (NPS) has a proposed budget estimates totaling **KShs. 125.29 billion** against BPS allocation of **KShs. 118.42 billion** in the financial year 2025/2026 indicating a net increment of **KShs. 6.87 billion**. The net increment comprises an increment of **KShs. 7.69 billion** and a reduction of **KShs. 821.4 million** for Recurrent and Development Budget respectively.
90. In the financial year 2025/26, 2026/27 and 2027/28, NPS has a proposed allocation of a total of **KShs. 125.29 billion, KShs 133.58 billion, and KShs. 140.17 billion** respectively. The Recurrent Budget allocation for the financial year 2025/26, 2026/27 and 2027/28 is **KShs. 123.73 billion, KShs. 130.60 billion, and KShs. 136.22 billion**. However, Personnel Emoluments (PE) and Insurance costs will account for **KShs. 102.46 billion (82.8 %)** of the Recurrent budget, in the FY 2025/26. This leaves only **KShs. 21.27 billion (17.2%)** for operations and maintenance, therefore calling for enhanced funding to facilitate service delivery.
91. The additional, **KShs. 7.69 billion** in the Recurrent Budget is mainly to cater for Insurance costs, other Operating Expenses (Multi- National Security Support Mission to Haiti), and Specialized Supplies (Purchase of Uniform).
92. The National Police Service (NPS) will implement **fourteen (14) projects** in the financial year 2025/26. The proposed Development Budget Estimates total **KShs. 1.56 billion** against a BPS allocation of **KShs. 2.38 billion** in the financial year 2025/2026 translating to a reduction of **KShs. 821.45 billion**.
93. The NPS has made budgetary provision for seven (7) BETA projects. However, the proposed reduction on allocation will greatly affect the implementation of the projects. They request the Committee to reconsider the proposed budget cuts to enable full implementation of the projects as envisaged. The National Police Service (NPS) will be implementing fourteen (14) projects in the financial year 2025/26 with a budget totaling **KShs. 1.56 billion**.
94. On pending bills, the National Police Service had pending bills totaling **KShs. 9.11 billion** at the beginning of the FY 2024/25. They however managed to clear pending bills totaling **KShs. 5.62 billion** using the current Budget provision leaving a balance of **KShs. 3.49 billion**.
95. The National Police Service stated that most of NPS priority areas remain critically underfunded by **KShs. 28.83 billion** and **KShs. 11.07 billion** in Recurrent and Development votes respectively and cited a significant variance in the resource requirement versus the allocation in the medium term for the NPS. In this regard, the NPS appealed for kind

consideration of the underfunded areas.

3.10 State Department for Internal Security and National Administration

96. The Committee held a consultative meeting with a delegation from the State Department for Internal Security and National Administration, led by the Principal Secretary, Dr. Raymond Omollo, MBS on the examination of the 2025/2026 Budget Estimates on Wednesday, 14th May , 2025. The Committee was informed that:
97. The State Department has been allocated a gross budget of **Kshs.35,414.51 million** comprising of Recurrent budget of **Kshs.31,523.73 million** and Development budget of **Kshs. 3,890.78 million**. The budget will be financed through two sources namely the government of **Kshs. 35,284.44 million** and Appropriations in Aid of **Kshs.130.07 million**.
98. Compared to the Budget Policy Statement ceiling of **Kshs. 37,508.80 million**, the State Department's allocation has been reduced by **Kshs.2,094.29 million** following the directive by the Cabinet to implement expenditure rationalization aimed at capping the fiscal deficit at not more than 4.5 percent of the GDP for the FY 2025/26 Budget. This will affect the completion of the National Police Modernization project, operationalization of the newly gazette administrative units, coordination of security operations and finalization of key policies and regulations aimed at improving overall service delivery by various delivery units in the Department.
99. The Recurrent budget has a net positive deviation on account of funds which have been provided to facilitate operationalization of the newly gazetted Administration Offices (Kshs.500 million), Kshs. 200 million to bridge the deficit for National Celebrations, Kshs. 220 million for enhanced security operations and supplies for production under Government Chemist of Kshs. 80 million.
100. The Development Budget ceiling has a negative deviation of **Kshs.3,094.22million**. The reduction has been effected on the ongoing projects whose completion will be adversely affected hence negatively impacting on access to Government services by the Public.
101. The Recurrent budget for the SAGAS has significantly reduced by **Kshs.236.23 million** from the initial BPS allocation of **Kshs.2,602.52 million** to the draft estimate allocation of **Kshs.2,366.28 million**. The reduction will affect delivery of the planned activities in line with the mandate of the respective entities including facilitating activities geared towards securing National Security interests.
102. The total Budget under SAGAS amounts to **Kshs.2,431.2 million** comprising of Recurrent budget of **Kshs.2,366.2** and **Kshs.65 million** for Development Budget. The Recurrent budget will facilitate key expenditure items, that is, Personnel Emolument whose allocation is **Kshs.1,221 million** and Operational expenses with an allocation of **Kshs.1,144 million**.

103. The State Department has provided an amount of **Kshs.3,846.2million** to facilitate Projects and Programs falling within the Bottom-Up Economic Transformation Agenda.
104. The State Department had proposed to implement 60 projects in the **FY 2025/26** with a total cost implication of **Kshs.12,045 million**. However, due to the limitation of the allocated draft estimate ceiling of **Kshs.3,890 million**, the State Department will implement 24 projects with some projects being rolled over to the Medium-Term period. These include:
- a. National Police Modernization Project which has been allocated Kshs. 3,400 million against a requirement of Kshs. 6,500 million.
 - b. Expansion of Kenya School of Adventure and leadership which has an allocation of Kshs. 40 million against a resource requirement of Kshs. 100 million.
 - c. Equipping of Kenya Coast Guard Services whose allocation is Kshs. 80 million against a requirement of 960 million.
 - d. Construction of Miritini treatment and rehabilitation center has been allocated Kshs. 65 million against a resource requirement of 465 million.
 - e. Construction of Regional, County and Subcounty Offices has been allocated Kshs. 212 million against a requirement of 1,393.2 million.
 - f. Security roads and airstrips has an allocation of Kshs.20m against a requirement of Kshs. 500 million.
 - g. Refurbishment of regional, county, and sub county administrative offices has an allocation of Kshs.40m against a resource requirement of Kshs. 550 million.
105. The State Department does not have any new projects in the Financial Year 2025/26.
106. In the period ended 30th June 2024, the State Department closed the year with pending bills amounting to **Kshs. 2,301.8 million** of which legal compensation claims were **Kshs.1,193.7 million**. The State Department has settled pending bills amounting to **Kshs1,767.30 million** leaving a balance of **Kshs. 533.7 million** relating to Legal Claims. The current status of pending commitments including previous years legal claims. As a way forward to settlement of the bills, the State Department requests for consideration of additional funding to cater for the anticipated pending bills in the ensuing Financial Year under the indicated relevant areas in the matrix.
107. In regards to pertinent issues, the State Department stated that it has a budget shortfall of **Kshs. 27,186.5 million** comprising of **Kshs. 15,041.5 million** under Recurrent expenditure and **Kshs. 12,145.0 million** under Development expenditure. The shortage will significantly impede on effective service delivery including Coordination of National Government functions at the Counties, completion of ongoing projects and sustenance of the ongoing Security Operations across the Country.
108. Consequently, they request for additional budget allocation of **Kshs. 27,186.5 million** to

effectively facilitate the aforementioned priority activities geared towards attainment of the State Department's Mandate.

3.11 National Police Service Commission

109. The Committee held a consultative meeting with a delegation from the National Police Service Commission led by Commissioner, Mr. Edwin Cheluget on the examination of the 2025/2026 Budget Estimates on Friday, 16th May, 2025 and submitted to the Committee as follows: -
110. The Commission's approved 2025/2026 budget policy statement ceilings are **Kshs. 1,326,888,200.**
111. The budget breakdown for FY 2025/26 is as follows – Personal Emoluments **Kshs. 733.90 million**, Non-discretionary **Kshs. 163.35 million**, Counselling, Strategic Intervention **Kshs. 180 Million**, Automation, Strategic Intervention **Kshs. 170 Million**, Mortgage **Kshs. 5 Million**, and Implementation of Maraga Recommendations, **Kshs 55**, totalling to **Kshs 1,326.89 Million.**
112. The National Police Service Commission does not currently implement capital projects directly tied to BETA value chains, it has strategically aligned its programs, policies, and budget estimates with the objectives of the BETA Plan (2022–2027). This alignment is consistent with the Commission's transformation agenda guided by its 2023–2027 Strategic Plan: "Positioning the Commission to become an Excellent Human Resource Management Institution for a Professional and Accountable National Police Service.
113. The Commission has aligned the following Police flagship reforms programmes of the National Government into its current 2023-2027 Strategic Plan -
 - a. Enhance financial independence and autonomy of the National Police Service by creating the position of the Accounting Officer and Principal Administrative Secretary for the National Police Service and staffing it.
 - b. Bolstering the financial and technical capability of the National Police Service Commission to strengthen its independence and its function to promote Constitutionalism and protect sovereignty.
 - c. Establish a contributory benevolent fund for families of fallen and terminally ill officers, including mental health illness and provision of insurance cover for loss of life.
 - d. Harmonize affordable housing mortgage for the National Police Service similar to that of Legislature and Judiciary and ensure a fair share of the new affordable housing units are earmarked for the National Police Service.
 - e. Introduce horizontal transfer of service from the National Police Service Commission to Public Service Commission for the National Police Service through supersession policy.
 - f. Facilitate lower cadre Officers in the rank of SGT and below with the option to serve in their home counties or where they choose to retire when they attain 50 years and above.
 - g. Commission a review of remuneration and terms of service for the security sector.
 - h. Recruit 25,000 new police officers and ensure integrity and zero tolerance to corruption during the recruitment of police officers as per the current Government manifesto and

BETA plan.

114. The Commission is implementing the following key programmes that have budget deficit of **Kshs. 1,409 million** as shown below-
- a. Annual Recruitment of 10,000 Police Officers – **304 million**;
 - b. Automation and Digital Transformation of NPS and NPSC Processes – **712 million**;
 - c. Decentralization of the NPSC HR and Counselling Services– **164 million**;
 - d. Implementation of the Maraga Taskforce Recommendations – **54 million**; and
 - e. Enhancing the Staff House Mortgage Scheme – **95 million**;

3.12 Independent Policing Oversight Authority

115. The Committee held a consultative meeting with a delegation from the Independent Policing Oversight Authority led by the Chief Executive Officer, Mr. Elema Halake, SS on the examination of the 2025/2026 Budget Estimates on Wednesday, 14th May, 2025. The Committee was informed that:
116. The Authority has been allocated a budget ceiling of **Kshs. 1,308.10 Million** for FY 2025/26 in the approved 2025 Budget Policy statement. This comprises **Kshs. 857.40 Million** Compensation to Employees and **Kshs. 450.70 Million** Operation & Maintenance.
117. The Budget estimates for FY 2025-26 have been further revised to **Kshs. 1,295.88 Million** by the National Treasury on account of Cabinet directives thus resulting into a budget deficit of **Kshs.12.22 Million**.
118. The shortfall of **Kshs. 48.5 million** under the operations and maintenance expenditure lines poses a significant risk to Authority's ability to effectively execute its mandate. This financial gap is likely to impede the timely implementation of key oversight activities, limit the Authority's capacity to conduct investigations, inspections, and monitoring police premises.
119. The deviation of the Budget Estimates from the approved 2025 BPS is **Kshs. 48.5 Million** on operation and maintenance expenditure will have adverse impact on the operations.
120. The Authority has been allocated a budget ceiling of **Kshs. 1,295.88 Million** against a resource requirement of **Kshs2,209 Million** of the Recurrent Expenditure for the FY 2025/26 resulting in an overall budget deficit of **Kshs. 913.12 Million**.
121. The Authority's budgetary requirement for compensation of employees for FY 2025-26 is **Kshs. 1,014 Million** against the allocated ceiling of **Kshs. 916 Million** resulting in a budget shortfall of **Ksh. 97 Million**. The Allocated PE ceiling is not sufficient to cater for salary for recruitment of 40 technical staff to strengthen and support key strategic and functional areas among them; Complaints Management, Legal Services, Investigations, Inspections, Research, monitoring as well as strengthening the PFM system within the organization.

122. The Authority submitted a requirement for O&M budget for FY 2025/26 of Kshs. **1,194.60 Million** and was allocated a ceiling of **Kshs. 378.99 Million** resulting in a shortfall of **Kshs. 815.7 Million**.
123. The Authority has a budget shortfall of **Kshs. 913 Million** which is required to finance its core operations. However, **Kshs. 604 Million** has been flagged as the bare minimum that can support the Authority's critical expenditure lines.
124. The Authority presented a requirement for compensation to employees for FY 2025-26 is **Kshs. 1,014 Million** against the allocated a ceiling of **Kshs. 917 Million** resulting in a budget shortfall of **Ksh. 97 Million** required for recruitment of 40 technical staff to strengthen and support key strategic and functional areas among them; Complaints Management, Legal Services, Investigations, Inspections, Research, monitoring as well as strengthening the PFM system within the organization.
125. The Authority's budget estimates have been aligned to support the objectives of the Bottom-Up Economic Transformation Agenda (BETA). Through its oversight role, the Authority will continue implementing programs that contribute to good governance, accountability, and inclusive development within the National Police Service (NPS).

3.13 State Department for National Government Coordination

126. The Committee held a consultative meeting with a delegation from the State Department led by the Principal Secretary, Hon. Ahmed Abdisalan Ibrahim on the examination of the 2025/2026 Budget Estimates on Friday, 16th May, 2025 and submitted to the Committee as follows –
127. The approved 2025 BPS Ceilings did not provide ceilings for the new State Department and therefore, the proposed FY 2025/26 allocation for Vote 1018 is based on the submitted requirements for the National Government Coordination Secretariat (NGCS) amounting to Kshs 585.26 million within Vote 1013 and the need to operationalize the new State Department.
128. The proposed Vote 1018 FY 2025/26 allocation amounts to Kshs 194.26 million comprised of Kshs 172.26 million for recurrent expenditure and Kshs 22 million for capital expenditure which is Donor Funded (Support to National Government Coordination Secretariat Project).
129. Human and capital, including headquarters operation that are vital for the attainment of the current mandates of the State Department for Coordination of National Government have been erroneously captured under recurrent allocation for the Vote Office of the Prime Cabinet Secretary.
130. Key identified priorities include; Customization of the identified space to operationalize the office of the Principal Secretary and the associated support offices Kshs 20 million, Acquisition of initial office furniture and equipment for the PS office Kshs 5 million, Acquisition of basic

ICT equipment for the PS office and the associated support offices Kshs 3 million and Acquisition of official motor vehicles for the PS and other support departments to support service delivery Kshs 102 million. Stakeholders and citizens engagements in service delivery Kshs 350 million. Conducting BETA priorities mid-Term Performance review Kshs 100 million Coordination of implementation of Presidential directives Kshs 30 million Coordination of implementation of international treaties conventions Kshs 35 million and; Other administrative expenses Ksh 200 million.

131. The total FY 2025/26 budgetary requirements for the planned programmes that need to operationalize the State Department amounts to Kshs 1,710.15 million. The resultant FY 2025/26 budget shortfall is therefore Kshs 1,515.89 million.
132. The State Department for National Government Coordination will play a facilitative role in implementation of the BETA priority programmes through coordination and supervision of implementation of National Government Policies, Projects and Programmes. The National Government Coordination Secretariat (NGCS) has mapped 51 (fifty-one) priority projects and programmes, drawn from the Bottom-Up Economic Transformation (BETA) aspirations, Fourth- Medium Term Plan (MTP IV) of the Vision 2030 priorities. The NGCS provides secretariat to the Regional Management Implementation Oversight Committees (RMIOC) which report to the NDIC. The State Department has also developed a Monitoring and Coordination Framework to ensure timely completion of national government projects across the 47 counties through identification of implementation bottlenecks and challenges. The implementation of this framework employs a multi-sectoral approach incorporating implementing Agencies, citizens and the State Department.
133. During FY 2025/26, the State Department will be implementing the Support to National Government Coordination Secretariat Project which is Donor Funded. The objective of the grant from the African Development Bank is to support the National Government Coordination Secretariat (NGCS) in coordinating and monitoring of key Government Projects, Policies and Programmes with a view to ensure timely completion. The proposed allocation for the project is Kshs 22 million and the status of capital projects.

PART IV

4.0 COMMITTEE OBSERVATIONS

134. The Committee having reviewed the 2025/2026 Budget Estimates as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following observations: -

a. Vote 1017: State House

1. The proposed expenditure under the State House amounted to KSh. 8,578.9 million comprising of KSh. 7,684 million for Recurrent and KSh. 894.9 million for Development Expenditure against a BPS ceiling of KSh. 7,486 million comprising KSh. 6,771 million for Recurrent and KSh. 715.4 million for Development.
2. The increase in Recurrent was on account of enhanced operations for State House Nairobi which was initially not factored in the BPS while the increase in Development was attributed to increased allocations towards Refurbishment of State House-Main House in Nairobi.
3. There was a proposed reduction of expenditures towards Administration of Statutory Benefits of Retired Presidents/Vice President from KSh. 621.4 million in FY 2024/2025 to KSh. 452.6 on account of rationalization and one-off expenditure of KSh. 88 million that was incurred in the FY 2024/2025 and would therefore not form part of the expenditures in the proposed estimates.
4. The proposed allocation of KSh. 478.7 million towards various officers of advisors to the President was observed to be a reduction from KSh. 567.5 million in FY 2024/2025. The Offices affected by the rationalization included that of the Fiscal Affairs and Budget Policy, Office of the Council of Economic Advisors, Office of the National Security Advisor, and Office of the Women Rights Advisor and that of the Climate Change Advisor.

b. Vote 2151: Independent Policing Oversight Authority

1. The proposed budgetary allocation for the Authority amounted to KSh. 1,295.9 million against a BPS ceiling of KSh. 1,308.1 million. This was a marginal decrease of KSh. 12.2 million on account of austerity measures.
2. The Authority key mandate involved conducting investigations and attending court cases as well as inspection of police premises and monitoring of police operations, but the proposed austerity measures would greatly hamper its statutory mandate. The Authority had flagged out additional KSh. 604 million as shortfall in critical areas that required funding.
3. The Authority needed more staff to be recruited including lawyers and more investigators but this priority area was underfunded to the tune of KSh. 97.4 million.

4. The Authority also sought additional KSh. 149.7 million towards purchase of eight vehicles for its new Board members who had no vehicles.
5. The Authority had been receiving an increase in complaints since its inception. In the last 3 years alone, the complaints received increased from 9,789 to 11,003 but there had been no commensurate increase in funding.
6. The pertinent issues affecting the Authority from realising its constitutional mandate include inadequate budgetary allocation, parallel investigation by other agencies including the Internal Affairs Unit and the Directorate of Criminal Investigations, low level awareness among the public and police officers and inadequate staffing levels among others.
7. There were police excesses in far flung areas which required IPOA to investigate but this was hampered by lack of regional offices in those regions. It was observed that the IPOA regional Office could not efficiently serve far flung areas of Mandera and Wajir
8. Training was observed to be critical for IPOA but there was no corresponding budgetary allocation. The proposed allocation of KSh. 7.3 million was mainly for subscription to professional organisation.

c. Vote 1011: Executive Office of the President

1. The proposed budgetary allocation to the Executive Office of the President, Vote 1011 amounted to KSh. 5,344.4 million comprising of KSh. 3,883.4 million for Recurrent expenditure and KSh. 1,461million for Capital expenditure. The proposed allocation was therefore KSh. 595.7 million over and above the BPS ceiling of KSh. 4,748.7 million.
2. The increase in the proposed allocation was on account of enhanced allocation to the National Fund for the Disabled of Kenya that was initially earmarked to receive KSh. 100 million but was now set to receive KSh.1,000 million.
3. The allocation to the Government Printer had been rationalised from KSh. 500 million at the BPS and now was proposed to receive KSh. 177 million. This was observed not to be adequate to acquire a new machine for accountable documents.
4. The State Corporation Advisory Committee (SCAC) was grossly underfunded and could not have its Board operate to review the code of Governance for State corporations (Mwongozo) and Parastatals reforms. The Board required KSh. 45 million for its operations.
5. The Office had only one SAGA-the newly created National Lottery Board with a proposed allocation of KSh. 108 million, which also had a shortfall of KSh. 655 million to enable it operationalise the National Lottery Board and the National Lottery Fund.
6. The office inherited historical pending bills related to the defunct Nairobi Metropolitan Service amounting to KSh. 13,300 million which were forwarded to the Pending Bills Verification

Committee at the National Treasury. The Office also had new pending bills relating to the FY 2023/24 amounting to KSh. 376.6 million out of which KSh. 133.8 million had been settled.

d. Vote 1012: Office of the Deputy President

1. The proposed allocation to the Office of the Deputy President amounts to KSh. 2,922.1 million from a BPS ceiling of KSh. 3,347.5 million representing a proposed reduction of KSh. 525.4 million. The reduction was on account of austerity measures where the sub-programme on Coordination and Supervisory Services is proposed to reduce by KSh. 256.4 million while that of Coordination and Supervisory Services has been proposed for reduction by KSh. 175.1 million.
2. The major items affected by rationalization included Hospitality Services that was rationalised from KSh. 694.6 million to KSh. 523.8 million, Domestic travel from KSh. 459.7 million to KSh. 344.8 million and foreign travel from KSh. 172.7 million to KSh. 86.4 million.
3. The Office was coordinating functions related to the mandate of other state departments and agencies. The notable ones included coordination of Coffee sub-sector reforms with a proposed allocation of KSh. 37.5 million, implementation of Government directive on eradication of illicit alcohol, drugs and substance abuse with a proposed allocation of KSh. 114 million. It was observed that implementation of activities which relates to the mandate of other MDAs where resources have also been provided did not amount to optimal resource allocation.
4. The Office did not have current pending bills, however there exist historical pending bills amounting to KSh. 1,350.5 million which were forwarded to the National Treasury for verification.

e. Vote 1026: State Department for Internal Security & National Administration

1. The proposed allocation for the State Department amounted to KSh. 35,414.5 million comprising of KSh. 31,523.7 million for Recurrent expenditure and KSh. 3,890.8 million for development expenditure. This proposed allocation had been reduced by KSh. 2,094.3 million from the BPS ceiling of KSh. 37,508.8 million.
2. The proposed budget will be financed by GoK Exchequer of KSh. 35,284.4 million and Appropriations in Aid of KSh. 130.1 million.
3. The proposed reduction would have significant effect on service delivery on several areas including completion of the ongoing modernisation of the National Police Service, operationalization of the newly Gazetted Administrative units and coordination of security operations among other activities.
4. The Recurrent budget has been proposed to have a net deviation of KSh. 999.9 million mainly on account of KSh. 500 million which would go towards facilitating the operationalization of newly Gazetted Administration Offices, KSh. 200 million towards bridging the deficit for

National celebrations, KSh. 220 million towards enhanced security operations and KSh. 80 million towards supplies production for Government Chemist.

5. The total net reduction on development expenditures amounted to KSh. 3,095 million which would mainly affect the National Police Modernisation which has been proposed for reduction to KSh. 3,400 million from a BPS ceiling of KSh. 6,500 million.
6. The PBO Act, 2013 was operationalized in May 2024, however due to the expanded mandate of the Public Benefits Organisations Regulatory Authority (PBORA), its operations were severely underfunded and were therefore seeking additional KSh. 100 million to monitor the PBOs and enforce compliance and recruit additional officers.
7. The National Cohesion and Integration Commission had experienced budget cuts over the years and had no resources to start preparing for the 2027 General elections and establish more regional offices. The Commission required additional KSh. 293 million for pre-election preparedness and monitoring of hate speech.
8. The Private Security Regulatory Service Board was finalising the Private Security Regulations which was undergoing public participation but were underfunded by KSh. 56 million for its operations. It was observed that the finalization of the Regulations would pave way for Revenue Generation to the Exchequer and subsequently make the Board not to be dependent on the Exchequer for its operations.
9. The National Agency for Campaign Against Drug Abuse intended to set up 20 new county offices to further decentralize its services and further scale up enforcement efforts to control the production, sale and distribution of illicit brews and drugs but were underfunded to the tune of KSh. 294 million.
10. The resources for Security operations for the Kenya Coast Guard was on the decline and failure to reverse this trend would negatively impact on its statutory mandate. The Authority was underfunded to the tune of KSh. 286 million which included pending bills.
11. The State Department was working on a policy of integrating Village Elders into the structures of National Government Administration but there were no resources to implement this policy amounting to KSh. 2,544 million once its finalised.
12. The fourth Medium Term plan of Vision 2030 had targeted to upscale the mobility of NGA officers including Chiefs and Assistant Chiefs for accelerated service delivery through procurement of 15,600 motorcycles which were last bought in 2015 but there was no resources amounting to KSh. 2,000 million

f. Vote 1025: National Police Service

1. The proposed budgetary allocation for the National Police Service (NPS) amounted to **KShs. 125.29 billion** against BPS allocation of **KShs. 118.42 billion** in the FY 2025/2026 indicating a net increment of **KShs. 6.87 billion**. The net increment comprises an increment

of **KShs.7.69 billion** and a reduction of **KShs. 821.4 million** for Recurrent and Development Budget respectively.

2. The proposed additional, **KShs. 7.69 billion** in the Recurrent Budget was mainly to cater for Insurance costs, Other Operating Expenses (Multi- National Security Support Mission to Haiti), and Specialized Supplies (Purchase of Uniform).
3. Even though the NPS recurrent budget had been proposed for increment, budget cuts amounting to over KSh. 1,200 million were affected on areas which were core to NPS operations which included mobility, training, specialised materials, fuel, Oil and lubricants, Routine maintenance among others.
4. It was observed that KSh. 102.5 billion will go towards Personnel Emoluments and Insurance cost(82.8 percent) leaving the Service with only KSh. 21.3 billion (17.2 percent for other contractual obligations and security operations).
5. The current Police to Population Ratio is **1:509** which is below the United Nations average of **1:450**. It's critical to note that the NPS Police strength has reduced by **5,000** since the last recruitment in the year 2022. To address the gap, the NPS has proposed recruitment of **10,000** Police Constables. The proposed reduction in recruitment budget from **KShs. 3.22 billion to KShs. 2.90 billion** will negatively impact the expected recruitment of the 10,000 constables.
6. The National Police Service (NPS) will implement **fourteen (14) projects** in the FY 2025/26. The proposed Development Budget Estimates totals **KShs. 1.56 billion** against BPS allocation **KShs. 2.38 billion** in the FY 2025/2026. This translates to a reduction of **KShs. 821.45 billion**.
7. The National Police Service had pending bills totaling **KShs. 9.11 billion** at the beginning of the FY 2024/25. The NPS has managed to clear pending bills totaling **KShs. 5.62 billion** using the current Budget provision leaving a balance of **KShs. 3.49 billion**.
8. The Construction and equipping of the National Police Service (NPS) Mbagathi Hospital was done under the supervision of the Ministry of Defence at a cost of Kshs.1,233.6 million but only Kshs.400 million had been settled translating into pending certificates amounting to KSh.833.6 million. Despite the Hospital having been completed and staff having been recruited, the Hospital is yet to be operationalised. In the circumstances, value for money for funds spent on the project has not been realised.
9. Most of NPS priority areas remain critically underfunded by **KShs. 28.83 billion** and **KShs. 11.07 billion** in Recurrent and Development votes respectively. They included- Insurance cost underfunded by KSh.9, 848.8 million, utilities underfunded by KSh. 753million, Recruitment of 10,000 constables underfunded by KSh.3, 460 million, security operations underfunded by KSh. 8,057 million and operationalization of Mbagathi Hospital underfunded by KSh. 713.6 million.

10. Adequate funding to the National Forensic is key to resolving several murder cases that have been reported over the past.

g. Vote 1013: Office of the Prime Cabinet Secretary

1. The approved 2025 Budget Policy Statement Ceilings for FY 2025/2026 amounted to KSh.926.6 million however the proposed allocation had been reviewed downwards by KSh. 59.8 million on account of austerity measures.
2. The major items affected by the proposed reduction included compensation to employees proposed to be reduced by KSh.22.2 million, Refurbishment of buildings proposed to be reduced by KSh. 50 million, other operating expenses proposed to be reduced by KSh. 47.3 million and Foreign Travel proposed to be reduced by KSh. 19.3 million among others.
3. The proposed rationalization of expenditures will lead to critical shortfalls in several areas of operations including implementation of the approved organizational structure underfunded by KSh. 71 million, Phase III refurbishment of the Office of the Prime Cabinet Secretary now underfunded by KSh. 230 million, and facilitation of the Prime Cabinet Secretary in coordination and supervision of Ministries, Departments and Agencies now underfunded by KSh. 430.2 million.
4. The Committee noted that the report of the Audit for the FY 2023/2024 had flagged out pending bills amounting to KSh. 98.3 million but the Office had managed to clear them in line with the National Treasury circular that requires such bills to form first charge.

h. Vote 1014: State Department for Parliamentary Affairs

1. The proposed allocation to the State Department amounts to KSh. 333.5 million against a BPS ceiling of KSh.390 million. The proposed reduction will affect the programme on Parliamentary Liaison and Legislative Affairs now proposed to be reduced by KSh.25.8 million from KSh.93.2 million, Policy Coordination and Strategy now proposed to be reduced by KSh.15.7 million from KSh. 74.5 million and General Administration, Planning and Support Services now proposed for reduction by KSh. 16 million from KSh. 207.6 million.
2. The critically underfunded areas included items under Use of Goods and Services where they were proposed to receive KSh. 110.6 million against a resource requirement of KSh. 1,638.7 million. There was need to restore their estimates back to the BPS ceiling of KSh.391 million
3. The committee expressed concerns over lack of an Audit Committee by the State Department and casted doubt on the effectiveness of the use of appropriated funds, however the Committee observed that the delay in appointment of the Committee had been resolved, and they the Committee was set for appointment.

i. Vote 1015: State Department for Performance and Delivery Management

1. The proposed allocation for the State Department was observed to be KSh. 63.4 million over and above the BPS ceiling of KSh.608 million. The increase was attributed to additional allocation towards gratuity to staff whose contract would come to an end in FY 2025/2026 and additional Personnel Emoluments that was initially underprovided.
2. The State Department had total pending Bills amounting to KSh. 12.2 million which were currently undergoing verification by the Internal Auditor and would therefore form the first charge when implementing the FY 2025/2026 budget.
3. The most severely underfunded area was on their core mandate of monitoring and evaluation. The Department had a budgetary allocation of KSh. 30 million which was rationalized downwards by 100%. The core mandate of the State Department entails extensive travel to monitor the progress of project implementation status across the country, evaluation of performance contracts for MDAs and overall assessment of the projects

j. Vote 1016: State Department for Cabinet Affairs

1. The proposed Estimates for the State Department amounted to KSh. 203.7 million against a BPS ceiling of KSh. 271.4 million. The proposed reduction was on account of austerity measures.
2. The major items affected included foreign travel that was proposed for reduction from KSh. 12.3 million to KSh. 4.6 million, domestic travel that was set to be reduced from KSh. 39.5 million to KSh. 24.6 million and Hospitality Services that was set to be reduced from KSh. 26.3 million to KSh. 17.5 million. There was however a proposed increment on wages that is set to increase from KSh. 77.7 million to KSh. 86.2 million.

k. Vote 1024: State Department for Immigration & Citizen Services

1. The BPS ceiling for the State Department amounted to KSh. 20,523.9 million comprising of KSh. 10,485.1 million for Recurrent and KSh. 10,038.8 million for Development expenditures. The proposed estimates however had reduced the expenditure to KSh. 20,317^{nwvs} comprising of KSh. 11,767.4 million for Recurrent and KSh. 8,550.3 million for Capital expenditure.
2. The Migration and Citizen Services was set to reduce from KSh. 11,329 million to KSh. 10,649.3 million; Population Management Services was set to increase from KSh. 7,704.7 million to KSh. 8,230.6 million and General Administration, Planning and Support Services was set to reduce marginally from KSh. 1,490.2 million to KSh. 1,437.8 million.
3. The State Department had pending bills amounting to KSh. 524.2 million for FY 2023/24 and could still not be accommodated in 2024/2025 FY as well as in the proposed estimates for FY 2025/2026. It was however observed that accumulation of eligible pending bills was

against numerous Treasury circulars that required MDAs to rationalise their budgets and ensure such bills are provided for and form the first charge in any new financial year.

4. The Appropriations in Aid for the State Department had significantly risen from KSh. 5,422 million in the Printed Estimates of 2024/2025 to KSh. 10,300 million in the proposed estimates. It was observed that such phenomenal increase in financing expenditures through AIA was not a good practice.
5. The Development budget for the state Department was largely for provision of registration documents including passports production, National ID cards and Birth Certificates. The Committee observed that these were not projects but programmes since they had no end dates. To improve on service delivery, there was need to transfer their budgetary allocations from the Development Vote to Recurrent Vote, and they included supplies for ID cards, supplies for passport production and purchase of e-passport books.
6. The critically underfunded areas included Repatriation with a shortfall of KSh. 200 million, Procurement of a motor vehicle for persons with disability with a shortfall of KSh. 8.5 million, and Training of Procurement Officers with a shortfall of KSh. 100 million.

l. Vote 2101: National Police Service Commission

1. The proposed budget for the Commission amounts to KSh. 1,390 million against a Budget Policy Statement ceiling of KSh. 1,326.9 million, translating into a net increase of KSh. 63.95 million. The increase is attributed to proposed allocation of KSh. 75 million towards monitoring of the forthcoming police recruitment
2. As part of the support to the Bottom-up Economic Transformation Agenda (BETA), the Commission had prioritised mental wellbeing and psychosocial support to the National Police Service, enhancing medical insurance coverage and the operationalization of the National Police Service Hospital and Automation of Human Resource Management processes among others.
3. The key areas that were underfunded included annual recruitment of 10,000 police officers which had been proposed to receive KSh. 75 million against a requirement of KSh. 379 million; Automation and Digital Transformation of the NPS and NPSC processes that was proposed to receive KSh. 138 million against a requirement of KSh. 850 million and Decentralization of the NPSC HR and Counselling Services that had a proposed allocation of KSh. 180 million against a resource requirement of KSh. 344 million.

m. Vote 1018: State Department for National Coordination

1. The State Department was a newly created vote following the re-organisation of government by the President. They were proposed to receive KSh. 194.2 million comprising of KSh. 172.3 million for Recurrent and KSh. 22 million for development.

2. There was no clear delineation on the functions of the new State Department Vote 1018 and that of the Office of the Prime Cabinet Secretary Vote 1013. There was a need therefore for the two votes to be merged under one Accounting Officer.
3. Given that it's a new State Department with a new Principal Secretary, there was need to operationalize the Office of the Principal Secretary with a resource requirement of KSh. 130 million but this was not funded.
4. Some of their functions were still funded in Vote, 1013. They included Headquarters Services with a proposed budget of KSh. 424.3 million, Stakeholder and citizen engagement with a proposed budget of KSh. 22.8 million and Strategic Communication with a proposed budget of KSh. 37.2 million

PART V

5.0 COMMITTEE RECOMMENDATIONS

135. The Committee having reviewed the 2025/2026 Annual estimates of expenditure as well as having held consultative meetings with the Ministry, Departments and Agencies makes the following financial recommendations as contained in Schedules I & II: -

SCHEDULE I: PROPOSED INCREASES - (KSH. MILLIONS)

Vote	Programme	Head/Project	Draft Estimates	DC Adjustments			Details
				Current	Capital	Total	
1011	Government Printing Services	1011104101- Modernization of Press at GP	177	-	123	123	To Modernise GP (Acquisition of equipment)
	Government Advisory Services	1011000700 State Corporations Advisory Committee	145.9	30	-	30	To support Board operations
	General Administration Planning and Support Services	1011000127 Multi-Agency Strategic Intervention	180	25	-	25	To enhance operations
1012	Deputy President Services	1012000200-Deputy President Support Services.-1012000201 Headquarters	1,455.6	150	-	150	To enhance operations (Other Operating Expenses - 2211300)
1014	General Administration, Planning and Support Services	1014000601 Headquarters (Particular Affairs)	138.5	30	-	30	Towards capacity building of MDAs/operations
1016	Cabinet Services Affairs	1016000101 Headquarters.	120.8	25	-	25	To enhance operations
1015	Service Delivery Management	1015000201 Headquarters-GDS	266.6	30	-	30	To support Monitoring and Evaluation activities of the GDU
1018	Government Coordination and Supervision	1018000101- Headquarters	68.3	50	-	50	Towards operations & maintenance
1025	Policing Services	1025001401-Headquarters (DCI)	3,358.2	155	-	155	Towards covert operations

SCHEDULE I: PROPOSED INCREASES - (KSH. MILLIONS)							
Vote	Programme	Head/Project	Draft Estimates	DC Adjustments			Details
				Current	Capital	Total	
							- 2211312)
		1025000501 Headquarters (Office of DIG-AP-)	1,195.5	60	-	60	Other operating expenses – (2211312- 30M, 2211313- 30M)
1026	General Administration and Support Services	Private Security Regulatory Board	294	35	-	35	Towards operations and public participation on PSRA Regulations
		1026106300 Kenya Coast Guard Services-BETA	950	50	-	50	Towards security operations
2151	Policing Oversight Services	2151000101 Headquarters	1,295.1	20	-	20	Towards decentralization of IPOA offices
	Total			660	123	783	

4. Funding

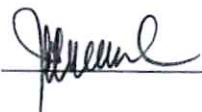
SCHEDULE II: PROPOSED DECREASES - (KSH. MILLIONS)							
Vote	Programme	Head/Project	Draft estimates	DC Adjustments			Details
				Current	Capital	Total	
1011	General Administration Planning and Support Services	1011101101 Capital Transfers to the National Fund for the Disabled of Kenya	1,000	-	400	400	Expenditure rationalization
1017	State House Affairs	1017000301 Headquarters -Other Operating Expenses		100	-	100	Expenditure rationalization
1024	General Administration and Planning	1024000101 Headquarters-Domestic Travel	112	43		43	Expenditure rationalization
		1024000101 Headquarters- Other Operating Expenses	90.8	20		20	Expenditure rationalization
		1024101701 Maintenance and refurbishment of office accommodation at Nyayo House-Development	235	-	35	35	Expenditure rationalization
	Population Management Services	1024101200 IPRS Upgrade and Roll-out-Development	390	-	100	100	Expenditure rationalization
		1024103401 Unique Personal Identifier Project-Development	340	-	45	45	Expenditure rationalization
		1024001900 e-citizen services-Domestic Travel	62.4	20	-	20	Expenditure rationalization
		1024001900 e-citizen services-Purchase of furniture- Purchase of Office Furniture	45.1	20	-	20	Expenditure rationalization
			Total		203	580	783

SCHEDULE III: ADDITIONAL REQUEST – IN KSH. MILLIONS (NOT FUNDED)

Vote	Programme	Head/Project/Item	Draft estimates	DC Request			Details
				Current	Capital	Total	
1011	General Administration Planning and Support Services	Government Printer	177	-	600	600	Acquisition of Equipment
1013	Government Coordination and Supervision	1013000801 Headquarters	356.6	200	-	200	To support the operations of the Prime Cabinet Secretary
1025	Policing Services	Police Recruitment	2,850	3,460		3,460	To recruit 10,000 police constables
		NPS Hospital	65		767.4	767.4	Towards pending bills
		Police Insurance	9,670	9,848	-	9,848	Towards full provision of the Medical and Group Life Insurance Covers for the National Police Service and Kenya Prisons Service (NPS/KPS).
		Security Operations		8,057	-	8,057	Facilitation security operations across the country, support activities of NPR, issuance of AIES to various Police stations as well as anti/counter terrorism interventions.
1026	General Administration and Support Services	Local Presidential Visits	637.9	762.1	-	762.1	To facilitate national functions
		National Celebrations	518.7	247.3	-		Towards coordination of national celebrations

*- Duty
Account has
20 million
only
submitted*

SCHEDULE III: ADDITIONAL REQUEST – IN KSH. MILLIONS (NOT FUNDED)							
Vote	Programme	Head/Project/Item	Draft estimates	DC Request			Details
				Current	Capital	Total	
		Security Operations	7,965	5,283.9	-	5,283.9	Facilitating security related activities.
	National government Filed Administrative Services	Operationalization of new Administrative units	500	1,052	-	1,052	There are 4,468 new units but only 1,105 have been prioritised
		Integration of Village Elders	-	2,544	-	2,544	Presidential Directive to fastrack process of integrating Village Elders into structures of NGA of which 106,072@ 2,000
		Purchase of motor cycles	-	2,000	-	2,000	Enhance mobility of NGA officers
				33,454.3	1,367.4	34,821.7	

SIGNED 

DATE 20th / 05 / 2025

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

ANNEXURES

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Annex 2: Adoption List

Annex 3: PBO brief on the Estimates

Annex 4: MDA's submissions

DEPARTMENTAL
COMMITTEE ON
AGRICULTURE
& LIVESTOCK



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT - FOURTH SESSION - 2025**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK**

**REPORT ON THE CONSIDERATION OF THE FY 2025/26 ESTIMATES OF
REVENUE AND EXPENDITURE FOR:**

VOTE 1162: THE STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT
VOTE 1169: THE STATE DEPARTMENT FOR AGRICULTURE

Published by:

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Clerk's Chambers
Parliament Buildings
NAIROBI**

May 2025

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CHAPTER ONE

I PREFACE

I.1 Introduction

1. This is the report of the Financial Year 2025/26 Estimates of Revenue and Expenditure for the spending agencies under the purview of the Departmental Committee on Agriculture and Livestock. The Budget Estimates were tabled in the National Assembly on 30th April 2025 and committed to the respective Departmental Committees for consideration.
2. The Budget Estimates were submitted and tabled in the National Assembly in accordance with Article 221 of the Constitution and Sections 37 and 38 of the Public Finance Management (PFM) Act, 2012. Article 221 of the Constitution provides that the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of revenue and expenditure of the National Government for the next financial year at least two months before the end of the financial year. The National Assembly is expected to consider the estimates of the national government together with the estimates submitted by the Parliamentary Service Commission and the Chief Registrar of the Judiciary.
3. Standing Order 235 of the National Assembly Standing Orders stipulates that the Estimates, upon being laid in the House, stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee within twenty-one days committal.
4. In accordance with the Second Schedule to the National Assembly Standing Orders, the Departmental Committee on Agriculture and Livestock is mandated to consider matters pertaining to agriculture, livestock, food production and marketing.
5. In that regard, the Committee is mandated to analyse, scrutinize and approve the Estimates for the following government agencies under its purview:
 - i. Vote 1162: The State Department for Livestock Development; and
 - ii. Vote 1169: The State Department for Agriculture.

1.2 Mandate of the Committee

6. The Departmental Committee on Agriculture and Livestock is one of the twenty (20) Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:
 - i. **To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;**
 - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. *To study and review all the legislation referred to it;*
 - v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*
7. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider agriculture, livestock, food production and marketing.
8. In executing its mandate, the Committee oversees the Ministry of Agriculture and Livestock Development.

1.3 Committee Membership

9. The Departmental Committee on Agriculture and Livestock was reconstituted by the House on 5th March 2025 and comprises the following members:

Chairperson

Hon. (Dr.) John Kanyuthia Mutunga, PhD, CBS, MP
Tigania West Constituency
UDA Party

Vice-Chairperson

Hon. Brighton Leonard Yegon, MP
Konoin Constituency
UDA Party

Members

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

Hon. Ferdinand Kevin Wanyonyi, MP
Kwanza Constituency
Ford Kenya Party

Hon. Geoffrey Makokha Odanga, MP
Matayos Constituency
ODM Party

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

Hon. Jared Odoyo Okelo, MP
Nyando Constituency
ODM Party

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

Hon. David Kiplagat, MP
Soy Constituency
UDA Party

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

Hon. Monicah Muthoni Marubu, MP
Lamu County
Independent Member

Hon. Patrick Kibagendi Osero, MP
Borabu Constituency
ODM Party

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

Hon. John Okwisia Makali, MP
Kanduyi Constituency
Ford Kenya Party

Hon. Ruth Adhiambo Busia Odinga, MP
Kisumu County
ODM Party

1.4 Committee Secretariat

10. The Committee is facilitated by the following secretariat:

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

**Mr. Victor Kilimo
Clerk Assistant III**

**Mr. David Ng'eno
Principal Research Officer II**

**Mr. Richard Musyoki
Senior Research Officer**

**Ms. Brigitta Mati
Senior Legal Counsel**

**CPA Robert Ngetich
Fiscal Analyst I**

**Mr. Gerald Kadede
Legal Counsel II**

**Mr. Erastus Lotuk
Public Relations Officer III**

**Ms. Jacinta Maru
Serjeant-at-Arms**

**Ms. Edith Chepngeno
Media Relations Officer III**

**Ms. Teresia Macharia
Intern**

1.5 Overview on the Examination of the FY 2025/26 Estimates of Revenue and Expenditure

11. The Budget Estimates for the FY 2025/26 were tabled in the House on **Wednesday, 30th April 2025** and thereafter referred to Departmental Committees for consideration.
12. The Committee was briefed by the Parliamentary Budget Office on the Budget Estimates then held meetings with the State Department for Agriculture on Tuesday, 13th May 2025; and the State Department for Livestock Development on Thursday, 15th May 2024.
13. In considering the FY 2025/26 Estimates of Revenue and Expenditure, the Committee made the following key observations, that: The budgetary allocation for the Ministry of Agriculture and Livestock Development had increased by Kshs. 1.18 billion, from Kshs. 57.06 billion in FY 2024/25 to Kshs. 58.24 billion in FY 2025/26; and the sector's contribution to the GDP had increased from 21.5 percent in 2023 to 22.5 percent in 2024.
14. In line with the above observations, the Committee made both policy and financial recommendations aimed at addressing the issues raised in the observations. Details of the Committee's observations and recommendations are contained in Chapters Four and Five of this Report.

1.6 Acknowledgement

15. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the FY 2025/26 Estimates of Revenue and Expenditure.
16. I also wish to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat and the Ministry of Agriculture and Livestock Development and its agencies for the useful contributions they made towards the preparation and production of this report.
17. On behalf of the Committee and pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

**HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, CBS, MP
CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON AGRICULTURE AND LIVESTOCK**

CHAPTER TWO

2 BROAD OVERVIEW OF THE FY 2025/26 ESTIMATES OF REVENUE AND EXPENDITURE

2.1 Overall Fiscal Framework for FY 2025/26

18. The total overall gross expenditure for FY 2025/26 is Kshs. 4,239 billion comprising of Kshs. 2,497 billion for the National Government, Kshs. 1,337 billion for the Consolidated Fund Services and Kshs. 405 billion for county governments equitable share. The allocation to the National Government comprises Kshs. 2,428.39 billion for the Executive, Kshs. 42.49 billion for Parliament, and Kshs. 26.66 billion for the Judiciary. The following table shows the proposed allocations and the variations from the approved 2025 BPS.

Table 1: Proposed allocations and variations from the approved 2025 BPS (in Kshs. Millions)

Details	Approved Estimates	Supplementary estimates 2	2025 BPS		2025/26 Estimates	
	FY 2024/25		FY 2025/26		Variance from 2025 BPS	
National Government	2,232,756	2,346,554	2,523,474	2,497,546	-25,928	
o/w Executive	2,169,386	2,280,549	2,447,236	2,428,395	-18,841	
Parliament	40,866	42,580	49,488	42,488	-7,000	
Judiciary	22,505	23,425	26,750	26,663	-87	
Consolidated Fund Services (CFS)	1,237,234	1,242,736	1,368,995	1,337,325	-31,670	
County Government Equitable Share	391,117	418,259	405,069	405,069	0	
TOTAL	3,861,107	4,007,548	4,297,538	4,239,940	-57,598	

Source: FY 2025/26 Budget Estimates

19. The FY 2025/26 overall budget has been reduced by Kshs. 57.598 billion from the approved 2025 BPS. When compared to the FY 2024/25 approved budget, the National Government budget is proposed to increase by Kshs. 150.992 billion.
20. Agriculture sector exhibited a mixed but overall improved performance in 2024 which was attributable to increased crop yields and increased livestock production. The sector's contribution to Gross Domestic Product (GDP) increased from 21.5 percent in 2023 to 22.5 percent in 2024. In 2024, Kenya's real GDP grew by 4.7 percent compared to a revised growth of 5.7 percent in 2023. Of the 4.7 percent growth, the agriculture sector contributed 16.8 percent. During the year 2024, the rainfall patterns varied across seasons as the March-May long rains were above average while October-December short rains were erratic and poorly distributed.

21. The overall improved performance was attributed to good agricultural practices, conducive weather and support from the Government. According to the 2025 Economic Survey, the following was noted:
- i) maize production decreased by 6.1 per cent, from 47.6 million bags in 2023 to 44.7 million bags in 2024;
 - ii) green leaf tea production recorded a 4.2 per cent increase from 2,577.8 thousand tonnes in 2023 to 2,687.2 thousand tonnes in 2024;
 - iii) the volume of marketed milk increased by 12 per cent to 908.4 million litres in 2024.;
 - iv) exports of fresh horticultural produce declined by 14.1 per cent from 468.4 thousand tonnes in 2023 to 402.2 thousand tonnes in 2024;
 - v) sugarcane production increased by 68.7 per cent from 5.6 million tonnes in 2023 to 9.4 million tonnes in 2024;
 - vi) the production of coffee increased by 1.6 per cent from 48.7 thousand tonnes to 49.5 thousand tonnes in 2024; and
 - vii) dry pyrethrum flower production declined by 2.7 per cent from 1,680 tonnes in 2023 to 1,634 tonnes in 2024.
22. The State Department for Agriculture received budgetary allocations of Kshs. 45.1 billion, Kshs. 49.4 billion, and Kshs. 62.7 billion for the fiscal years 2021/2022, 2022/2023, and 2023/2024, respectively. The actual expenditures were Kshs. 38.4 billion for FY 2021/2022, KShs. 46.4 billion for FY 2022/2023, and KShs. 57.2 billion for FY 2023/2024. The absorption rates were recorded at 85.1% for FY 2021/2022, 93.9% for FY 2022/2023, and 91.2% for FY 2023/2024.
23. During the period under review, the State Department facilitated crop insurance coverage for 647,017 beneficiaries; supplied 1,060,285.65 metric tons of agricultural inputs to 1,436,715 beneficiaries; promoted technology transfer and crop diversification by providing 965,317 assorted seedlings, 172 metric tons of drought-tolerant seeds and 5,800 metric tons of irish potato seeds, and trained 1,266 youths in agriculture and agribusiness skills.
24. The State Department for Livestock Development received budgetary allocations of Kshs. 6.5 billion, Kshs. 8.8 billion, and Kshs. 11.6 billion for the fiscal years 2021/22, 2022/23, and 2023/24 respectively. The actual expenditures during the same period were Kshs. 5.6 billion, Kshs. 7.6 billion, and Kshs. 10.7 billion. This results in absorption rates of 86.2%, 86.4%, and 92.2% respectively.
25. The significant accomplishments during the review period encompassed the following: the establishment of graduation capacity for 2,913 animal health interns; the graduation of 3,096 students from livestock industry training institutions; the inspection of 5,886 milk handling premises; the execution of 74,641 milk tests to ensure compliance with quality and safety standards; the production of 2.3 million straws of cattle and goat semen; the enhancement and

provision of 3,980 livestock breeds to farmers; the supply of 3,395 bee colonies to beekeepers to enhance honey production; the production of 79.4 million doses of various animal vaccines; and the analysis of 177,300 animal samples for antimicrobial resistance.

2.2 FY 2025/26 Budgetary Allocations to the Ministry of Agriculture and Livestock Development

26. The FY 2025/26 Budget Estimates propose an allocation of Kshs. 58.236 billion to the Ministry of Agriculture and Livestock Development. The State Department for Livestock Development is allocated Kshs. 9.986 billion while the State Department for Agriculture is allocated Kshs. 48.25 billion.
27. The resource requirement for the sector is Kshs. 106.011 billion while the FY 2025/26 Estimates is providing Kshs. 58.237 billion leaving a funding gap of Kshs. 47.8 billion.

State Department for Livestock Development

28. The State Department for Livestock Development is mandated to promote, regulate and facilitate livestock industry for socio-economic development and industrialisation.
29. The FY 2025/26 Estimates propose an allocation of Kshs. 9.986 billion to the State Department, the allocation comprises Kshs. 5.07 billion for recurrent expenditure and Kshs. 4.916 billion for development expenditure. The proposed allocation indicates a net reduction of Kshs. 1.435 million (13%) when compared to the approved allocation for the FY 2024/25.

Table 2: Comparison of the FY 2024/25 Allocations Vs FY 2025/26 Proposed Allocation (in Kshs. Millions)

Item	FY 2024/25 Approved Allocation	FY 2025/26 Estimates	Changes	% changes
Current	5,470,287,198	5,070,018,172	(400,269,026)	-7
Capital	5,951,000,000	4,916,058,633	(1,034,941,367)	-17
Total	11,421,287,198	9,986,076,805	(1,435,210,393)	-13

Source: FY 2025/26 Budget Estimates

30. The 2025 Budget Policy Statement had a ceiling allocation of Kshs. 11.138 billion comprising of Kshs. 4.623 billion for recurrent and Kshs. 6.515 billion for development expenditure. As indicated in the following table, the FY 2025/26 recurrent allocation is exceeding the BPS allocation by Kshs. 447 million while the development allocation is below the BPS ceiling by Kshs. 1.599 billion.

Table 3: Variation from 2025 BPS Allocations (in Kshs. Millions)

Item	2025 BPS	FY 2025/26 Estimates	Variation
Recurrent	4,623	5,070	447
Development	6,515	4,916	-1,599
Total	11,138	9,986	-1,152

Source: FY 2025/26 Budget Estimates

Proposed Recurrent Allocations

31. The FY 2025/26 recurrent allocation to the State Department is proposed to be Kshs. 5.07 billion. When compared to the FY 2024/25 allocation of Kshs. 5.47 billion, the allocation is a net reduction of Kshs. 400 million.
32. The changes are on account of: increased provision for compensation of employees by almost Kshs. 400 million; reduction in provision for operations by Kshs. 248 million; increase provision for SAGAs by Kshs. 441 million; and a reduction in other recurrent by Kshs. 993 million. The breakdown in the recurrent budget is shown in the table below.

Table 4: Composition of Recurrent Expenditure (in Kshs. Millions)

Item	FY 2024/25 Approved Estimates	FY 2025/26 Estimates	Variation
Recurrent Expenditure	5,470,287,198	5,070,018,172	-400,269,026
Compensation to Employees	1,396,800,000	1,796,540,000	399,740,000
Use of Goods and Services	980,320,654	731,820,485	-248,500,169
Current Transfers to Govt. Agencies	2,070,636,950	2,512,606,000	441,969,050
Other recurrent	1,022,529,594	29,051,687	-993,477,907

Source: FY 2025/26 Budget Estimates

Table 5: Breakdown of FY 2025/26 Recurrent Allocation to SAGAs (in Kshs. Millions)

SAGA	FY 2024/25 Approved Estimates			FY 2025/26 Estimates		
	Gross	AIA	Net	Gross	AIA	Net
1. Veterinary Medicines Council	151	151	0	150	150	0
2. Kenya Dairy Board	636	636	0	650	650	0
3. Kenya Veterinary Board	116	34	82	142	50	92
4. Veterinary Services Development Fund (VSDF)	0	0	0	200	200	0
5. Kenya Genetic Resource Centre (KAGRC)	290	235	55	350	300	50
6. Kenya Veterinary Vaccines Production Institute	500	500	0	723	723	0
7. Kenya Tsetse and Trypanosomiasis Eradication Council	84	0	84	75	0	75
8. Kenya Leather Development Council - HQ	243	16	227	223	18	205
9. National Livestock Development and Promotion Service	50	0	50	0	0	0
Total	2,071	1,572	498	2,513	2,091	422

Source: FY 2025/26 Budget Estimates

33. The enhanced provision for SAGAs is mainly on account of increased A-i-A as follows: KEVEVAPI Kshs. 223 million; KAGRC Kshs. 65 million; Veterinary Board Kshs. 16 million; and Kshs. 14 million on Veterinary Medicines Council.

Proposed Development Allocations

34. The FY 2025/26 development allocation to the State Department is proposed at Kshs. 4.916 billion. When compared with the allocation for FY 2024/25 of Kshs. 5.951 billion, the allocation is a reduction of Kshs. 1.034 billion which represents a 17% reduction. The reduction is mainly on account of reduced funding for the following donor projects: Livestock Value Chain Support Project (reducing by Kshs. 942 million) and De-Risking, Inclusion & Value Enhancement of Pastoral Economies (DRIVE) (reducing by Kshs. 100 million).
35. Out of the development allocation of Kshs. 4.916 billion, GoK funded projects account for Kshs. 727 million (15%) while externally funded projects account for Kshs. 4.189 million (85%). The following table shows the donor-funded projects with funding source.

Table 6: Donor Funded Projects and their Funding (in Kshs. Millions)

Project	FY 2025/26 Allocation	GoK Funding	External Funding	
			Loan	Grants
Kenya Livestock Commercialization Programme (KeLCoP)-BETA	1,571	180	1,391	
Towards Ending Drought Emergencies in Kenya (TWEENDE)-BETA	318	78	0	240
De-Risking, Inclusion & Value Enhancement of Pastoral Economies	2,300	0	2,300	
Total	4,189	258	3,691	240

Source: FY 2025/26 Budget Estimates

State Department for Agriculture

36. The State Department is tasked with ensuring food and nutrition security through creation of an enabling environment, increased crop production and productivity, market access and supporting agricultural research and dissemination of research findings to stakeholders.
37. The State Department has a proposed allocation of Kshs. 48.251 billion consisting of a recurrent expenditure of Kshs. 17.309 billion and development expenditure of Kshs. 30.941 billion. When compared with the FY 2024/25 allocation of Kshs. 45.639 billion, the FY 2025/26 allocation is enhanced by Kshs. 2.611 billion representing a 6% increase.

Table 7: FY 2025/26 Proposed Allocations (in Kshs)

Item	Approved FY 2024/25 Estimates	FY 2025/26 Estimates	Changes	% changes
Current	17,681,807,296	17,309,712,489	(372,094,807)	-2
Capital	27,957,898,972	30,941,811,411	2,983,912,439	11
Total	45,639,706,268	48,251,523,900	2,611,817,632	6

38. The 2025 Budget Policy Statement had provided a ceiling of Kshs. 45.04 billion comprising of Kshs. 16.869 billion for recurrent and Kshs. 28.171 billion for development expenditure. The FY 2025/26 proposed expenditure exceeds the 2025 BPS allocation by Kshs. 3.21 billion as shown in the following table.

Table 8: FY 2025/26 Estimates variation from 2025 BPS Allocation (in Kshs. Millions)

Item	2025 BPS	FY 2025/26 Estimates	Variation
Recurrent	16,869	17,309	440
Development	28,171	30,941	2,770
Total	45,040	48,250	3,210

Source: FY 2025/26 Budget Estimates

Proposed Recurrent Allocations

39. The FY 2025/26 Estimates propose an allocation of Kshs. 17.309 billion for recurrent expenditure. When compared with FY 2024/25 recurrent allocation, the FY 2025/26 recurrent allocation is reducing by Kshs. 372 million having reduced from an allocation of Kshs. 17.681 billion allocated in the FY 2024/25.

Table 9: Composition of Recurrent Expenditure (in Kshs.)

Item	FY 2024/25 Approved Estimates	FY 2025/26 Estimates	Variation
Recurrent Expenditure	17,681,807,296	17,309,712,489	-372,094,807
Compensation to Employees	869,900,000	846,510,000	-23,390,000
Use of Goods and Services	156,347,142	160,804,879	4,457,737
Current Transfers to Govt. Agencies	16,646,237,654	16,276,535,365	-369,702,289
Other recurrent	9,322,500	25,862,245	16,539,745

Source: FY 2025/26 Budget Estimates

40. The reduction is on provision for compensation to employees (Kshs. 23 million) and allocation to SAGAs (Kshs. 369 million).
41. Out of the total recurrent allocation, 94% are current transfers to SAGAs under the State Department. Notable changes include: addition of Kshs. 34 million to Bukura College; A-i-A increase of Kshs. 76 million to PCPB; Reduction of AFA's allocation (A-i-A) by Kshs. 114 million; reduction of KALRO's allocation by Kshs. 674 million; Reduction of KEPHIS's allocation (A-i-A) by Kshs. 98 million; increase in A-i-A for the Pyrethrum Processing Company by Kshs. 139 million; Kshs. 413 million increase in A-i-A for Agricultural Development Corporation; Kshs. 40 million increase in net provision for Kenya Tea Board; additional provision of Kshs. 42 million to National Biosafety Authority; and provision of Kshs. 369 million to Kenya Sugar Research Institute.

Table 10: The breakdown of allocations to SAGAs (in Kshs. Millions)

SAGA	FY 2024/25 Approved Budget			FY 2025/26 Estimates		
	Gross Est.	AIA	Net Est.	Gross Est.	AIA	Net Est.
Bukura Agricultural College	443	262	181	478	270	208
Pesticide Control Produce Board	569	314	255	638	390	248
AFA	4,329	4,329	0	4,215	4,215	0
KALRO	5,209	894	4,315	4,534	873	3,661
KEPHIS	1,869	1,869	0	1,771	1,771	0
Pyrethrum Processing Company	316	181	135	410	320	90
ADC	2,422	2,422	0	2,835	2,835	0
Commodities Fund	299	299	0	300	300	0
Tea Board of Kenya	340	85	255	381	80	301
National Biosafety Authority	262	150	112	307	152	155
Biosafety Appeals Board.	32	0	32	29	0	29
Sugar Reforms	546	0	546	0	0	0
Kenya Sugar Research Institute	0	0	0	369	21	348
Totals	16,646	10,805	5,831	16,276	11,227	5,039

Source: FY 2025/26 Budget Estimates

Proposed Development Allocations

42. The FY 2025/26 Estimates propose an allocation of Kshs. 30.941 billion for development expenditure under the State Department. When compared with the FY 2024/25 allocation of Kshs. 27.957 billion, the FY 2025/26 allocation is an increase of Kshs. 2.983 billion.
43. Key development projects include: Provision for Fertilizer Subsidy (Kshs. 8 billion); Sugar Reforms Support Project (Kshs. 2 billion); National Agricultural Value Chain Development Project (NAVCDP)- BETA (Kshs. 10.241 billion); Food Systems Resilience Project (Kshs. 5.759 billion); Resilience for Food & Nutrition Security Program in Horn of Africa (Kshs. 1.27 billion); MSMEs Agricultural Credit – AFC (Kshs. 200 million); and Emergency Locust Response (Kshs. 120 million).
44. The FY 2025/26 Estimates propose to fund the following priority value chains aimed at implementing four of the nine priority value chains:
 - i) **Cotton to Textile and Apparel value chain:** Cotton Industry Revitalization Project, Kshs. 120 million; National Agricultural Value Chain Development Project (NAVCDP)-BETA, Kshs. 10.2 billion; and Food Security and Crop Diversification Project, Kshs. 193 million.

- ii) **Edible Oil Crop Production value chain:** National Edible Oil Crops Promotion Project, Kshs. 300 million; and Food Security and Crop Diversification Project, Kshs. 193 million.
 - iii) **Rice production value chain:** Capacity Building for Enhancement of Rice Production (CADREP), Kshs. 55 million; Food Security and Crop Diversification Project, Kshs. 193 million; and the Fertilizer Subsidy Programme, Kshs. 8 billion.
 - iv) **Tea value chain:** the Fertilizer Subsidy Programme, Kshs. 8B.
45. Various critical ongoing projects have not been funded with some going for three financial years without funding. Out of the 50 development projects, only 20 projects have been allocated resources in the FY 2025/26. This poses the risk of cost overruns, breach of contracts, as well as denying the citizenry service delivery.
46. Out of the development allocation of Kshs. 30.94 billion, Kshs. 19.709 billion (64%) is external funding comprising of Kshs. 18.93 billion loans and Kshs. 592 million grants.

Table 11: Donor-Funded Projects and the Funding Source (in Kshs. Millions)

Project	FY 2025/26 Allocation	GoK Funding	External Funding	
			Loan	Grants
1. Kenya Cereal Enhancement Programme (KCEP).	556	56	0	500
2. Capacity Building Project for Enhancement of Rice Production (CADREP)	55	10	0	45
3. Smallholder Horticulture Empowerment Project (SHEP Biz)	27	10	0	17
4. Small-Scale Irrigation and Value Addition Project (SIVAP)	800	0	800	0
5. Enable Youth Kenya Programme	850	0	850	0
6. Emergency Locust Response	120	0	120	0
7. Resilience for Food & Nutrition Security Program in Horn of Africa	1,271	51	1,220	0
8. National Agricultural Value Chain Development Project (NAVCDP)	10,241	35	10,206	0
9. Kenya Agricultural Business Development Programme (KABDP)	30	0	0	30
10. Food Systems Resilience Project.	5,760	26	5,734	0
Total	19,709	188	18,930	592

Source: FY 2025/26 Budget Estimates

47. **Conditional Grants to Counties:** the following projects have allocations for conditional grants to counties:
- i) Food Systems Resilience Project has Kshs. 3.2 billion going to 14 counties as conditional grants; and

ii) National Agricultural Value Chain Development Project (NAVCDP) has Kshs. 7.7 billion.

48. The State Department is implementing four programmes namely; the General Administration, Planning and Support Services; Crop Development and Management; Agri-Business and Information Management; and Agricultural Research and Development. The table below shows the FY 2025/26 allocation to the above programmes.

Table 12: Allocation to Programmes (in Kshs.)

Programme	FY 2024/25 Approved	FY 2025/26 Estimates	Change in Estimates
General administration, planning and support services	9,319,376,712	19,710,889,041	10,391,512,329
Crop development and management	29,794,611,042	22,678,993,039	-7,115,618,003
Agribusiness and Information Management	1,291,455,214	933,161,706	-358,293,508
Agricultural Research & Development	5,234,263,300	4,928,480,114	-305,783,186
Total	45,639,706,268	48,251,523,900	2,611,817,632

Source: FY 2025/26 Budget Estimates

CHAPTER THREE

3 SUBMISSIONS BY THE STATE DEPARTMENTS

The Principal Secretary for the State Departments for Agriculture appeared before the Committee on Tuesday, 13th May 2025 while the Principal Secretary for the State Department for Livestock Development appeared before the Committee on Thursday, 15th May 2025 and submitted as follows:

3.1 The State Department for Agriculture

49. The Budget Estimates for the State Department for the FY 2025/26 totals to Kshs. 48.25 billion comprising of Kshs. 17.31 billion for recurrent and Kshs. 30.94 billion for development budget. This is compared to Kshs. 45.19 billion in 2025 BPS broken down into recurrent expenditure of Kshs. 16.87 billion and development expenditure of Kshs. 28.32 billion, an increase of Kshs. 3.061 billion.

Table 13: State Department for Agriculture 2025 BPS Allocation Vs Budget Estimates Allocation for FY 2025/26

Vote	2025 BPS Allocation (In Kshs. Millions)	FY 2025/26 Budget Estimates (In Kshs. Millions)	Budget Resource Gap
Recurrent Vote	16,869.30	17,309.71	440.4
Development Vote	28,320.90	30,941.79	(2,620.89)
Total	45,190.20	48,251.5	(3,061.30)

Source: State Department for Agriculture

Budgetary Allocation to the BETA Projects and Value Chains

50. The State Department has an allocation of Kshs. 18.95 billion in the FY 2025/26 vis a vis Kshs. 18.21 billion allocation in FY 2024/25 for the BETA projects. The projects are summarised in the table below.

Table 14: BETA Projects Funded in the FY 2025/26

S/NO.	Project	BETA Priority Value Chain	Approved Budget for FY 2024/25 (Kshs. Millions)				Budget Estimates for FY 2025/26 (Kshs. Millions)			
			Gross	GoK	A-i-A	Donor	Gross	GoK	A-i-A	Donor
1.	National Agricultural Value Chain Development Project (NAVCDP)	Textile and Apparel, Rice and Tea	2,886	80	-	2,806	10,241	35	-	10,206
2.	National Value Chain Support	Textile and	44.27	35	9.27	-	44	44	-	-

S/NO	Project	BETA Priority Value Chain	Approved Budget for FY 2024/25 (Kshs. Millions)				Budget Estimates for FY 2025/26 (Kshs. Millions)			
			Gross	GoK	A-i-A	Donor	Gross	GoK	A-i-A	Donor
	Programme (NVCSP)	Apparel and Rice								
3.	Cotton Revitalisation Programme	Textile and Apparel	-	-	-	-	120	-	120	-
4.	Food Security and Crop Diversification	Rice and Edible Oil	890	890	-	-	193.47	193.47	-	-
5.	National Edible Oil Promotion Programme	Edible Oil	260	-	260	-	300	-	300	-
6.	Fertilizer Subsidy Programme	Textile and Apparel, Rice, Tea and Edible Oil	14,095	14,095	-	-	8,000	8,000	-	-
7.	Capacity Building for Enhancement to Rice Production (CADREP)	Rice	34	10	-	24	55	10	-	45
TOTAL			18,209.27	15,110	269.27	2,830	18,953.47	8,282	420	10,251.09

Source: State Department for Agriculture

Project Financing and Feasibility for New Projects

51. The State Department was working on the following projects that would require the financial support of GoK counterpart funding in the FY 2025/26:
- i) The Cabinet Memorandum for the Integrated Natural Resources Management Programme (INReMP) had been finalized and signed by the three implementing agencies: The State Department for Agriculture; the State Department for Environment; and the State Department for Irrigation. Additionally, the document had been endorsed by the Attorney-General and submitted by the Cabinet Secretary for the Ministry of Agriculture and Livestock Development to the Cabinet for approval. The project was awaiting Cabinet approval after which the Financing Agreement will be executed between the National Treasury and the development partner. The total budget requirement for the Financial Year 2025/26 is Kshs. 4.167 billion, funded through donor loan revenue. The State Department for Agriculture will be the lead implementing agency for the programme.

- ii) **Building Resilience for Food and Livelihoods Programme (BREFOL) in the Horn of Africa-Kenya:** The preliminary Grant Agreement was signed during the first half of FY 2024/25. The AfDB was finalizing the Financing Grant Agreement of approximately USD 20 million. The funding aims to support under-resourced activities under the Project BREFONS. Appraisal activities had been concluded and awaiting Financing agreement signing between the Government of Kenya and the Development partner.

Pending Bills and Strategy for their Payment

52. The State Department had a pending bill of Kshs. 7,884,372,836 as at 30th April 2025. The table below shows the pending bills in the State Department.

Table 15: Pending Bills in the State Department for Agriculture

Description	Maize Subsidy Programme	Fertilizer Subsidy Programme	Others	Total as at 30 th April 2025
Historical	910,349,203	2,737,388,771	81,565,573	3,729,303,548
FY 2022/23	2,616,638,258	-	57,053,692	2,673,691,950
FY 2023/24	-	1,201,618,004	279,759,335	1,481,377,339
TOTAL	3,526,987,461	3,939,006,775	418,378,600	7,884,372,836

Source: State Department for Agriculture

53. The State Department was addressing the pending bills as follows:

- i) **The Maize Subsidy Programme:** The State Department will follow up on the pending decision by Parliament to approve the outstanding payment that is owed to Cereal Millers' Association;
- ii) **The Fertilizer Subsidy Programme:** The State Department was engaging with the National Treasury for additional budgetary allocation to clear the debt as soon as possible; and
- iii) **Other Outstanding Bills:** The State Department was continuously paying the bills with available resources while balancing their budgetary needs.

Issues Preventing the State Department from Attaining its Performance Targets

54. The following issues affected the State Department's ability to attain its performance targets:

- i) Delayed and inadequate funding;
- ii) Poor extension services;
- iii) High cost of agricultural inputs;
- iv) Outbreaks of pests and diseases which has affected production and productivity impacting on food and nutrition security;
- v) Disruptions within the global operating environment like the Russia-Ukraine and Middle East conflicts;
- vi) Global economic depression that has affected the value of the Kenyan Shilling against the US Dollar;
- vii) Increased frequency and magnitude of climate change effects like drought and floods;
- viii) Unfavourable international terms of trade; and

ix) Historical pending bills which disrupt service delivery.

55. The State Department requested for additional funding of Kshs. 41.032 billion to cater for the following unfunded/underfunded areas:

Recurrent Estimates (Kshs. 676 million)

- i) Kshs. 166 million for payment of KBC Sauti ya Mkulima Radio Programme and the ICT infrastructure upgrading and digitisation of the Agricultural Information Resource Centre;
- ii) Kshs. 110 million for the pending bill incurred during Madaraka Day Celebrations that were held in Bungoma County in 2024; and
- iii) Kshs. 400 million to cater for the deficit in Compensation to Employees.

Development Estimates (Kshs. 40.356 billion)

- i) Kshs. 800 million for the National Strategic Maize Reserve;
- ii) Kshs. 1.5 billion for the Food Security and Crop Diversification Programme;
- iii) Kshs. 30 million to cater for the pending bill under the Quelea Quelea Programme;
- iv) Kshs. 274 million for Equipping the Tea Research and Development Factory;
- v) Kshs. 1.025 billion for completion of construction at various Kenya School of Agriculture campuses;
- vi) Kshs. 14 billion for the Fertilizer Subsidy Programme;
- vii) Kshs. 1.7 billion for the Seed Subsidy Programme;
- viii) Kshs. 600 million for the Agriculture Aggregation Centres;
- ix) Kshs. 600 million for the Agriculture Technology Innovation Centres;
- x) Kshs. 400 million for Crop Post-Harvest Management;
- xi) Kshs. 27 million for the Safaricom E-Voucher System;
- xii) Kshs. 4.5 billion for the Tea Reforms Project;
- xiii) Kshs. 9.3 billion for MSMEs Agricultural Credit under AFC; and
- xiv) Kshs. 5.6 billion for staff arrears in sugar companies as at 30th April 2025 broken down as follows:
 - a) Nzoia Sugar Company – Kshs. 2.1 billion
 - b) Chemelil Sugar Company – Kshs. 1.551 billion
 - c) South Nyanza Sugar Company – Kshs. 1.037 billion
 - d) Muhoroni Sugar Company – Kshs. 925 million

3.2 The State Department for Livestock Development

56. The Budget Estimates for the State Department for the FY 2025/26 totals to Kshs. 9.986 billion comprising of Kshs. 5.07 billion for recurrent and Kshs. 4.916 billion for development budget. This is compared to Kshs. 11.138 billion in 2025 BPS broken down into recurrent expenditure of Kshs. 4.623 billion and development expenditure of Kshs. 6.515 billion, a reduction of Kshs. 1.152 billion.

Table 16: State Department for Livestock Development 2025 BPS Allocation Vs Budget Estimates Allocation for FY 2025/26

Vote	2025 BPS Allocation (In Kshs. Millions)	FY 2025/26 Budget Estimates (In Kshs. Millions)	Budget Resource Gap
Recurrent Vote	4,623.04	5,070.02	446.98
Development Vote	6,515.00	4,916.10	(1,598.9)
Total	11,138.04	9,986.12	(1,151.92)

Source: State Department for Livestock Development

57. The deviation in the recurrent budget for the State Department for FY 2025/26 Budget Estimates from the approved 2024/2025 BPS ceiling is on the items shown in the table below.

Table 16: Recurrent Budget Estimates Vs Approved BPS Ceilings (Kshs. Millions)

ITEM	APPROVED 2025 BPS	FY 2025/26 BUDGET ESTIMATES	DEVIATION
Gross	4,623.04	5,070.02	(446.98)
AIA	1,739.70	2,324.70	585.00
NET	2,883.34	2,745.32	(138.02)
Compensation to Employees	1,796.54	1,796.54	-
Grants and Transfers	2,050.54	2,512.61	(462.07)
Operations and Maintenance	775.96	760.87	(15.09)

Source: State Department for Livestock Development

58. The Deviation in the development budget for the State Department of Livestock Development for FY 2025/26 from the approved 2024 BPS ceiling is on the items shown in the table below.

Table 17: Development Budget Estimates Vs Approved BPS Ceilings (Kshs. Millions)

ITEM	APPROVED 2025 BPS	FY 2025/26 BUDGET ESTIMATES	DEVIATION
Gross	6,515	4,916.10	(1,598.90)
GoK	1,484	985.10	(498.9)
Loans	4,791	3,691	(1,100)
Grant	240	240	-

Source: State Department for Livestock Development

Budgetary Allocation to the BETA Projects and Value Chains

59. The State Department will be implementing the following Bottom-Up Economic Agenda projects and value chains in the FY 2025/26.

Table 18: Budgetary Provisions for BETA Projects and Value Chains

S/NO.	PROJECT	BUDGET ESTIMATES FOR FY 2025/26 (KSHS. MILLIONS)		
		GoK	A-I-A	Foreign Financed
1.	Development of Leather Industrial Park - Kenanie	200	-	-
2.	Establishment of liquid Nitrogen Plants (KAGRC)	69.3	-	-
3.	Kenya Livestock Commercialisation Project (KeLCoP)	180	-	1,391
4.	Establishment of Embryo Transfer Plant (KAGRC)	74.76	-	-
5.	Livestock Value Chain Support Programme, Phase II	280	-	-
6.	Construction and refurbishment of facilities at the Meat Training Institute	25	-	-
7.	De-Risking, Inclusion & Enhancement of Pastoral Economies	-	-	2,300
8.	Towards Ending Drought Emergencies in Kenya	78	-	280
TOTAL		907.06	-	3,971

Source: State Department for Livestock Development

Pending Bills and Strategy for their Payment

60. The State Department had a pending bill amounting to Kshs. 107.9 million comprising of recurrent pending bills of Kshs. 80.10 million and development pending bills of Kshs. 27.80 million on account of good and services supplied during the FY 2024/25. The State Department had a historical pending bill of Kshs. 4 billion being a court award to Halal Meats Products Limited.
61. To pay the current pending bills, the State Department had been engaging with the National Treasury for provision of additional funding to clear the pending bill. The State Department has also been reducing on various expenditure areas to realise savings that can be used to pay the pending bills.

62. On the historical pending bill, the State Department had forwarded the issue to the Office of the Head of Public Service for guidance and to the committee on pending bills for consideration and subsequent payment by the National Treasury.

Issues Preventing the State Department from Attaining its Performance Targets

63. The State Department raised the following issues as hinderances to it attaining its performance targets:
- i) Budgetary cuts in the FY 2025/26 will create a crisis in the State Department, particularly under the Policy and Legislative Agenda of the State Department;
 - ii) Kshs. 250 million is required to facilitate monitoring the success of the vaccination programme. Pre and post surveillance will be necessary where an estimated 10,000 samples each for PPR and FMD will be processed; and
 - iii) the historical pending bill of Kshs. 4 billion needs to be paid.
64. The State Department requested for additional funding of Kshs. 8.56 billion to cater for the following unfunded/underfunded areas:

Recurrent Budget (Kshs. 3.031 billion)

- i) Completion and implementation of the Livestock Masterplan – Kshs. 580 million;
- ii) Livestock Policy Development and Coordination – Kshs. 148.1 million;
- iii) Livestock Research, Liaison and Agenda Setting – Kshs. 80 million;
- iv) Livestock Regulatory Affairs – Kshs. 80 million;
- v) Livestock Data Repository Information and Knowledge Management – Kshs. 230 million;
- vi) State Department Headquarters – Kshs. 140 million;
- vii) Kenya Veterinary Board – Kshs. 83.55 million;
- viii) National Livestock Development and Promotion Services – Kshs. 1.33 billion;
- ix) Food Rations for Livestock Training Institutes – Kshs. 166 million;
- x) Veterinary Medicines Directorate Council – Kshs. 85 million; and
- xi) Kenya Animal Genetic Resources Centre – Kshs. 108.5 billion.

Development Budget (Kshs. 5.528 billion)

- i) Enhancement Capacity for Vaccines Production (KEVEVAPI) – Kshs. 197.5 million;
- ii) Kenya Leather Development Council – Kshs. 500 million;
- iii) Livestock Training Institute, Mogotio – Kshs. 50 million;
- iv) Pastoral Training Centre, Narok – Kshs. 50 million;
- v) Establishment of Feedlots, Fodder and Pasture, Yatta Ranch – Kshs. 50 million;
- vi) Livestock Training Institute, Kitui – Kshs. 250 million;
- vii) Disease Free Zone, Bachuma – Kshs. 20.1 million;
- viii) Construction and Equipping of the BSL Laboratory at Central Veterinary Laboratory, Kabete – Kshs. 120 million;
- ix) Hides, Skins and Leather Fund – Kshs. 500 million;
- x) Construction and Refurbishment of the Regional Veterinary Investigation Laboratories – Kshs. 102 million;

- xi) Construction and Equipping of National Dairy Laboratory Complex (KDB) – Kshs. 168 million;
- xii) Construction and Refurbishment of 13 Kenya Veterinary Board Regional Offices – Kshs. 60 million;
- xiii) Development of Farms for AHITI Kabete, Ndomba, Nyahururu and DTI – Kshs. 160 million;
- xiv) De-Risking, Inclusion and Value Enhancement of Pastoral Economies – Kshs. 675 million; and
- xv) Kenya Livestock Commercialisation Programme (KeLCoP) – Kshs. 675 million.

CHAPTER FOUR

4 COMMITTEE OBSERVATIONS

After engaging the State Department for Livestock and State Department for Agriculture, and review of the proposed allocations under the FY 2025/26 Budget Estimates of Revenue and Expenditure the Committee observed that:

4.1 General Observations

1. The agriculture sector, which is the backbone of our economy and the biggest contributor to the country's GDP has been allocated 3% of the total National Government budget. The Ministry's resource requirement for the FY 2025/26 is Kshs. 103 billion but has an allocation of Kshs. 58 billion leaving a deficit of Kshs. 45 billion. The allocation is inadequate considering that the sector has six out of the nine BETA priority value chains as well as the various interventions required to achieve agricultural transformation and inclusive growth. In addition, Kenya is a signatory to the recent Kampala Declaration and Malabo Declaration on Comprehensive Africa Agriculture Development Programme (CAADP) for Shared Prosperity and Improved Livelihood which requires governments to invest at least 10 percent of their national budgets in Agriculture.
2. The State Departments have historical pending bills that have not been considered for settlement in the FY 2025/26. The pending bills are huge and cannot be accommodated in the State Department's annual budgetary allocations. The State Department for Livestock Development has a historical pending bill of Kshs. 4 billion while the State Department for Agriculture has a historical pending bill of Kshs. 7.8 billion. The pending bills have been subjected to verification and validation and cleared for payment.
3. The Tea Regulations (Tea Act, 2020), Sugar Regulations (Sugar Act, 2024), Skin and Hides Fund Regulations, and Veterinary Services Development Fund (VSDF) Regulations are yet to be concluded and implemented. The Regulations are vital in the efficient and effective operationalization of the entities.
4. Provision of water for irrigation is vital to ensuring increased food production and inclusive agricultural transformation. The irrigation interventions and agricultural interventions are not aligned. To serve the country better, agriculture and irrigation need to be in one Ministry.
5. The Executive Order No. 1 of 2025 proposed mergers and dissolution of various public entities under the Ministry of Agriculture and Livestock Development. These mergers need to be properly assessed before implementation as they may have the potential of degrading the international recognition status or may be against international requirements. An example of this is the merger of the Pest Control Products Board and the Kenya Plant Health Inspectorate Service.

4.2 The State Department for Livestock Development

6. The State Department has a proposed allocation of Kshs. 9.986 billion for the FY 2025/26 against a resource requirement of Kshs. 29.539 billion leading to a shortfall of Kshs. 19.553 billion. The shortfall will negatively affect the implementation of the key mandate and result in delays in project completion timelines.
7. The State Department's provision for compensation to employees is proposed to increase by Kshs. 399 million from Kshs. 1.396 billion in FY 2024/25 to Kshs. 1.796 billion in FY 2025/26, an increase of 28%. The State Department has been granted approval to employ new staff across the various spending units.
8. There is no allocation for the National Livestock Development and Promotion Service (NLDPS) in FY 2025/26 Estimates. NLDPS is mandated with coordinating the development, promotion, and marketing of livestock and livestock products, both domestically and internationally. NLDPS requires Kshs. 1.33 billion in FY 2025/26.
9. Veterinary Services Development Fund (VSDF) has an allocation of Kshs. 200 million A-i-A. The State Department is in the process of developing regulations to operationalize the Fund.
10. The Kenya Animal Genetics Resource Centre (KAGRC) has a proposed increase in A-i-A from Kshs. 235 million to Kshs. 300 million, an increase of Kshs. 65 million.
11. The State Department was provided with funding to implement the development of a Livestock Training Institute in Kitui, Livestock Training Institute in Mogotio and the Yatta feedlot, during the FY 2024/25. However, in the FY 2025/26 no allocation has been provided to complete the projects.
12. The Project, Establishment of Feedlots, Fodder and Pasture is one of the key livestock interventions meant to cushion livestock keepers/pastoralists from recurrent drought for improved livelihoods. The Project requires Kshs. 310 million, however, it has no allocation in FY 2025/26 Estimates.
13. No allocation has been provided for Sustainable Tsetse and Trypanosomiasis free areas in Kenya which is critical in promoting the livestock value chain through health of livestock. Tsetse flies infest 38 out of the 47 counties of Kenya posing a risk to over 14 million cattle in the country.
14. One of the critical interventions towards supporting the livestock sector value chains is the modernization of the Foot & Mouth Disease Laboratory for GMP standards. Modernization will enable: compliance with Good Manufacturing Practices (GMP); increased production capacity; improved operational efficiency; and improved vaccine quality which will eventually reduce production costs, thus lower prices of vaccines and improved competitiveness. Achievement of GMP standard will open up market opportunities for the Institute. The project is however not funded and requires Kshs. 197 million in FY 2025/26 to maintain the GMP standards.

15. The Kenya Veterinary Board is constrained on the recurrent provision for operations and staff medical cover and requires additional Kshs. 83.5 million. The Board aims to wean off itself from the exchequer funding by FY 2027/28. It has a potential of raising Kshs. 200 million annually but is currently raising Kshs. 50 million. The additional funding will support; review of its Act, provision of medical cover, and FY 2025/26 Board elections.
16. Kenya Veterinary Board undertakes its regulatory function from its Headquarters in Kabete which has proved unsustainable and relatively ineffective. The Board has 14,000 registered practitioners and 7,000 veterinary delivery facilities however, only 5,000 and 1890 are compliant respectfully. To ensure compliance and improved service delivery to farmers, the Board targets to develop 13 regional offices across the country. Enforcing compliance will in turn improve A-i-A collection and relieve the demand for exchequer support. The Board requires additional Kshs. 60 million.
17. The budgetary allocation for the support of livestock breeding farms is inadequate and requires additional funding of Kshs. 100 million. The Programme is meant to support provision of the critical supplies including food rations, fuel, and specialized supplies to the various livestock breeding farms across the country.
18. Animal Health Industry Training Institute (AHITI) has a mandate to provide quality training for technical personnel in animal health and production, contributing to wealth creation and sustainable development of the livestock sector. The training institutions are constrained on provisions for food rations which is meant to provide subsidy to livestock training institutes to make the courses affordable to all Kenyans. The nature of the training programs is so rigorous as it entails field practical trainings throughout. The department requires Kshs. 166 million to support the institutions.
19. The State Department had pending bills amounting to Kshs. 107.9 million comprising of recurrent budget of Kshs. 80.1 million and a development budget of Kshs. 27.8 million as at 30th December 2024. In addition to the pending bills, the State Department has a long outstanding Court Award of Kshs. 4 billion owed to Halal Meats Limited.
20. The State Department requires Kshs. 580 million to fast-track finalization of the Livestock Masterplan and review of policies, strategies and legislations. . The State Department for Agriculture has some donor funded programs which can be able to fund the Masterplan.
21. The State Department requires Kshs. 20.1 million for the Disease-Free Zone in Bachuma to facilitate mutual closure for the Bachuma Livestock Quarantine Station Phases 1 & 2. The Project is to be implemented under a Public Private Partnership (PPP) arrangement and therefore the need to clear the pending bill before handover. The Project is meant to enhance livestock production and facilitate international trade by ensuring that livestock are free from diseases.

4.3 The State Department for Agriculture

22. The Food Security and Crop Diversification Project charged with the provision of seeds and seedlings on the prioritized value chains is underfunded by Kshs. 1.5 billion. The Project is critical in the achievement of the BETA value chains and therefore the need to enhance funding.
23. The FY 2025/26 Estimates have not provided resources for the purchase of food stocks for the National Strategic Food Reserve. Having a food reserve is meant to ensure food security and reduce the impact of supply shocks or emergencies. It also serves as a ready market for farmers and buffer against shortages and price volatility. The Programme requires Kshs. 2 billion in the FY 2025/26.
24. The State Department had accumulated staff arrears of Kshs. 5.6 billion for State-owned sugar companies as at 30th April 2025 consisting of: Kshs. 2.1 billion for Nzoia Sugar Company; Kshs. 1.5 billion for Chemelil Sugar Company; Kshs. 1 billion for South Nyanza Sugar Company; and Kshs. 925 million for Muhoroni Sugar Company. No budget provision has been made in FY 2025/26.
25. The State Department had pending bills of Kshs. 7.884 billion as at 30th April, 2025. The pending bills are on account of the Maize Subsidy Programme, Kshs. 3.526 billion and the Fertilizer Subsidy Programme, Kshs. 3.939 billion.
26. The Sugar Reforms Support Project has been allocated Kshs. 2 billion out of which Kshs. 470 million is for maintenance of the existing eleven (11) Cane Testing Units while Kshs. 1.530 billion is for the establishment of four (4) new Cane Testing Units at West Valley Sugar Company, Busia Sugar Company, Naitiri Sugar Company and Ole Pito Sugar Company.
27. There is a proposed reduction in the Agriculture and Food Authority (AFA) budget by Kshs. 114 million. The reduction will affect the BETA programmes including support to edible and crop oil value chain, textile and apparel value chain, coffee value chain, support to collapsed export crops among other crops. AFA has the potential to generate Kshs. 5.1 billion in FY 2025/26 following the implementation of various regulations.
28. There is reduction in the budget for KALRO by Kshs. 674 million, from Kshs. 5.209 billion in FY 2024/25 to Kshs. 4.534 billion in FY 2025/26. The reduction will affect provision for compensation to employees and provision for operations which will affect delivery of the planned research activities.
29. The project Development of Agriculture Technology Innovation Centres has not been allocated funds. This is an ongoing Project that is critical in the enhancement, acceleration, and adoption of innovation, research, and modern farming practices to boost agricultural productivity. The project requires Kshs. 600 million to complete ongoing projects to enhance the BETA on food security initiatives.
30. The Development of Aggregation Centres Project has no allocation in FY 2025/26. The project requires Kshs. 600 million to complete ongoing projects to enhance the BETA on food security

initiatives. This is an important value chain support for the BETA prioritized crops through promotion of aggregation, value addition, cold storage, warehousing and technology transfer.

31. Construction of Headquarters and Satellite Campuses for the Kenya School of Agriculture which is meant to support various KSA Campuses requires additional Kshs. 200 million. This is to enhance the Institution's capacity to accommodate more trainees, support equipping and improvement of facilities to support the increased student enrolment.
32. The Pest Control Products Board (PCPB) has the potential to internally generate revenue of Kshs. 450 million. The enhanced resources will support surveillance on entry of unauthorized pesticides as directed by the National Security Council Committee and support equipping and operationalization of the laboratory for food safety concerns.
33. The Fertilizer Subsidy Programme has been allocated Kshs. 8 billion in FY 2025/26 against a requirement of Kshs. 18 billion. The allocation is meant to cushion farmers against high fertilizer prices and thereby promote food production and productivity.
34. The Government, in the FY 2024/25 provided subsidy on maize seed prices through the Kenya Seed Company. The seed subsidy is meant to cushion farmers against the rising cost of seeds. The Programme requires Kshs. 1.7 billion but no resources have been provided in the FY 2025/26.
35. Miraa Industry Revitalization Programme is an ongoing Project but has no allocation in FY 2025/26. The Project is meant to support production, improve marketing, and strengthen the value chain.
36. Pyrethrum, being one of the collapsed export crops identified for revamping requires Kshs. 200 million to support the ongoing activities including the increased demand for seedlings and increased acreage under the crop.
37. The State Department has provided Kshs. 200 million towards Agricultural Finance Corporation (AFC) out of the required Kshs. 1 billion. The funds are meant to provide credit facilities to farmers to ensure increased production, employment and better livelihood.
38. To support the quality of tea production and value addition, the State Department requires Kshs. 4.5 billion for the Tea Reforms Project. This includes Kshs. 1 billion for development and operationalization of two Tea Common User Facilities Project to enhance tea value chains and Kshs. 3.5 billion for purchase of machinery for smallholder tea factories managed by the Kenya Tea Development Agency (KTDA) to enhance the quality of tea production in the country.
39. Agricultural Information Resource Centre (AIRC) requires Kshs. 166 million to cater for ICT Infrastructure upgrading and digitization of agriculture information, and information dissemination. The allocation will also facilitate payment of KBC Sauti ya Mkulima Radio Programme outstanding bills of Kshs. 5.7 million.
40. The State Department requires Kshs. 27 million for the Safaricom E-voucher System. This is the budgetary requirement for annual service level agreement (SLA) services every Financial

Year as per the Agreement signed between Safaricom and the Ministry of Agriculture and Livestock Development on 9th October, 2023.

41. The National Biosafety Authority (NBA) has a mandate to regulate all activities involving Genetically Modified Organisms (GMOs) to ensure safety of humans, animals, and protection of the environment. The Authority requires additional Kshs. 47 million and enhancement of A-i-A by Kshs. 48 million, the resources will cater for; enhanced monitoring of GMOs around border points, establishment of border offices and staff, enhance border GMO laboratory testing, and to roll out public education and awareness across the country.

CHAPTER FIVE

5 COMMITTEE RECOMMENDATIONS

After review of the FY 2025/26 Estimates of Revenue and Expenditure, the Departmental Committee on Agriculture and Livestock recommends approval of the Budget Estimates for the State Department for Livestock Development and the State Department for Agriculture in line with the following recommendations.

5.1 Non-Financial Recommendations

5.1.1 General Recommendations

The Committee, after scrutinizing the FY 2025/26 Estimates of Revenue and Expenditure for the State Departments for Agriculture and State Department for Livestock Development makes the following policy recommendations:

1. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning and the Cabinet to ensure that there is progressive annual addition of resources to the agriculture sector towards the achievement of the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.
2. The Cabinet Secretary, Ministry of Agriculture and Livestock Development to fast-track the process of development and implementation of the Tea Regulations (Tea Act, 2020) and the Sugar Regulations (Sugar Act, 2024) to enable smooth operation and operationalization of the Kenya Tea Board and the Kenya Sugar Board.
3. Within six months of adoption of this report by the National Assembly, the Cabinet Secretary, Ministry of Agriculture and Livestock Development to engage the Cabinet Secretary for National Treasury and Economic Planning on the way forward with regard to settlement of the court award of Kshs. 4 billion owed to Halal Meats Limited by the State Department for Livestock Development and historical pending bills of Kshs. 7.884 billion owed by the State Department for Agriculture.
4. The State Department for Livestock Development to fast-track development of Veterinary Services Development Fund (VSDF) Regulations and submit for approval and Gazettement by 30th December 2025.

5.2 Financial recommendations

The Committee recommends as follows:

i. Proposed Reductions

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Kenya Animal Genetics Resource Centre (KAGRC)	25	The reduction is on account of increased A-i-A by Kshs. 65 million. The reallocation is to fund other pressing needs
2.		Provision for compensation to employees	97	The provision for compensation to employees is proposed to increase by Kshs. 399 million (28% increase). Kshs. 302 million is sufficient to effectively commence the employment as the resource requirements are closely monitored by the Departmental Committee.
SUB-TOTAL			122	
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
3.	General administration, planning and support services	Pest Control Products Board (PCPB)	25	The reduction is on account of increased A-i-A by Kshs. 76 million. The Board made a plea to expand A-i-A further by Kshs. 60 million. The reallocation is to fund other pressing needs

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
4.		Tea Board of Kenya	30	The reduction is on account of budget rationalization, the Board's budget is increasing by Kshs. 43 million.
SUB-TOTAL			55	
DEVELOPMENT EXPENDITURE				
5.	General Administration, Planning and Support Services	Sugar Reforms Support Project	530	The reduction is to make provision for intervention in other value chains. Two new Cane Testing Units will be established instead of three. The remaining three will be in the medium-term budget.
6.	Crop Development and Management	MSMEs Agricultural Credit - AFC	50	The reduction is to make provision for intervention on more pressing needs in other value chains.
7.		Fertilizer Subsidy programme	100	The reduction is to make provisions for intervention in value chains.
SUB-TOTAL			680	
GRAND TOTAL			857	

ii. Proposed Increments

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
1162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Livestock Production Support Services	100	This is to provide funding for supplies for production including provisions for operations (animal feed rations, fuel, and specialized supplies) to the 16 livestock breeding farms. The resources requirement is Kshs. 293 million but allocated Kshs. 97 million.
2.		National Livestock Development and Promotion Service (NLDPS)	30	The new Board has no allocation but requires Kshs. 373 million. NLDPS is mandated with coordinating the development, promotion, and marketing of livestock and livestock products, both domestically and internationally.
SUB-TOTAL			130	
DEVELOPMENT EXPENDITURE				
3.	Livestock Resources Management and Production	Establishment of the Kenya Veterinary Board Regional Offices	40	The additional provision will enable the Board to decentralize its services by establishing regional offices and thereby increase compliance and A-i-A generated. The resource requirement is Kshs. 130 million but has an allocation of Kshs. 70 million.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
4.		Establishment of Feedlots, Fodder and Pasture	70	The project has no allocation in FY 2025/26 but requires Kshs. 310 million. The intervention is meant to cushion livestock keepers/pastoralists from recurrent drought for improved livelihoods.
5.		Livestock Mogotio Institute	40	To provide resources for the implementation of the ongoing project. The project required Kshs. 150 million in 2025/26.
SUB-TOTAL			150	
1169: STATE DEPARTMENT FOR AGRICULTURE				
DEVELOPMENT EXPENDITURE				
6.	Crop Development and Management	Food Security and Crop Diversification	350	The project is tasked with the provision of seeds and seedlings on the BETA prioritized value chains and is underfunded by Kshs. 1.5 billion. The provision of seeds and seedlings is essential to go hand in hand with provision of fertilizer to ensure maximum productivity. The country has taken the position to open up new areas for cash crop especially in the North Rift. The allocation is to enhance the provision from Kshs. 193 million to Kshs. 543 million.
7.		Development of Agriculture Technology Innovation Centres	90	To support the ongoing technology centers which are essential in acceleration,

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Increases (Kshs. Millions)	Justification
				adoption of innovation, research, and modern farming practices. The department requires Kshs. 330 million in 2025/26 for the ongoing project.
8.		Construction of Headquarters and Satellite Campuses for KSA	107	The required amount is Kshs. 300 million in 2025/26 but has an allocation of Kshs. 95 million. The enhancement is to support the various campuses in equipping and improvement of facilities to support the increased student enrolment.
9.		Development of Aggregation Centres	30	The project is an important value chain support for the BETA prioritized crops through promotion of aggregation, value addition, storage, warehousing and technology transfer. The resource requirement for the ongoing project is Kshs. 310 million.
SUB-TOTAL			577	
GRAND TOTAL			857	

iii. Proposed A-i-A Increments

S/NO	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
1.	General Administration Planning and Support Services	Pest Control Products Board	60	To capture the increased revenue (A-i-A). The enhanced resources will support surveillance on entry of unauthorized pesticides at border points as directed by the National Security Council Committee. In addition, the provision support equipping and operationalization of the laboratory for food safety concerns.
2.		Agriculture and Food Authority (AFA)	320	To facilitate provision of seeds and seedling for the prioritized value chains (Coffee, Avocado, Macadamia, Cashew nuts, Coconuts etc).
3.		National Biosafety Authority	48	The resources will cater for; enhanced monitoring of GMOs around border points, establishment of border offices and staff, enhance border GMO laboratory testing, and to roll out public education and awareness across the country.
TOTAL			428	

iv. **Unfunded Requests**

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
II 162: STATE DEPARTMENT FOR LIVESTOCK DEVELOPMENT				
RECURRENT EXPENDITURE				
1.	Livestock Resources Management and Development	Directorate of Policy, Research and Regulations	580	The budgetary allocation will be used to fast-track finalization of the Livestock Masterplan and review of policies, strategies and legislations.
2.		National Livestock Development Promotion Services	333	To operationalize the newly created Board.
3.		Halal Meats Limited Court Award	4,000	To settle the long outstanding court award
SUB-TOTAL			4,913	
DEVELOPMENT EXPENDITURE				
4.	Livestock Resources Management and Production	Modernization of the Foot & Mouth Disease Laboratory for GMP Standards	197	Modernization will enable: compliance with Good Manufacturing Practices (GMP); increased production capacity; improved operational efficiency; and improved vaccine quality which will eventually reduce production costs, thus lower prices of vaccines and improved competitiveness. Achievement of GMP Standards will open up market opportunities in the region for the Institute.
5.		Sustainable Tsetse and Trypanosomiasis Free Areas	120	For Sustainable Tsetse and Trypanosomiasis Free Areas in Kenya which is critical in

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
				promoting livestock value chain through health of livestock.
6.		Leather Industrial Park in Kenanie	400	To support operationalization of the leather park
SUB-TOTAL			717	
1169: STATE DEPARTMENT FOR AGRICULTURE				
RECURRENT EXPENDITURE				
7.	General Administration Planning and Support Services	Sugar Reforms Support Project	5,612	To settle salary arrears for workers in the State-owned sugar companies and to enable smooth implementation of intended sugar reforms.
SUB-TOTAL			5,612	
DEVELOPMENT EXPENDITURE				
8.	General Administration Planning and Support Services	Tea Reforms Project	4,500	This includes 1 billion for development and operationalization of two Tea Common User Facilities to enhance tea value chains and Kshs. 3.5 billion for purchase of machinery for smallholder tea factories managed by the Kenya Tea Development Agency (KTDA) to enhance the quality of tea production in the country.
9.	Crop Development and Management	Fertilizer Subsidy Programme	10,000	Kshs. 8 billion is provided against the demand of Kshs. 18 billion. The additional resources will provide for the deficit.

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs. Millions)	Justification
10.		National Value Chain Support Programme	27	Allocation towards Safaricom E-Voucher System. This is the budgetary requirement for annual service level agreement (SLA) services every Financial Year as per Agreement signed between the Ministry of Agriculture and Livestock Development on 9th October, 2023.
11.		Food Security and Crop Diversification project	900	The Project is charged with the provision of seeds and seedlings on the prioritized value chains, to optimize benefits of fertilizer subsidy but is underfunded by Kshs. 1.5 billion. The Project is critical in the achievement of the aspirations of the BETA value chains and therefore the need to enhance funding.
12.		Seed Subsidy Programme	1,700	To cushion farmers through Kenya Seed Company against the rising cost of seed prices and to facilitate payment of the pending bill.
13.		MSMEs Agricultural Credit	850	To support provision of credit facilities to farmers under AFC.
14.		National Strategic Food Reserve	2,000	To support purchase and restocking of main food staples.
15.	Agricultural Research & Development	Kenya Agricultural & Livestock Research Organization (KALRO)	400	To provide for the deficit in resources for operations and provision for compensation of employees.
SUB-TOTAL			20,377	

S/NO.	Programme/Sub-Programme	Area/Item	Proposed Reduction (Kshs Millions)	Justification
GRAND TOTAL			31,619	



SIGNED:..... DATE: 22-05-2025.
HON. (DR.) JOHN KANYUITHIA MUTUNGA, PhD, CBS, MP
(CHAIRPERSON,
DEPARTMENTAL COMMITTEE ON AGRICULTURE & LIVESTOCK)

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Annex 2B: Minutes of the 19th Sitting

Annex 2C: Minutes of the 18th Sitting

Annex 2D: Minutes of the 17th Sitting

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Annex 2: PBO Brief on the FY 2025/26 Estimates of Revenue and Expenditure

Annex 3: MDA's Submissions on the FY 2025/26 Estimates of Revenue and Expenditure

Annex 3A: State Department for Livestock Development

Annex 3B: State Department for Agriculture

DEPARTMENTAL
COMMITTEE ON
BLUE ECONOMY &
IRRIGATION



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON BLUE ECONOMY, WATER AND
IRRIGATION**

**REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2025/2026
ANNUAL ESTIMATES OF REVENUE AND EXPENDITURE FOR THE
FOLLOWING SPENDING AGENCIES:**

- VOTE 1109: STATE DEPARTMENT FOR WATER & SANITATION**
- VOTE 1104: STATE DEPARTMENT FOR IRRIGATION**
- VOTE 1166: STATE DEPARTMENT FOR BLUE ECONOMY AND FISHERIES**

**CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI**

MAY, 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

FY	Financial Year
MDAs	Ministries Departments and Agencies
SAGAs	Semi- Autonomous Government Agencies
GoK	Government of Kenya
A-i-A	Appropriation in Aid
O/M	Operations and Maintenance
P/E	Personnel Emoluments
NT	National Treasury
SD	State Department
BETA	Bottom- up Economic Transformation Agenda
BPS	Budget Policy Statement
PPP	Public Private Partnership
RAP	Resettlement Action Plan
WWDAAs	Water Works Development Agencies
NIA	National Irrigation Authority
NWHSA	National Water Harvesting and Storage Authority
KeFS	Kenya Fisheries Services
WSPs	Water Service Providers
KMFRI	Kenya Marine Fisheries and Research
KFMA	Kenya Fish Marketing Authority
KeFS	Kenya Fisheries Service
FLTF	Fish Levy Trust Fund
KFIC	Kenya Fishing Industries Corporation
MTEF	Medium-Term Expenditure Framework
ABDP	Aquaculture Business Development Project
CDACC	Curriculum Development Assessment and Certificate Council
WSDP	Water and Sanitation Development Project
K-WASH	Kenya Water Sanitation and Hygiene
WRA	Water Resources Authority
CGSS Act	County Government Additional Allocation Act

PART I

1.0 PREFACE

1.1 Introduction

1. This is the Committee's report on its consideration of the FY 2025/2026 Annual Estimates of Revenue and Expenditure which was tabled in the House on **Wednesday, 30th April 2025** in accordance with Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Establishment of the Committee

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

1.3 Subjects of the Committee

3. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: use and regulation of water resources, irrigation, fisheries development including promotion of aquaculture, fish farming, marine fisheries, the sustainable use of ocean resources for economic growth and improved livelihoods, except seaports and marine transport.
4. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:
 - i. The State Department for Water and Sanitation
 - ii. The State Department for Irrigation
 - iii. The State Department for Blue Economy and Fisheries

1.4 Committee Membership

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

Chairperson

Hon. Bowen Kangogo, MP, CBS
Marakwet East Constituency

United Democratic Alliance Party

Vice- Chairperson

Hon. Kemero Maisori Marwa, MP
Kuria East Constituency

United Democratic Alliance Party

Hon. Chepkwony Charity Kathambi, MP
Njoro Constituency

United Democratic Alliance Party

Hon. William Kamket, MP
Tiaty Constituency

KANU

Hon. Buyu Rozaah Akinyi, MP
Kisumu West Constituency

Orange Democratic Party

Hon. Eng. Paul Nzengu, MP
Mwingi North Constituency

Wiper Democratic Party

Hon. Kassim Sawa Tandaza, MP
Matuga Constituency

Amani National Congress

Hon. Mohamed Abdikadir Hussein, MP
Lagdera Constituency

Orange Democratic Movement

Hon. George Gachagua, MP
Ndaragwa Constituency

United Democratic Alliance Party

Hon. Eric Wamumbi, MP
Mathira Constituency

United Democratic Alliance Party

Hon. Dorothy Muthoni Ikiara, MP
Nominated

United Democratic Alliance Party

Hon. Nebart Bernard Muriuki, MP
Mbeere South Constituency

Independent Member Hon. Mnyazi

Amina Laura, MP
Malindi Constituency

Orange Democratic Movement Hon.

Adow Mohamed Aden, MP
Wajir South Constituency

Orange Democratic Party

I.5 Committee Secretariat

6. The Committee is facilitated by the following staff:

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

Ms. Ivy Kageha
Clerk Assistant III

Dr. Benjamin Ngimor
Principal Fiscal Analyst

Ms. Lynette A. Otieno
Senior Legal Counsel

Ms. Veron D. Aluoch
Research Officer III

Ms. Joyce Wachera
Hansard Officer II

Mr. Allan Gituku
Sergeant-At-Arms

Ms. Fridah Ngari
Media Relations Officer III

Mr. Eugene Luteshi
Audio Assistant Officer

1.6 Overview of the examination of the 2025/2026 FY 2025/2026 Annual Estimates of Revenue and Expenditure

7. The FY 2025/2026 Annual Estimates of Revenue and Expenditure was submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and the Standing Order 235 of the National assembly Standing Orders and subsequently tabled on the floor of the House on **Wednesday, 30th April, 2025**. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and make recommendations to the Budget and Appropriations Committee pursuant to Standing Order 235(4).
8. The Committee held a total of eight (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on Tuesday 13th and Wednesday 14th May, 2025 in the Committee Room 20, third (3rd) Floor Bunge Tower, Parliament Buildings.

1.7 Acknowledgement

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the FY 2025/2026 Annual Estimates of Revenue and Expenditure.
11. It is therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Blue Economy, Water and Irrigation to submit its Report on the consideration of the FY 2025/2026 Annual Estimates of Revenue and Expenditure.

Hon. Bowen Kangogo, MP, CBS

Chairperson,

Departmental Committee on Blue Economy, Water and Irrigation

PART II

2.0 BROAD OVERVIEW OF THE FY 2025/2026 ANNUAL ESTIMATES OF REVENUE AND EXPENDITURE

12. The total budget for the FY 2025/26 is Kshs.4.2 trillion. This comprises of Kshs.2.4 trillion for the National Executive, Kshs.42.5 billion for Parliament, Kshs.26.7 billion for the Judiciary, Kshs.1.3 trillion for Consolidated Fund Services (CFS) and Kshs.405 billion for Transfers to County Governments. Compared to the approved estimates for FY 2024/25, the proposed expenditure is an increment of Kshs.232.4 billion (9.6 percent) with the National Executive budget increasing by Kshs.147.9 billion (6.1 percent), CFS increasing by Kshs.94.6 billion (3.9 percent) and Judiciary increasing by Kshs.3.3 billion (0.1 percent). On the other hand, Transfers to Counties has reduced by Kshs.13.3 billion (0.5 percent) and Parliament budget has been reduced by Kshs.100 million.

2.1 State Department for Water and Sanitation

13. The State Department has been allocated Kshs.42.4 billion in FY 2025/26. This comprises of Kshs.6.4 billion for recurrent expenditure and Kshs.36 billion for development expenditure. Compared to the approved expenditure for FY 2024/25, the proposed expenditure estimates is an increment of Kshs.12.3 billion with the recurrent expenditure being lower by Kshs.230.2 million and the development expenditure being higher by Kshs.12.5 billion.
14. The recurrent expenditure will be funded by GoK exchequer amounting to Kshs.2.8 billion and Appropriations in Aid (AiA) amounting to Kshs.3.6 billion. When compared to the approved estimates for FY 2024/25, the GoK exchequer funding has a reduction of Kshs.135.2 million while the AiA funding has a reduction of Kshs.95 million.
15. On the other hand, the development expenditure will be funded by GoK exchequer amounting to Kshs.8.8 billion and external loans and grants amounting to Kshs.27.3 billion. When compared to the approved estimates for FY 2024/25, the GoK exchequer is lower by Kshs.688 billion and the external loans and grants is higher by Kshs.13.2 billion.
16. An analysis of the proposed recurrent expenditure indicates that 4 Semi-Autonomous Government Agencies (SAGAs) and the State Department Headquarters have an increment in their budgets, 10 SAGAs have a reduction in their budgets and 1 SAGA has its budget maintained when compared to approved estimates for FY 2024/25. From the analysis, the following are the key issues of concern:
- a) The budget for Coast WWDA is proposed to be reduced by Kshs.414.8 million from Kshs.1.4 billion in FY 2024/25 to Kshs.1 billion in FY 2025/26. This reduction is attributed to a decrease in AIA collection by Kshs.445 million.
 - b) The budget for Athi WWDA is proposed to be increased by Kshs.292.8 million from Kshs.272 million in FY 2024/25 to Kshs.564.8 million in FY 2025/26. This increase is attributed to new AIA collection of Kshs.320 million which has not been included in previous budget estimates.
 - c) The budget for Tana WWDA is proposed to be reduced by Kshs.97 million from Kshs.250.4 million in FY 2024/25 to Kshs.153.4 million in FY 2025/26. This reduction is attributed to a decrease in exchequer funding. The reduction is

equivalent to 39 percent of the total budget for the Agency, and this is likely to immobilize the operations of the Agency.

- d) The budget for Tanathi WWDA is proposed to be reduced by Kshs.30.5 million from Kshs.124.8 million in FY 2024/25 to Kshs.94.3 million in FY 2025/26. This reduction is attributed to a decrease in exchequer funding. The reduction is equivalent to 24.4 percent of the total budget for the Agency and this is likely to immobilize the operations of the Agency.

- 17. An analysis of the proposed recurrent expenditure indicates that there are 430 projects being implemented by the State Department comprising of both new and ongoing projects.

2.2 State Department for Irrigation

- 18. The State Department has been allocated Kshs.17.4 billion in FY 2025/26. This comprises of Kshs.1.3 billion for recurrent expenditure and Kshs.16.1 billion for development expenditure. Compared to the approved expenditure for FY 2024/25, the proposed expenditure estimates are a reduction of Kshs.3.6 billion with the recurrent expenditure being lower by Kshs.58.2 million and the development expenditure being higher by Kshs.3.6 billion.
- 19. The recurrent expenditure will be funded by GoK exchequer amounting to Kshs.969.4 million and Appropriations in Aid (AiA) amounting to Kshs.358 million. When compared to the approved estimates for FY 2024/25, the GoK exchequer funding has a reduction of Kshs.58.2 million while the AiA funding remains unchanged.
- 20. On the other hand, the development expenditure will be funded by GoK exchequer amounting to Kshs.5.7 billion and external loans and grants amounting to Kshs.10.4 billion. When compared to the approved estimates for FY 2024/25, the GoK exchequer is lower by Kshs.3.5 billion and the external loans and grants is lower by Kshs.67 million.
- 21. An analysis of the proposed recurrent expenditure indicates that the 2 SAGAs (NWHSA and NIA) have a reduction in their budgets while the State Department Headquarters have an increment when compared to the approved estimates for FY 2024/25.
- 22. An analysis of the proposed recurrent expenditure indicates that there are 230 projects being implemented by the State Department comprising of both new and ongoing projects

2.3 State Department for Blue Economy and Fisheries

- 23. The State Department has been allocated Kshs.8.2 billion in FY 2025/26. This comprises of Kshs.2.8 billion for recurrent expenditure and Kshs.5.4 billion for development expenditure. Compared to the approved expenditure for FY 2024/25, the proposed expenditure estimates is a reduction of Kshs.4.5 billion with the recurrent expenditure being lower by Kshs.137.6 million and the development expenditure being higher by Kshs.4.4 billion.

24. The recurrent expenditure will be funded by GoK exchequer amounting to Kshs.2.7 billion and Appropriations in Aid (AiA) amounting to Kshs.121 million. When compared to the approved estimates for FY 2024/25, the GoK exchequer funding has a reduction of Kshs.140.6 million while the AiA funding has an increase of Kshs.3 million.
25. On the other hand, the development expenditure will be funded by GoK exchequer amounting to Kshs.978.7 million and external loans and grants amounting to Kshs.4.4 billion. When compared to the approved estimates for FY 2024/25, the GoK exchequer is lower by Kshs.715.3 million and the external loans and grants is lower by Kshs.3.7 billion.
26. The proposed recurrent expenditure indicates that all the SAGAs and State Department Headquarters have a reduction in their budgets with the exception of RV Mtafiti - KEMFRI which has an increment when compared to the approved estimates for FY 2024/25.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

27. The Departmental Committee on Blue Economy, Water and Irrigation vide a letter referenced **NA/DDC/BEW&I/2025/015** invited the MDAs to appear before the Committee on Tuesday 13th and Wednesday 14th May, 2025. In the letter, the Committee requested that the MDAs submit the following:
- i. Identification of any significant deviation between the MDA's Budget Estimates and the approved 2025 Budget Policy Statement ceilings;
 - ii. Provisions for the Bottom-UP Economic Transformation Agenda (BETA) projects and value chains;
 - iii. Project information including start date, initial cost, cumulative expenditure, financing sources, completion status, and geographical location (county/constituency);
 - iv. With respect to new projects, information on project financing and feasibility;
 - v. Information on the current stock of pending bills and strategy for their resolution;
 - vi. Itemised budget of the State Departments and all SAGAs for FY 2025/26; and
 - vii. Any pertinent issues affecting the MDA in the attainment of its performance targets.
28. The Committee held meetings with the Ministries, Departments and Agencies under its purview to interrogate the 2025/ 26 Budget Estimates on Tuesday 13th and Wednesday 14th May, 2025 in the Committee Room 20, third (3rd) Floor Bunge Tower, Parliament Buildings. The Committee met with the State Department for Water and Sanitation, State Department for Irrigation and the State Department for Blue Economy and Fisheries. The following are the highlights of the submissions by the Ministries, Departments and Agencies under the Committee's purview:

3.1 State Department for Irrigation

29. Eng. Eric Mugaa, the Cabinet Secretary Ministry of Water, Sanitation and Irrigation, together with CPA Ephantus Kimotho, CBS the Principal Secretary, State Department for Irrigation, appeared before the Committee on Tuesday 13th May, 2025 and briefed on the FY 2025/2026 Annual Estimates of Revenue and Expenditure for the State Department as follows:
- i. The State Department's Recurrent Budget Allocation for the FY 2025/26 is Kshs.1, 327 million against a proposed ceiling of Kshs.1, 418 million giving a loss of Kshs.91 million.
 - ii. The Department's total Recurrent Estimates has dropped by Ksh.91 million from the proposed ceiling levels of Ksh.1, 418 million to Ksh.1, 327 million in the proposed draft estimates. This drop is occasioned by the ongoing budget rationalization process of the FY 2025-2026 budget by the National Treasury to achieve fiscal consolidation. The effect of this reduction is as follows;

a. State Department's Headquarters

- iii. The department had projected operations and management budget requirement of Ksh.358 million to effectively meet its operations and management expenditure. The reduction of its Operations and management recurrent budget by Ksh.22 million will adversely affect the Headquarters and subsequently hamper effective service delivery.

b. National Irrigation Authority (NIA)

- iv. The National Irrigation Authority (NIA) Recurrent budget dropped by Ksh.39 million from the proposed ceiling level of Ksh.696 million to a proposed allocation of Ksh.658 million. This implies that the agency will not be able to meet all its recurrent budget obligations including personnel emolument.
- v. Out of the projected AIA of Ksh.308 million only Ksh.50 million is available for budget support, the rest is utilized by farmers to meet their O/M needs at the farm level. The annual Personal Emolument (P.E) budget requirement by NIA stands at Ksh.458 million when compared with the total proposed allocation of Ksh.400 million (Being Ksh.350 million Net and Ksh.50 million AIA available) it leaves a P/E shortfall of Ksh.58 million.
- vi. The total operations and management budget requirement which includes non-discretionary expenditure such as board expenses, medical insurance, security and cleaning services stands at Ksh.292 million. This has not been catered for at all in the proposed allocation. In total, NIA will be facing a budget deficit of Ksh.350 million in the FY2025-2026.

c. National Water Harvesting and Storage Authority (NWHSA)

- vii. The National Water Harvesting and Storage Authority (NWHSA) Budget has dropped from Kshs.408 million to Kshs.372 million in the proposed estimates resulting to a gross reduction of Kshs.36 million.
- viii. NWHSA P/E annual budget requirement stands at Ksh.348 million which implies that Ksh.26 million of the P/E will be financed by AIA since the net allocation stands at Ksh.322 million.
- ix. Further, the annual O/M budget requirement for NWHSA stands at Ksh.124 million to take care of all administrative expenses as well as other obligations such as medical insurance, cleaning, security and utilities expenses.
- x. The total recurrent budget requirement for NWHSA therefore stands at Ksh.472 million (Being Ksh.348 million for P/E and Ksh.124 million for O/M). This implies that the agency has a budget deficit of Ksh.100 million.

d. Impact of Development Budget Rationalization

- xi. The Donor budget has increased by Ksh.1, 984 million from the proposed ceiling Ksh.7,706 million to Ksh.9,690 million draft estimates allocated. This is mainly due to enhanced allocation of Ksh.6 billion proposed under the Mwache dam project which has entered a critical stage of compacting the 80 meters high dam embankment wall. The department will be keen on ensuring absorption of the allocated funds and request for budget adjustment at the appropriate stage.
- xii. The GoK funded budget has however dropped by Ksh.2,821 million (33%) from the proposed ceiling level of Ksh.8,494 million to Ksh.5,673 million proposed draft estimates level. This reduction in GoK allocation will affect completion of the flagship projects that have suffered cuts as follows;
- **Bura Irrigation Scheme** - There is need to retain the original amount of Ksh.350 million to facilitate commencement of implementation of lot three of the scheme. The works here are; expansion and rehabilitation of the existing irrigation infrastructure to increase its water conveyance from the current 3 cumes to the required 11 cumes. This will support the interested private investors to expand in production and put 80,000 acres. The scheme has been prioritized for rice production to reduce food deficit.
 - **Community Based Irrigation Projects** - The budget cut will affect 18 irrigation projects at a cost of Kshs.3.026 billion where 9,130 acres will not be put under irrigation thus affecting attainment of food security; 60,000 livestock and 19,530 direct beneficiaries.
 - **Mwea Irrigation Development project (Thiba Dam and Irrigation Area)**- The project requires Kshs.500 million for completion of Lot 1 and 2 and clear the outstanding payments. The cut will further derail JICA commitment to finance Ahero Irrigation project whose Ksh.3.5 billion funding is pegged on completion of Mwea Irrigation expansion project.
 - **1104100800 National Expanded Irrigation Programme** - The budget cut will affect obligations under the ongoing programme
 - **Land reclamation for Climate resilience and Livelihood Enhancement** - The development of Wajir Feedlot which includes Griftu Water Pan (600,000m³) in Wajir County will be affected if there is budget cut. The cut will also have negative impacts including none production of pasture for livestock through irrigation and water harvesting from lagghas for domestic use.
 - **Siyoi Muruny Dam**- Siyoi Dam has a budgetary requirement of Ksh.1.87 billion to complete it. The cut will further delay this project which has delayed for 7 years resulting to cost overruns of almost Kshs.2 billion.
- xiii. All the projects under implementation by the State Department are critical in actualizing the Bottom-Up Economic Transformation Agenda as they contribute towards enhancing food security, creation of jobs, empowering small holder farmers, promoting climate resilience, stimulating rural economies and inclusive growth.
- xiv. To achieve the BETA objectives the SD has allocated the FY 2025/26 and medium-term budget to achieve the following key targets. Irrigation and Land Reclamation -

Kshs.13,363 million, Water Harvesting and Storage for Irrigation- Kshs.943.9 million and Water Storage and Flood Control- Kshs.1,800 million.

- xv. The State Department does not have current pending bills however, there are historical pending bills amounting to Kshs.15,221,960,272 attributable to NWHSA. These bills were submitted to Pending Bills Verification Committee at the National Treasury for scrutiny and further guidance.
- xvi. The State Department requested the Committee to consider reinstating the rationalized budget of Kshs.3,920 million out of which Kshs.2,821 million is GoK development allocation, Kshs.75 million are current transfers to SAGAs and Kshs.22 million recurrent operational expenses for the State Department as this will enable the SD achieve its planned targets and hence the BETA plans of improving food security, improve household incomes and reduce dependence of food imports that will go a long way in addressing foreign exchange losses.

3.2 State Department for Blue Economy and Fisheries

30. Ms. Besty Muthoni Njagi, CBS, the Principal Secretary State Department for Blue Economy and Fisheries appeared before the Committee on Tuesday, 13th May 2025 and briefed on the FY 2025/2026 Annual Estimates of Revenue and Expenditure for the State Department as follows:

- i. The State Department was allocated a total of Ksh.9, 631.0 million in the approved 2025 Budget Policy Statement. This allocation included Ksh.2,832.0 million for recurrent expenditures and Ksh.6,799.0 million for Development. The allocation has been reduced by Ksh.1,401.1 million to Ksh.8,229.9 million Comprising of Ksh.2,848.2 million for recurrent expenditures and Ksh.5,381.7 million for Development.

a. Recurrent Vote

- ii. The State Department's baseline estimates (FY 2024/25) for recurrent expenditure amounts to Ksh.2,985.8 mmillion. The State Department was allocated Ksh.2,832.0 million in the 2025 Budget Policy Statement. However, this allocation has been increased by Ksh.16.2 million to Ksh.2,848.2 million in FY 2025/26. The increase of Ksh.16.2 million is a net off of an increase of Ksh.39.2 million on grants and transfers to SAGAs and a reduction of Ksh.23.0 million on use of goods and services.
- iii. The net increase of Ksh.39.2 million on grants and transfers to SAGAs comprises of an increase of Ksh.134.0 million for KMFRI and reductions of Ksh.87.6 million for KeFS, Ksh.5.0 million for KFIC, Ksh.1.0 million for KFMA and Ksh.1.2 million for FLTF.
- iv. The FY 2025/26 allocations include AiA of Ksh.20.0 million for KMFRI, Ksh.70.0 million for KeFS, Ksh.0.5 million for FLTF and Ksh.30.5 million for KFIC.

b. Development Vote

- v. In FY 2025/26, the State Department has been allocated Ksh.5,381.7 million against the approved 2025 BPS allocation of Ksh.6,799.0 million resulting to a reduction of Ksh.1,417.3 million. The reduction comprises of Ksh.794.3 million GoK funding and Ksh.623.0 million from Development partners. The reduction in GoK allocation will affect implementation of key projects including completion of fish markets and fish landing sites.
- vi. The State Department's Budget for FY 2025/26 is based on the framework of BETA that sets out the Government's priority programs, policies and reforms to be implemented in the MTEF.
- vii. The Ksh.5,381.7 million allocated to the State Department in FY 2025/26 for development will be utilized on implementation of the following projects;
- Aquaculture Business Development Project (ABDP)-BETA
 - Kenya Marine Fisheries & Socio-Economic Development Project (BETA).
 - Kabonyo Fisheries & Aquaculture Training Centre.
- viii. The State Department does not have new projects to be implemented in the FY 2025/26.
- ix. The State Department's pending Bills as at 31st March, 2025 amounts to Kshs. 50.5 million as tabulated below:

No	Description	Amount in Ksh. Million
1	Air Ticketing	17.4
2	Contractors Pending Certificates	33.1
Grand Total		50.5

- x. Due to budget rationalization, the budget allocation for the State Department could not accommodate some key areas. The State Department requested the Committee to intervene to fix the following funding gaps:

Recurrent Budget

a. State Department's O&M budget-Ksh.100 million

Kshs.100million to support operations and cater for pending bills.

b. Kenya Fisheries Service – Ksh.297 million

- The service requires **Ksh.87 million** to cater for patrol services and support on operationalization of laboratories towards accreditation which has been affected by budget rationalization.

- **Ksh.210 million** for refurbishment of Kenya Fishing School which is accredited under CDACC-TVETA programme and 6 KeFS regional offices. These offices are in depleted state and requires an overhaul refurbishment so as to enhance service delivery and raise revenue to the service
- c. **Kenya Marine and Fisheries Research Institute – Ksh. 225 million**
 - **Ksh.225Million** to cater for administrative expenses, Contracted services (Cleaning, guards), Board Expenses and Repairs and maintenance
- d. **Kenya Fish Marketing Authority – Ksh.46Million**
 - **Ksh.46 million** to cater for administration expenses, contracted services and Board expenses.
- e. **Kenya Fishing Industries Corporation -Ksh.55 million**
 - **Kshs.55 million** to cater for General management and maintenance of facilities, refurbishment of fishing boats and board expenses
- f. **Fish Levy Trust Fund -Kshs.30 million**
 - **Ksh.30 million** to cater administration expenses, uses of goods and services, and Board expenses.

Development Budget- Ksh. 1,962 million

- a) **Ksh.625 million** for construction of fish landing sites in Kizingitini (**Ksh.125M**), Muhurubay (**Ksh.200M**), Usenge Beach (**Ksh.150M**) and Baringo (**Ksh.150M**).
- b) **Ksh.137 million** for completion of fish markets in Malindi (Ksh.59M) and Mombasa (Ksh.78M).
- c) **Kshs.1,200 million** for Marine stock assessment

3.3 State Department for Water and Sanitation

31. Eng. Eric Mugaa, the Cabinet Secretary Ministry of Water, Sanitation and Irrigation, together with Mr. Julius Korir CBS the Principal Secretary, State Department for Water and Sanitation, appeared before the Committee on Wednesday, 14th May 2025 briefed on the FY 2025/2026 Annual Estimates of Revenue and Expenditure for the State Department as follows:

- i. In the FY 2025/26 Budget Policy Statement , the State Department had overall ceiling of Kshs. 46.177 billion comprising of Kshs. 6.209 billion and Kshs 39.908 billion for both recurrent and development expenditures respectively. However it has been allocated Kshs 42.435 billion consisting Kshs 6.406 billion and Kshs 36.029 billion in recurrent and development respectively creating a total deviation of Kshs 3.682 billion.
- ii. In the FY 2025/2026, the State Department had a total requirement of Kshs.93.8 Billion consisting of Kshs. 8.3 billion and 85.5 billion in recurrent and development expenditures respectively. However it has been allocated a total of Kshs. 42.4 billion comprising of Kshs. 6.4 Billion and Kshs 36 Billion for recurrent and Development expenditures respectively. This results to a total shortfall of Kshs 51.4 billion being Kshs. 1.9 billion recurrent and 49.5 billion development expenditures.

- iii. During the FY 2024/25 the Agencies were allocated Kshs 5.121 billion which was inadequate to cover SAGAs P.E requirements and in the supplementary II the allocation was increased by Kshs 892million to Kshs. 6,013 in order to address SAGAs Personnel Emoluments. However, in the FY 2025/26 the SAGAs have been allocated Kshs. 5.751 Billion creating a variance of Kshs 262 million. The Agencies total requirement for the FY 2025/26 is Kshs. 7.715 billion resulting to a budget deficit of Kshs. 1.964 Billion. The Department requested invention by the Committee to provide Kshs 1.964 Billion in order to address the shortfall as most Agencies are unable to pay salaries and remit their statutory deductions.
- iv. The overall recurrent budget deviation for SAGAs results in a deviation of Kshs 179 million.
- v. The overall development budget deviation for the State Department is Kshs. 3,379 million Kshs 3,379.5 million, which an increase I GoK funding by Kshs 1,225.7 million and decrease in donor funding by Kshs. 4,605.28 million.
- vi. The increase in GoK funding will fast – truck the implementation of short-term small to medium sized , low cost but high impact projects targeting informal settlements in urban areas, low income households in rural areas and ASALs. However, the decrease in counterpart funding for donor- funded projects will affect the implementation of projects nearing their final stages, such as the Kenya Towns Sustainable Water Supply and Sanitation Projects, the Nairobi Satellite Town Water and Sanitation Program and Water and Sanitation Development project, all of which are scheduled for completion in 2025.
- vii. The State Department seeks to enhance access to water and sanitation through development, rehabilitation and extension of water supply and sewerage systems including undertaking last mine connectivity, drilling , rehabilitating and solarizing of boreholes, construction of large dams , small dams and water pans, desilting of dams, management and protection of water catchment areas, provision of basic sanitation facilities in schools, expansion and development of new wastewater treatment plans and onsite – waste water treatment plants.
- viii. The State Department continues to champion inclusive and sustainable development through strategic investments in water and sanitation infrastructure. In FY 2025/26 the State Department has several new projects for implementation, with a total budget allocation of Kshs. 2.09 billion. These new projects spam various counties and include the construction of small dams and water pans, water supply infrastructure, boreholes and large – scale climate resilience programmes which aims to improve access to clean water and enhance climate resilience. All the projects have undergone concept development and feasibility studies and most have completed.
- ix. The State Department has outstanding historical bills submitted to the pending bills verification Committee totaling Kshs. 16.1 Billion consisting of Kshs. 3.7Billion and Kshs. 12.4 billion recurrent and development expenditures respectively. The total current total pending bills is Kshs 4.7 billion comprising of Kshs 386.2 million and Kshs. 4.3 billion correspondingly. The bills continue to remain outstanding, the State Department risks to be sued. This will attract additional charges on penalties and interest hence increasing cost of project implementation.

PART IV

4.0 COMMITTEE OBSERVATIONS

32. The Committee, having scrutinized the Budget Estimates for FY 2025/26 for the State Departments and considered the submission by the Ministries, Departments and Agencies (MDAs) under its purview, made the following observations:

a) State Department for Water and Sanitation

33. The State Department for Water and Sanitation has a proposed budget of **Kshs. 42.43 billion** for the FY 2025/26 comprising of **Kshs. 6.41 billion** for recurrent expenditure and **Kshs. 36.03 billion** for development expenditure.

34. The Committee observed that the proposed recurrent expenditure allocation is lower than the requirement by the State Department by **Kshs. 1.96 billion**. Some of the key areas which will be affected by the lower ceiling are –

- i) **Kshs. 430 million** shortfalls in funding for Water Sector Trust Fund.
- ii) **Kshs. 10 million** shortfalls in funding for Kenya Water Institute.
- iii) **Kshs. 122 million** shortfalls in funding for Regional Center for Ground Water Resources.
- iv) **Kshs. 134 million** shortfalls in funding for Water Resources Authority
- v) **Kshs. 55 million** shortfalls in funding for Athi Water Works Development Agency
- vi) **Kshs. 134 million** shortfalls in funding for Tanathi Water Works Development Agency
- vii) **Kshs. 188 million** shortfalls in funding for Lake Victoria South Water Works Development Agency.
- viii) **Kshs. 18 million** shortfalls in funding for Lake Victoria North Water Works Development Agency
- ix) **Kshs. 254 million** shortfalls in funding for Coast Water Works Development Agency
- x) **Kshs. 371 million** shortfalls in funding for Tana Water Works Development Agency
- xi) **Kshs. 74 million** shortfalls in funding for Northern Water Development Agency
- xii) **Kshs. 34 million** shortfalls in funding for Hydrologist Registration Board
- xiii) **Kshs. 57 million** shortfalls in funding for North Rift Valley Water Development Agency
- xiv) **Kshs. 83 million** shortfalls in funding for Central Rift Valley Water Development Agency

35. The Committee observed that the proposed development expenditure allocation is lower than the requirement by the State Department by **Kshs. 3.9 billion**. Some of the key areas which will be affected by the lower ceiling are –
- i) **Kshs. 352 million** shortfalls in funding for Makamini Dam in Kwale County.
 - ii) **Kshs. 700 million** shortfalls in funding for Thika-Githunguri Water Project.
 - iii) **Kshs. 1.32 billion** shortfalls in funding for Kenya Towns Sustainable Water Supply and Sanitation Programme – Athi.
 - iv) **Kshs. 242 million** shortfalls in funding for Resettlement Action Plan (RAP) for Kisumu LVWATSAN.
 - v) **Kshs. 829 million** shortfalls in funding for Expansion Works for Dandora Estate Sewerage System.
 - vi) **Kshs. 500 million** shortfalls in funding for Kirandich Dam Project.

b) State Department for Irrigation

36. The State Department for Irrigation has a proposed budget of **Kshs. 17.43 billion** for the FY 2025/26 comprising of **Kshs. 1.33 billion** for recurrent expenditure and **Kshs. 16.11 billion** for development expenditure.
37. The Committee observed that the proposed recurrent expenditure allocation is lower than the requirement by the State Department by **Kshs. 166 million**. Some of the key areas which will be affected by the lower ceiling are –
- i) **Kshs. 91 million** shortfalls in funding for State Department Headquarters which will affect operations expenditures.
 - ii) **Kshs. 39 million** shortfalls in funding for NIA which will affect personnel emoluments.
 - iii) **Kshs. 36 million** shortfalls in funding for NWHTSA which will affect operations expenditures.
38. The Committee observed that the proposed development expenditure allocation is lower than the requirement by the State Department by **Kshs. 2.19 billion**. Some of the key areas which will be affected by the lower ceiling are –
- i) **Kshs. 250 million** shortfalls in funding for Bura Irrigation Scheme.
 - ii) **Kshs. 436 million** shortfalls in funding for Community Based Irrigation Projects.
 - iii) **Kshs. 200 million** shortfalls in funding for Mwea Irrigation Development Project.
 - iv) **Kshs. 850 million** shortfalls in funding for National Expanded Irrigation Programme.
 - v) **Kshs. 250 million** shortfalls in funding for Land Reclamation for Climate Resilience and Livelihood Enhancement.
 - vi) **Kshs. 200 million** shortfalls in funding for Siyoi Muruny Dam

c) State Department for Blue Economy

39. The State Department for Blue Economy and Fisheries has a proposed budget of **Kshs. 8.23 billion** for the FY 2025/26 comprising of **Kshs. 2.85 billion** for recurrent expenditure and **Kshs. 5.38 billion** for development expenditure.
40. The Committee observed that the proposed recurrent expenditure allocation is lower than the requirement by the State Department by **Kshs. 753 million**. Some of the key areas which will be affected by the lower ceiling are –
- i) **Kshs. 100 million** shortfalls in funding for State Department Headquarters for pending bills.
 - ii) **Kshs. 297 million** shortfalls in funding for Kenya Fisheries Services for patrol services, operationalization of laboratories and refurbishment of Kenya Fishing School.
 - iii) **Kshs. 225 million** shortfalls in funding for Kenya Marine Fisheries and Research Institute for operation expenses.
 - iv) **Kshs. 46 million** shortfalls in funding for Kenya Fish Marketing Authority for operation expenses.
 - v) **Kshs. 55 million** shortfalls in funding for Kenya Fishing Industries Corporation for operation expenses.
 - vi) **Kshs. 30 million** shortfalls in funding for Fish Levy Trust Fund for operation expenses.
41. The Committee observed that the proposed development expenditure allocation is lower than the requirement by the State Department by **Kshs. 2 billion**. Some of the key areas which will be affected by the lower ceiling are –
- i) **Kshs. 625 million** shortfalls in funding for construction of fish landing sites in Kizingitini (Kshs. 125 million), Muhurubay (Kshs. 200 million), Usenge Beach (Kshs. 150 million) and Baringo (Kshs. 150 million).
 - ii) **Kshs. 137 million** shortfalls in funding for completion of fish markets in Malindi (Kshs. 59 million) and Mombasa (Kshs. 78 million).
 - iii) **Kshs. 1.2 billion** shortfalls in funding for Marine Stock Assessment.

PART V

4.0 COMMITTEE RECOMMENDATIONS

Financial Recommendations

42. The Committee recommends THAT:

- i) For the **State Department for Water and Sanitation**, the proposed budget of **Kshs. 42.43 billion** for the FY 2025/26 comprising of **Kshs. 6.41 billion** for recurrent expenditure and **Kshs. 36.03 billion** for development expenditure be approved with the following amendments as per schedule I.

Schedule I: Proposed Committee Reallocations for State Department for Water and Sanitation

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
1017000 Water and Sewerage Infrastructure Development (Development)	1109130203 Bangal Water Dam (Bura Constituency)	80,000,000	(80,000,000)	Projects transferred from Headquarters to respective WWDAs
	1109130206 Kipchar Water Supply (Baringo)	50,000,000	(50,000,000)	
	1109130208 Kapsabaa Dam	10,000,000	(10,000,000)	
	1109130209 Chepelion Gorge Dam	20,000,000	(20,000,000)	
	1109130210 Chelabal Dam	50,000,000	(50,000,000)	
	1109130211 Kimilili Dam	30,000,000	(30,000,000)	
	1109130212 Kesses Dam	51,000,000	(51,000,000)	
	1109130213 Lochacha Water Pan.	20,000,000	(20,000,000)	
	1109130214 Chepkram Water Pan	20,000,000	(20,000,000)	
	1109130215 Kamwago Dam	20,000,000	(20,000,000)	
	1109130216 Rehabilitation of Cheploch Water Pan	20,000,000	(20,000,000)	
	1109130217 Singore Dam	20,000,000	(20,000,000)	
	1109130218 Kenyatta Dam Rehabilitation, Treatment & Last Mile	20,000,000	(20,000,000)	
	1109130302 Ndhiwa and Suba Cluster (Irriation)	800,000,000	(800,000,000)	
	1109130303 Boro-Karemo Water Project (Siaya)	50,000,000	(50,000,000)	
1109130304 Kipsiwo	30,000,000	(30,000,000)		

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Water Project			
	1109130305 Gorgor Water Project	15,000,000	(15,000,000)	
	1109130306 Orobo Water Project	15,000,000	(15,000,000)	
	1109130307 Kapchumba Water Project	15,000,000	(15,000,000)	
	1109130308 Kamurguywo Water Project	15,000,000	(15,000,000)	
	1109130309 Kombe Water Project	15,000,000	(15,000,000)	
	1109130310 Anapngetik Water Project	15,000,000	(15,000,000)	
	1109130311 Kapkeneroi/Sarora Water Project	15,000,000	(15,000,000)	
	1109130312 Ndalat Gaa water project	15,000,000	(15,000,000)	
	1109130313 Bombo Water Project	15,000,000	(15,000,000)	
	1109130314 Chepkiit Water Project	15,000,000	(15,000,000)	
	1109130315 Chemamit Water Pan	20,000,000	(20,000,000)	
	1109130316 Kedowa Water Project	20,000,000	(20,000,000)	
	1109130317 Kamiwa-Kaplelit Water Project	20,000,000	(20,000,000)	
	1109130318 Tabaita Water Project	20,000,000	(20,000,000)	
	1109130320 Ainamoi Water Project	20,000,000	(20,000,000)	
	1109130321 Belgut Water Project	20,000,000	(20,000,000)	
	1109130322 Sogorobei Water Project	20,000,000	(20,000,000)	
	1109130323 Kabuliot Water Project	20,000,000	(20,000,000)	
	1109130324 Kaplain Water Project	20,000,000	(20,000,000)	
	1109130325 Kosich Water Project	20,000,000	(20,000,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	1109130326 Sendera Water Project	20,000,000	(20,000,000)	
	1109130327 Kaptengut/ Kapcheserut Water Project	20,000,000	(20,000,000)	
	1109130328 Kacheliba-Kodich Pipe Water Project.	30,000,000	(30,000,000)	
	1109130329 Sinai-Kaporowo-Samich-Pusol Water Project.	20,000,000	(20,000,000)	
	1109130401 Boreholes-Kiptulwo Sec Sch., Kapcheluch Pri.Sch, & SOT TTI Borehole	20,000,000	(20,000,000)	
	1109130402 Kimarwandi water project, Boreholes-Kapset Sec sch., & Kaptien Sec Sc	20,000,000	(20,000,000)	
	1109130403 Boreholes-Kanusin Girls Sec., Balek Pri. Sch & Tumoiyot Pri. Sch	20,000,000	(20,000,000)	
	1109130404 Ngogon Borehole	10,000,000	(10,000,000)	
	1109130405 Borehole-Gelegele girls Sec Sch. And Sironet Sec. Sch.	10,000,000	(10,000,000)	
	1109130406 Orokwo Borehole-Equipping & Distribution	10,000,000	(10,000,000)	
	1109130407 Ngembomoi Primary Sch.Borehole	20,000,000	(20,000,000)	
	1109130408 Lake Kamnorok Pri. Sch. Borehole	20,000,000	(20,000,000)	
	1109130409 Borehole-Tuyobei Primary School (Drilling, Equipping & Last Mile)	20,000,000	(20,000,000)	
	1109130410 Borehole-Ngesumin Primary Sch. (Drilling, Equipping & Last Mile)	20,000,000	(20,000,000)	
	1109130500 Muumoni	10,000,000	(10,000,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Community (Masii Location) Borehole			
	1109130600 Kanana Water Pan 9-Lakathi Sub Location	19,000,000	(19,000,000)	
	1109130800 Kelonget Water Dam	150,000,000	(150,000,000)	
	1109128158 Construction of JSS Classes -Kobeiyot Pri. School	10,000,000	(10,000,000)	
	1109128161 Nguzo Rafiki Water Supply Project - Baringo	70,000,000	(70,000,000)	
	1109128166 Osupuko Oroiboi Water Project	20,000,000	(20,000,000)	
	1109105500 Moi's Bridge-Matunda Water and Sewerage Project-Lot I	259,000,000	(150,000,000)	Reallocate part of the funding to complete other ongoing projects
	1109114700 Water Harvesting Projects - Headquarters	125,000,000	(125,000,000)	Bulk funds transferred from Headquarters to ongoing projects in LVSWWDA
	1109127701 LVSWWDA Headquarters	300,000,000	(300,000,000)	
1004000 Water Resources Management (Development)	1109128600 Kibusta and Tirat Water Projects HQs	100,000,000	(50,000,000)	Reallocate part of the funding to complete other ongoing projects
	1109128700 Restoration and Conservation of Water Catchment Areas.	120,000,000	(70,000,000)	
1001000 General Administration, Planning and Support Services (Development)	1109121700 Infrastructure Development at Kenya Water Institute (KEWI)	200,000,000	(100,000,000)	
1017000 Water and Sewerage Infrastructure Development (Development)	Bangal Water Dam (Bura Constituency) – CWWDA	-	15,000,000	Projects transferred from Headquarters to respective WWDAs. Part of the funding reduced to complete ongoing projects
	Kipchar Water Supply (Baringo) – CRVWWDA	-	15,000,000	
	Kapsabaa Dam – CRVWWDA	-	10,000,000	
	Chepelion Gorge Dam – CRVWWDA	-	15,000,000	
	Chelabal Dam – NRVWWDA	-	15,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Kimilili Dam (Soy Constituency) - NRVWWDA	-	15,000,000	
	Kesses Dam - NRVWWDA	-	15,000,000	
	Lochacha Water Pan – NRVWWDA	-	15,000,000	
	Chepkram Water Pan – NRVWWDA	-	15,000,000	
	Kamwago Dam - NRVWWDA	-	15,000,000	
	Rehabilitation of Cheploch Water Pan – CRVWWDA	-	15,000,000	
	Singore Dam - NRVWWDA	-	15,000,000	
	Kenyatta Dam Rehabilitation, Treatment & Last Mile- CRVWWDA	-	15,000,000	
	Ndhiwa and Suba Cluster - LVSWWDA	-	200,000,000	
	Boro-Karemo Water Project (Siaya) - LVSWWDA	-	150,000,000	
	Kipsiwo Water Project - LVNWWDA	-	15,000,000	
	Gorgor Water Project – LVSWWDA	-	15,000,000	
	Orobo Water Project - LVNWWDA	-	15,000,000	
	Kapchumba Water Project - NRVWWDA	-	15,000,000	
	Kamurguywo Water Project - LVNWWDA	-	15,000,000	
	Kombe Water Project – LVSWWDA	-	15,000,000	
	Anapngetik Water Project – NRVWWDA	-	15,000,000	
	Kapkeneroi/Sarora Water Project – LVNWWDA	-	15,000,000	
	Ndalat Gaa water project – LVNWWDA	-	15,000,000	
	Bombo Water Project – NRVWWDA	-	15,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Chepkiit Water Project – LVNWWDA	-	15,000,000	
	Chemamit Water Pan – CRVWWDA	-	15,000,000	
	Kedowa Water Project - LVSWWDA	-	15,000,000	
	Kamiwa-Kaplelit Water Project - LVSWWDA	-	15,000,000	
	Tabaita Water Project - LVSWWDA	-	15,000,000	
	Ainamoi Water Project – NRVWWDA	-	15,000,000	
	Belgut Water Project – LVSWWDA	-	15,000,000	
	Sogorobei Water Project – LVSWWDA	-	15,000,000	
	Kabuliot Water Project – NRVWWDA	-	15,000,000	
	Kaplain Water Project - NRVWWDA	-	15,000,000	
	Kosich Water Project - NRVWWDA	-	15,000,000	
	Sendera Water Project – LVNWWDA	-	15,000,000	
	Kaptengut/ Kapcheserut Water Project - NRVWWDA	-	15,000,000	
	Kacheliba-Kodich Pipe Water Project – NRVWWDA	-	15,000,000	
	Sinai-Kaporowo-Samich-Pusol Water Project - NRVWWDA	-	15,000,000	
	Boreholes-Kiptulwo Sec Sch., Kapcheluch Pri.Sch, & SOT TTI Borehole - LVSWWDA	-	15,000,000	
	Kimarwandi water project, Boreholes-Kapset Sec sch., & Kaptien Sec Sch. - LVSWWDA	-	15,000,000	
	Boreholes- Kanusin Girls Sec., Balek Pri. Sch &	-	15,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Tumoiyot Pri. Sch- LVSWWDA			
	ABC Kangutheni Secondary School – TANATHI WWDA	-	10,000,000	
	Borehole-Gelegele girls Sec Sch. And Sironet Sec. Sch. - LVSWWDA	-	10,000,000	
	Orokwo Borehole-Equipping & Distribution - CRVWWDA	-	10,000,000	
	Ngembomoi Primary Sch.Borehole - CRVWWDA	-	15,000,000	
	Lake Kamnorok Pri. Sch. Borehole - CRVWWDA	-	15,000,000	
	Borehole-Tuyobei Primary School (Drilling, Equipping & Last Mile) - LVSWWDA	-	15,000,000	
	Borehole-Ngesumin Primary Sch. (Drilling, Equipping & Last Mile) - LVSWWDA	-	15,000,000	
	Muumoni Community (Masii Location) Borehole – TANATHI WWDA	-	10,000,000	
	Kanana Water Pan 9- Lakathi Sub Location - TWWDA	-	19,000,000	
	Kelonget Water Dam - CRVWWDA	-	50,000,000	
	1109128114 Kamologon-Kamelei-Tenderwa water project	-	51,000,000	Provision of funds for critical ongoing projects
	1109128109 Kapyego community water supply	-	80,000,000	
	1109128126 Koipirir Talai Endo Community Water Project	-	80,000,000	
	1109126902 Mosongo Water Project - LVNWWDA	-	80,000,000	
	1109128300 Mbeere South	71,757,651	30,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Water Supply			
	1109113100 Mathira Water supply Project	40,000,000	80,000,000	
	1109127709 Kegonga Cluster Water Supply	30,000,000	100,000,000	
	1109127305 Maron- Sibow Water supply	-	50,000,000	
	Kanyokora Water Project - TWWDA	-	40,000,000	
	Kiamucuku Water Project – TWWDA	-	40,000,000	
	Mung'etho Water Project – TWWDA	-	15,000,000	
	Karuiru Water Project – TWWDA	-	25,000,000	
	Kiamuguongo Water Project - TWWDA	-	30,000,000	
	Natapeno Community Borehole – NRVWWDA	-	10,000,000	
	Nawoyatira Community Borehole - NRVWWDA	-	10,000,000	
	Nariokitoe Community Borehole - NRVWWDA	-	10,000,000	
	Lokitaung Water Supply - NRVWWDA	-	20,000,000	
	Lochorang'amor Community Water Project – NRVWWDA	-	25,000,000	
	Narubu Water Pan - NRVWWDA	-	15,000,000	
	Totum Secondary School Borehole - NRVWWDA	-	10,000,000	
	Nguzo Rafiki Water Supply Project -CRVWWDA	-	50,000,000	
	Karenger Community Water Project - NRVWWDA	-	10,000,000	
	Dandora Sewerage Treatment Plant – Phase 2	-	200,000,000	
	St. Boniface Magare Sec. Sch. – LVSWWDA	-	10,000,000	
	Hon. James Koyoo Orange	-	10,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Sec. Sch. – LVSWWDA			
	Mhoroni TTI Borehole - LVSWWDA	-	10,000,000	
	Kanyodera Primary School Water Project – LVSWWDA	-	10,000,000	
	Suka Community Water Project – LVSWWDA	-	20,000,000	
	Chesambai Community Water Project - LVSWWDA	-	30,000,000	
	Runyuene Water Project - TWWDA	-	10,000,000	
	Mbogolo Borehole - CWWDA	-	10,000,000	
	Hagadera pan modogashe ward – NWWDA	-	10,000,000	
	Safirisi Water Supply Project - CWWDA	-	20,000,000	
	Njoro Secondary School Borehole - LVNWWDA	-	10,000,000	
	Chepchoina Secondary School Borehole - LVNWWDA	-	10,000,000	
	Cheptulel – Chesombur Water Supply – NRVWWDA	-	20,000,000	
	Nyamira Water Supply – LVSWWDA	-	50,000,000	
	Nyagemi Primary School Borehole - LVSWWDA	-	10,000,000	
	Water Harvesting Projects in Nyamira and Kisii – LVSWWDA	-	15,000,000	
	Bigogo Primary School Borehole - LVSWWDA	-	10,000,000	
	Girango Primary School Borehole – LVSWWDA	-	10,000,000	
	Bokinibanto Primary School Borehole - LVSWWDA	-	25,000,000	
	Turbo TTI Borehole - NRVWWDA	-	10,000,000	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Syomothumo Earth Dam – TANATHI WWDA	-	20,000,000	
	Ithamba Nzou Earth Dam – TANATHI WWDA	-	20,000,000	
	Ngasani Earth Dam – TANATHI WWDA	-	20,000,000	
	Ndangani Earth Dam– TANATHI WWDA	-	20,000,000	
	Kasundu Earth Dam – TANATHI WWDA	-	20,000,000	
	1109128048 Rubaale (Dalsan) Water Pan	-	50,000,000	
	1109128049 Lodungokwe II Water Pan	-	50,000,000	
	1109128050 Bojigaras Water Pan	-	50,000,000	
	1109128013 Construction of Ogot Wein Water Pan	-	10,000,000	
	1109128017 Banjaba – Ogorwein Water Pan	-	50,000,000	
	1109128021 Dadmarithi Water Pan	-	50,000,000	
	1109128035 Parkishon Water Pan	-	40,000,000	
	Lagbogal North Mega Water Pan - NWWDA	-	250,000,000	
	Igembe Cluster Water Project – TWWDA	-	150,000,000	
	Mdugani Water Pan - CWWDA	-	25,000,000	
	Musau Water Pan – CWWDA	-	25,000,000	
	Mrya Chakwe Dam - CWWDA	-	25,000,000	
	Biskdera Village Water Pan - CWWDA	-	25,000,000	
	Mangai Dam - CWWDA	-	25,000,000	
Total			450,000,000	

- ii) The Committee recommends that for the State Department for Irrigation, **Kshs. 17.43 billion** for the FY 2025/26 comprising of **Kshs. 1.33 billion** for recurrent expenditure

and **Kshs. 16.11 billion** for development expenditure be approved with the following amendments as per schedule 2.

Schedule 2: Proposed Committee Reallocations for State Department for Irrigation

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
1022000 Water Harvesting and Storage for Irrigation (Development)	1104102621 Payment of Ongoing & Complete Projects	210,000,000	(210,000,000)	Bulk funds transferred from Headquarters to ongoing projects in NIA and NWHSAs
	1104102641 Payments of ongoing and Complete projects	15,000,000	(15,000,000)	
	1104102623 Household Water Pan in Lango Baya, Malindi Constituency	15,000,000	(15,000,000)	Fund reallocated from new projects to complete ongoing projects in the same regions
	1104102624 Household Water Pans in Mbeere South Constituency	15,000,000	(15,000,000)	
	1104102625 Household water Pan in Oloropil, Narok North Constituency	15,000,000	(15,000,000)	
	1104102626 Household Water Pan in Kajiado East Constituency	15,000,000	(15,000,000)	
	1104102627 Household Water Pans in Laikipia East Constituency	15,000,000	(15,000,000)	
	1104102628 Household Water Pans in Sodsian, Laikipia North Constituency	15,000,000	(15,000,000)	
	1104102629 Household Water Pans in Igembe, Lamu West Constituency	15,000,000	(15,000,000)	
	1104102630 Household Water Pan in Rei, Tigania West Constituency	15,000,000	(15,000,000)	
	1104102631 Household water Pans in Igembe South Constituency	15,000,000	(15,000,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	1104102632 Household water Pans in Kieni Constituency	15,000,000	(15,000,000)	
	1104102633 Household water Pans in Tharaka Constituency	15,000,000	(15,000,000)	
	1104102634 Household Water Pans in Mavoko Constituency	15,000,000	(15,000,000)	
	1104102635 Household water Pans in Kikumini, Kibwezi Constituency	15,000,000	(15,000,000)	
	1104102636 Household Water Pans in Ngomeni, Mwingi North Constituency	15,000,000	(15,000,000)	
	1104102637 Household Water Pans in Kitui South Constituency	15,000,000	(15,000,000)	
	1104102638 Household Water Pans in Saimo-Kipsaram, Baringo North	15,000,000	(15,000,000)	
	1104102639 Household Water Pans in Moran, Laikipia West Constituency	15,000,000	(15,000,000)	
	1104102640 Household water Pans in Kajiado West Constituency	15,000,000	(15,000,000)	
	1104103500 Irrigation for Projects for Food Security	60,000,000	(60,000,000)	
1014000 Irrigation and Land Reclamation (Development)	1104100801 National Expanded Irrigation Programme (Headquarters)	200,000,000	(200,000,000)	Bulk funds transferred from Headquarters to ongoing projects in NIA and NWWSA
	1104100825 Itabua Muthatari	29,200,000	(20,000,000)	Reallocate part of the funding for new projects
	1104100826 Kiamboka	15,000,000	(6,000,000)	
	1104100827 Nithi Kari	36,500,000	(27,000,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	1104100844 Kibaratani	18,000,000	(9,000,000)	to complete other ongoing projects
	1104100849 Baitigitu Rubiri	15,000,000	(5,000,000)	
	1104100850 Kamburu Mbeu	35,000,000	(25,000,000)	
	1104100885 Kanyuambora	14,000,000	(4,000,000)	
	1104100886 Iriari	14,000,000	(4,000,000)	
	1104118001 Rehabilitation of Ndemu Earth Dam -Kapseret	25,000,000	(10,000,000)	
	1104118002 Rehabilitation and Expansion of Kapkong Earth Dam -Turbo	25,000,000	(25,000,000)	
	1104118003 Rehabilitation and Expansion of Korongoi Earth Dam -Ainabkoi	50,000,000	(35,000,000)	
	1104118062 Rehabilitation And Expansion Works For Buruma Irrigation, Main Scheme	20,000,000	(5,000,000)	
	1104118067 Matasia Irrigation Water Supply Project/Silanga Irrigation Project- 2	18,000,000	(3,000,000)	
	1104118075 Supply of solarised pumps	20,000,000	(5,000,000)	
	1104118076 Kondo Makutano irrigation project	20,000,000	(5,000,000)	
	1104118078 Ngoko irrigation water development	20,000,000	(5,000,000)	
	1104118079 Supply of assorted pipes and fittings Githunguri & Museveni earth da	20,000,000	(5,000,000)	
	1104118085 Construction Works for Kidipa IDP & Wanyoro Boreholes in	20,000,000	(5,000,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	Ndaragwa			
	1104118088 Construction Works For Kaprotwa & Kipteimet Boreholes Irrigation Deve	27,000,000	(12,000,000)	
1022000 Water Harvesting and Storage for Irrigation (Development)	1104102802 Bumwayo water pan	14,500,000	(14,500,000)	Fund reallocated from new projects to complete ongoing projects
	1104102803 Bisanhargesa water pan, Tana River	10,000,000	(10,000,000)	
	1104102804 Rwarera Earth Dam, Buuri	10,000,000	(10,000,000)	
	1104102805 Mweiga General earth dam	8,000,000	(8,000,000)	
	1104102806 Simbara water pan	8,000,000	(8,000,000)	
	1104102807 Nyambogichi water pan	8,000,000	(8,000,000)	
	1104102808 Mwakirawa water pan	10,000,000	(10,000,000)	
	1104102809 Ondwat/Kabondo Twin Earth Dam	10,000,000	(10,000,000)	
	1104102810 Nyakongo - Waradho Water	10,000,000	(10,000,000)	
	1104102811 Pala water pan	10,000,000	(10,000,000)	
	1104102812 Nyalbiego water pan	10,000,000	(10,000,000)	
	1104102813 Olosinya water pan, Kajiado East	10,000,000	(10,000,000)	
	1104102814 Githoito Muiiri earth dam	15,401,215	(15,401,215)	
	1104102815 Muozi water pan, Suba South	10,000,000	(10,000,000)	
	1104102816 Kia Munyeki earth dam	10,000,000	(10,000,000)	
	1104102817 Olkinyei Group water pan	10,000,000	(10,000,000)	
	1104102818 Dia ya mwana water pan	10,000,000	(10,000,000)	
	1104102819 Wachuka water pan	13,500,000	(13,500,000)	
	1104102820 Mwandolo	12,500,000	(12,500,000)	

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	water pan			
	1104102821 Mathabuta water pan	9,000,000	(9,000,000)	
1014000 Irrigation and Land Reclamation (Development)	1104104000 Suba Cluster Irrigation Development Project	-	300,000,000	Provision of funds for critical ongoing projects
	Ketut-Mokoro Irrigation Scheme - HQ	-	200,000,000	
	Radat Dam – HQ	-	100,000,000	
	Adich Gorge Dam - HQ	-	20,000,000	
	Imbirikani Water Pan - HQ	-	25,000,000	
	Kima Marwa Water Pan - HQ	-	25,000,000	
	Kangonde Kwa Mwangi Water Pan. - HQ	-	25,000,000	
	Thokoa Water Pan - HQ	-	25,000,000	
	Itangi Murinduko Water Pan - HQ	-	25,000,000	
	Nkiruni Earth Dam - HQ	-	25,000,000	
	Ng'ombe Nguo Water Pan - HQ	-	25,000,000	
	Kwa Kikonde Water Pan - HQ	-	25,000,000	
	Lempalakai Water Pan - HQ	-	25,000,000	
	Iria ria Mbogo Earth Dam - HQ	-	25,000,000	
	Chepareria Water Pan - HQ	-	25,000,000	
	Munyula Water Pan – HQ	-	25,000,000	
	Loolarashi Water Pan – HQ	-	25,000,000	
	Oledepe Water Pan – HQ	-	25,000,000	
	Embarbal Water Pan -HQ	-	25,000,000	
	Igoti Murega Irrigation – HQ	-	150,000,000	
	Tangai Iviani Earth Dam – NIA	-	20,000,000	
	Kwa Ngunga Earth Dam - NIA	-	20,000,000	
1015000 Water	1104103100 Soin - Koru	1,000,000,000	(1,000,000,000)	Funds

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
Storage and Flood Control (Development)	Dam			reallocated due to challenges with the project
	Thunguthu River Subwell - NWHSA	-	20,000,000	Provision of funds for critical ongoing projects
	Nyamtiro water supply - NWHSA	-	30,000,000	
	Konyu Irrigation project - NWHSA	-	20,000,000	
	Chesipet Dam - NWHSA	-	20,000,000	
	Mairune B water project - NWHSA	-	20,000,000	
	Kanjuiiri water project - NWHSA	-	20,000,000	
	Miatsani Water Pan - NWHSA	-	20,000,000	
	Sururu Community Borehole - NWHSA	-	20,000,000	
	Mbita Dam Rehabilitation - NWHSA	-	20,000,000	
	Langobaya borehole - NWHSA	-	20,000,000	
	Dumatto Water Pan - NWHSA	-	20,000,000	
	Kisima Dam - NWHSA	-	20,000,000	
	Turbi Dam - NWHSA	-	20,000,000	
	Mutomo - NWHSA	-	20,000,000	
	Oi Kalou (Salien Central) Dam - NWHSA	-	20,000,000	
	Merti Dam - NWHSA	-	20,000,000	
	Nyatwere Dam - NWHSA	-	20,000,000	
	Pal Pal - NWHSA	-	20,000,000	
	Dase Gutu Dam - NWHSA	-	20,000,000	
	Gichara - Kithithina 2 Dam - NWHSA	-	20,000,000	
	Thim Bonde Primary School Borehole - NWHSA	-	10,000,000	
Kanyamony Primary	-	10,000,000		

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
	School Borehole - NWHSA			
	Tulwap Sotome Water Project - NWHSA	-	20,000,000	
	Kona/Kapileili Water Project - NWHSA	-	20,000,000	
	Katakani Earth Dam - TANATHI	-	10,000,000	
	Barpello Springs Waterworks - NWHSA	-	10,000,000	
	Banga Water Pan - NWHSA	-	10,000,000	
	Sigotik kwa chief community Borehole - NWHSA	-	10,000,000	
	Kaagari village borehole - NWHSA	-	10,000,000	
	1104118002 Rehabilitation and Expansion of Kapkoi Neng'ilel Earth Dam - Turbo	-	23,901,215	
Total			(450,000,000)	

- iii) The Committee recommends that for the State Department for Blue Economy and Fisheries, **Kshs. 8.23 billion** for the FY 2025/26 comprising of **Kshs. 2.85 billion** for recurrent expenditure and **Kshs. 5.38 billion** for development expenditure be approved with the following amendments as per schedule 3.

Schedule 3: Reallocations for State Department for Blue Economy and Fisheries

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
0111000 Fisheries Development and Management (Development)	1166101300 Aquaculture Business Development Project (ABDP) - BETA	2,406,727,099	(75,000,000)	Reallocate part of the funding to complete other ongoing projects
	1166101400 Kenya Marine Fisheries & Socio-Economic Development Project - BETA	2,475,000,000	(75,000,000)	
0111000	1166001207 Kenya Fish	9,288,000	25,000,000	Provide

Programme	Head	Proposed Allocation (Kshs.)	Proposed Changes (Kshs.)	Remarks
Fisheries Development and Management (Recurrent)	Marketing Authority (KFMA) - Recurrent			funding for pending bills, digitization of systems & ERP upgrade
	1166001211 Kenya Fishing Industries Corporation (KFIC) - Recurrent	75,500,000	25,000,000	
	1166001101 Kenya Marine and Fisheries Research Institute (KEMFRI) - Recurrent	1,367,210,000	100,000,000	
Total			-	

Wish List

Schedule 1: Wish List for the State Department of Irrigation

Programme	Head/ Project	Proposed Allocation	Proposed Change	Remarks
1015000 Water Storage and Flood Control (Development)	1104102100 Flood Control Works	100,000,000	500,000,000	To complete flood control works projects that have stalled due to lack of funding in previous years.
Total			2,700,000,000	

Schedule 2: Wish List for the State Department of Water and Sanitation

Programme	Head/ Project	Proposed Allocation	Proposed Change	Remarks
1017000 Water and Sewerage Infrastructure Development (Development)	1109127638 Rehabilitation of Alupe Dam and Water Supply	28,000,000	72,000,000	To fast-track implementation of project identified under the presidential directives.
	1109105600 Malava Gravity Scheme Water Project	100,000,000	300,000,000	To fast-track implementation of project identified under the presidential directives.
Total		-	372,000,000	

Schedule 3: Wish List for the State Department of Blue Economy and Fisheries

Programme	Head/ Project	Proposed Allocation	Proposed Change	Remarks
0118000 Development and Coordination of the Blue Economy (Development)	1166101802 Marine Fish Stock Assessment		1,200,000,000	To facilitate completion of Phase one of Liwatoni Ultra-Modern Fish Hub
Total		301,300,000	1,200,000,000	

SIGNED.......... DATE..........

**HON. BOWEN KANGOGO, M.P., C.B.S.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON BLUE ECONOMY,
WATER AND IRRIGATION**

DEPARTMENTAL
COMMITTEE ON
COMMUNICATION,
INFORMATION
AND INNOVATION



THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION
AND INNOVATION**

.....

**REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR FY
2025/26 AND THE MEDIUM TERM**

1. VOTE 1123: The State Department for Broadcasting and Telecommunications
2. VOTE 1122: The State Department for ICT and Digital Economy

Published by:

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MAY 2025

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CHAPTER ONE

I.1 PREFACE

I.1.1 Introduction

1. The report being a culmination of the Committees' engagements and deliberations with the various spending agencies under the purview of the Committee has the principal objective to inform decision making on the 2025/26 allocations to various components of the two votes: 1122 (State Departments for ICT & Digital Economy) and Vote 1123 (State Department for Broadcasting & Telecommunication) under the purview of the Committee as well as the Semi-Autonomous Government Agencies (SAGAs) under the purview of respective State Departments.
2. The resultant information and insights acquired during the Committee's processing of the proposed estimates have guided the formation of the Committee's observations and recommendations hence provide crucial and resourceful input in the final Budget and Appropriation Committee's report on the 2025/26 budget Estimates.

I.1.2 Establishment and Mandate of the Committee

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

4. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee: Communication, information, media and broadcasting (except for broadcast of parliamentary proceedings), information technology, communication technology, including development and advancement of technology, data protection and privacy, cyberspace and cyber-security, artificial intelligence, block-chain technology, and other emerging technologies.
5. In executing its mandate, the Committee oversees State Department of Broadcasting and Telecommunication and the State Department for ICT and the Digital Economy.

I.1.3 Committee Membership

6. The Departmental Committee on Communication, Information and Innovation was constituted by the House on Thursday, 27th October 2022 and further reconstituted on 20th March 2025 comprises the following Members:

Chairperson

Hon. John Kiarie Waweru, MP
Dagoretti South Constituency

UDA Party

Vice Chairperson

Hon. Alfah Miruka Ondieki, MP
Bomachoge Chache Constituency

UDA Party

Hon. Shakeel Shabbir Ahmed, CBS, MP
Kisumu East Constituency
Independent Member

Hon. Gideon Kipkoech Kimaiyo MP
Keiyo South Constituency
UDA Party

Hon. Erastus Kivasu Nzioka, MP
Mbooni Constituency
WDM-K Party

Hon. Flowrence Jematiah Sergon, MP
Baringo County
UDA Party

Hon. Joseph Kipkosgei Tonui, MP
Kuresoi South Constituency
UDA Party

Hon. Mark Ogolla Nyamita, MP
Uriri Constituency
ODM Party

Hon. Bensuda Joyce Atieno Osogo, MP
Homabay County
ODM Party

Hon. Kakuta Maimai Hamisi, MP
Kajiado East Constituency
ODM Party

Hon. Bernard Kibor Kitur, MP
Nandi Hills Constituency
UDA Party

Hon. Khalif Ali Abdisirat MP
Nominated Member
UDA Party

Hon. Antony Wainaina Njoroge, MP
Kieni Constituency
UDA Party

Hon. Mumina Gollo Bonaya, MP
Isiolo County
Jubilee Party

Hon. Umulkher Harun Mohamed, MP
Nominated Member
ODM Party

I.1.4 Committee Secretariat

7. The Committee is facilitated by the following staff secretariat:

Ms. Nuri Kitel Nataan
Clerk Assistant I

Mr. Sakana Saoli
Clerk Assistant II

Mr. Thomas Ogwel
Fiscal Analyst I

Ms. Marlene Ayiro
Principal Legal Counsel

Ms. Lillian Mburugu
Media Relations Officer III

Mr. Paul Shana
Sergeant At Arms

Ms. Pauline Wanjiru
Hansard Reporter II

Mr. Githinji Wanjohi
Research Officer III

Mr. Boaz Chebiego
Research Officer III

Mr. Kelvin Lengasi
Audio Officer

Ms. Florence Wanja
Protocol Officer III

1.1.5 Overview on the Examination of the Budget Estimates for the Financial Year 2024/25 and the Medium Term

8. Pursuant to the Public Finance Management Act (2012) (CAP 412A), the Cabinet Secretary for the National Treasury is to table the Budget Estimates in the House not later than 30th April of every year. On Tuesday, 30th April, 2024, the Budget Estimates were laid on the table of the House pursuant to the provisions of the Standing Order No. 235(1) of the National Assembly and Section 37(2) of the Public Finance Management Act (2012). Pursuant to the provisions of the Standing Order No 235 (2), the Budget Estimates were subsequently committed to each Departmental Committee for consideration and reporting to the Budget and Appropriations Committee. In considering the Budget Estimates, the BAC shall consult each Departmental Committee and table a report containing its recommendations on the statement to the House for consideration.

9. Following the tabling of the Budget Estimates on 30th April 2025, the Departmental Committee on ICT & Innovations held a briefing meeting with the Parliamentary Budget Office (PBO) on 15th May 2025 and thereafter held consultative meetings with the State Departments and the Semi- Autonomous Government Agencies domiciled in the two departments. The deliberations of the meetings together with the contents of the proposed Estimates, informed the Committee's compilation of this report regarding the proposed allocation of the resources among the programs and projects in the relevant sectors.

1.1.6 Acknowledgement

10. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for ICT and Digital Economy and the State Department Broadcasting and Telecommunication for the fruitful deliberations they held with the Committee.

11. Finally, I wish to express my appreciation to the Honourable Members of the Committee for their active participation in preparing this report. It is, therefore, my pleasant duty and privilege to present this report.

**HON. JOHN KIARIE, MP
(CHAIRPERSON)**

**DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION
AND INNOVATION**

CHAPTER TWO

2.1 BROAD OVERVIEW OF THE BUDGET ESTIMATES

12. The Fiscal Analyst from the Parliamentary Budget Office made a presentation to the Committee on 13th May of 2025 and provided an overview of the estimates as:
 - i. The proposed total budget for the FY 2025/26 is **Kshs. 4,247.97 billion** which comprises **Kshs. 2,428.39 billion** for the Executive, **Kshs. 49.49 billion** for Parliament, and **Kshs. 27.70 billion** for the Judiciary. The allocation to County Governments of **Kshs. 405.1 billion** excludes conditional and unconditional grants amounting to **Kshs. 69.8 billion**. Additionally, the allocation towards Consolidated Fund Services (CFS) is **Kshs. 1,337.3 billion**. This allocation includes **Kshs. 851.4 billion** for domestic interest payments, **Kshs. 246.3 billion** for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.
13. As regards the spending agencies under the purview of the committee, the proposed budgetary allocations are discussed under each State Department as follows:

2.1.1 State Department for ICT and Digital Economy

14. The proposed allocation to the State Department amounts to **KSh. 16.1 billion** comprising of **KSh. 3.22 billion** for recurrent and **KSh. 12.89 billion** for development expenditure. The Proposed allocation amounts to an increase of 33 % when compared with the approved estimates for the current FY. The proposed estimates for the programme of General administration, planning and support services exceed the approved BPS ceilings by Kshs. 27 million.
15. The proposed increase to the vote by **KSh 4.043 billion** is on account of the enhanced allocation to the World Bank Funded Kenya Digital Economy Acceleration Project (KDEAP) up-from Ksh.734 million to Ksh.3.68 billion (an increase of Ksh.2.9 billion). This is to accelerate internet connectivity to government installations and installations of public wi-fi across the country. In addition, there is a new project of ICT Infrastructure & Connectivity Projects which is proposed to be allocated Ksh. 1.124 billion. The allocation is to cater for connectivity to health facilities, Konza data centre, Kenainie Industrial Leather Special Economic Zone and cyber-security management.
16. External funding constitutes 72% of financing of the planned expenditures, out of the total development vote KSh 9.4 billion is to be externally funded. The external funding is expected from among others the Government China (KSh 3 billion), Government of South Korea (KSh 2.3 billion), Government of Italy (KSh 100 million), World Bank (3.6 billion).
17. The proposed resource allocation is to be spread across various ongoing projects. The major allocations are proposed to fund the projects as: Ksh 3.7 billion for the Kenya Digital Economy Acceleration Project, Ksh 988 million for maintenance and rehabilitation of the existing fibre optic networks across the country and KSh.2.3 billion.
18. There is a new project proposed of Infrastructure and connectivity projects. The project replaces the Constitution Innovation Hubs and is proposed to be allocated KSh 1.125 billion for establishment and connecting of 490 innovation hubs.

2.1.2 State Department for Broadcasting and Telecommunication

19. The proposed allocation to the State Department amounts to **KSh. 6,241 billion** comprising of **KSh. 5,885 billion** for recurrent and **KSh. 356 million** for development expenditure. The Proposed allocation translates to a reduction of 6% (KSh 378 million) when compared to the approved allocation for the current financial year. The proposed allocations are within the approved BPS ceilings of KSh 6,460 million.
20. The large share of the allocation is proposed to be utilized as recurrent transfer to government agencies. Key among the government agencies that shall receive substantial amounts in these transfers include: KBC (KSh 954 million), Government Advertising Agency (KSh 261 million), Media Council of Kenya (KSh 771 Million), Kenya Institute of Mass Communication (KSh 176 million) and Kenya Yearbook Editorial Board (KSh 108 million). Use of goods and services and compensation to employees is proposed to consume 24% and 8% respectively.
21. The development expenditure which is entirely GoK funded is proposed to be allocated KSh 356 million. The allocation is proposed to be spent as KSh 182 million to modernization of KNA National Desk and Press Centre, KSh 102 million to KBC Analogue to Digital TV Migration and KSh 39 million to KBC roll out Studio Mashinani.

2.2 Summary of Key Issues

22. The Fiscal Analyst identified and expounded on the key salient issues from the proposed estimates which mainly include:
 - i. **Inconsistency in costing of projects and programmes:** An analysis of the trend of targets and resource allocations reveals that the costing of the projects is inconsistent and not proportionate to the targets set. This has been observed in areas such as: Digitization of government records under Government Shared Services, installation of the fibre optic cables networks, establishment of Constituency Innovation Hubs. This casts aspersion on the accuracy in the costing of the various programmes and projects within the sector.
 - ii. **Inconsistency in costing of projects and programmes:** An analysis of the trend of targets and resource allocations reveals that the costing of the projects is inconsistent and not proportionate to targets set. This casts aspersion to the accuracy of the costing. This is noted in areas such as:
 - a) Digitization of government records and automation of government services
 - b) Establishment of Studio Mashinani
 - c) Establishment of innovation hubs.
 - d) Government Shared Services.
 - iii. **Duplication in funding of programmes and projects:** There exist projects with different titles but with similar key outputs and Key Performance Indicators within the sector. Consolidation of such projects can lead to reduction in costs associated to operations. Such include:
 - a) KDEAP (1122103000) and Digital Superhighway (1122103100) projects which are proposed to be allocated KSh 3.6 billion and 552 million respectively have similar targets. The targets for both are installation of 6,170 public wi-fi and connecting 1,500 schools and government installations across the country. There is need to distinguish or consolidation of the two projects.

- iv. **Absorption capacity for the Kenya Digital Economy Acceleration Project:** This World Bank funded programme whose main purpose is to facilitate internet connectivity to ward level, schools and government installations as well as public wi-fi had through Supplementary II its initial allocation reduced from KSh 3.5 billion to KSh 734 million in the current FY. The reduction was reportedly on account of low absorption of the funds. The implementation of the programme needs to be fast tracked so that the proposed allocation of KSh 3.6 billion in the FY 2025/26 is adequately absorbed.
- v. **Review of costing and pace of expansion in the Media Regulation Services:** The baseline used for estimates formulation seems not to factor in the funding gaps in media regulation identified by the Committee. Despite the up scaling of allocations through the supplementary estimates in the current FY to KSh 1 billion, the proposed allocation of KSh 786 million negates the funding interventions. The costing of the programme and the pace of expansion needs to be reviewed based on the downward trend in resource allocations.
- vi. **Cost implication of the Strategy in Government Advertising Services:** According to the past submission by the State Department, the change in strategy by engaging only one Media House in all government advertising resulted into cost reduction from KSh 28 million to KSh 9 million per week. However, the proposed resource allocation and targets remain at the same level as the current financial year (KSh 1.3 billion). The effect of the High Court ruling that rendered illegal the directive by the then PS requiring that government agencies direct all their advertisement to one media house needs to be considered.
- vii. **Existence of Huge Pending Bills:** There exist huge pending bills among the MDAs in the sub-sector. According to the latest submission by the State departments, the pending bills were estimated at KSh 885 million under State Department for ICT & Digital Economy and under the State Departments for Broadcasting & Telecommunication, KBC has pending bills amounting to KSh 7.3 billion, Government Advertising Agencies- KSh 1.4 billion and PCK- KSh 6.9 billion of which owe IEBC owes it KSh 450 million and the rest owed by Ministry of Public Services for housing Huduma Centres.
- viii. **Connectivity to Health Facilities:** The project is proposed to be allocated KSh 187 million but there is no disclosure in Programme Based Budget on the targeted number of the facilities to be connected. Low absorption of the allocation in the project has in the past led to budget cuts.
- ix. **Delays in Completion of Capital Projects:** Details contained in the list of projects under implementation within the sector reveals that some projects' planned completion timelines have been missed whereas some also risk being delayed if the resource allocations are not accelerated. In the ICT environment with rapid changes in technologies, such delays may render delayed projects obsolete.
 - a) Projects whose planned timelines have lapsed but are yet to be completed include various projects at Konza such as Construction of Konza Complex Phase IB, Konza Data Centre and Smart City Facilities, supervision of streetscape and wastewater reclamation facility.
 - b) Projects that most likely shall not be completed in time based on the financial performance status includethe construction of Kenya Institute of Mass Communication (Eldoret Campus).

- x. **Cyber Security Management:** The project under the Digital Superhighway is proposed to have its allocation increased by KSh 402 million (from KSh 150 million to KSh 552 million) of which largely is planned to purchase of specialized Plant, Equipment and Machinery. It is critical to ensure that there is no duplication in expenditures since most MDAs also undertake cyber security management at their respective levels.
- xi. **Modernization of KIMC Film Centre, Kenya News Agencies and Equipment of KBC:** The modest allocation of resources to modernization programs and projects within the sector that causes delays in completion of the projects exposes them to the risk of being obsolete given the rapid technological changes in the ICT space.
- xii. **Lack of budgetary interventions for the Postal Corporation of Kenya and Kenya Broadcasting Corporation in the proposed estimates:** Although the two agencies are among those earmarked as critical agencies requiring government interventions to enhance their commercial viability, there is no budgetary interventions to revamp them. This shall expose them to accumulation of pending bills which could worsen their financial struggles.
- xiii. **Need to unpack other operating expenses components of budgets:** In the itemized budget, there are expenditures captured as other operating expenses that need to be unpacked for proper scrutiny. For example, under the ICT infrastructure and Connectivity projects, Ksh 499 million is captured as other operating expenses within the digital hubs.

CHAPTER THREE

3.1 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

23. In the review and consideration of the 2025/26 estimates, the Departmental Committee on Communication, Information and Innovation held two consultative meetings with the Ministry, State Departments and agencies under its purview. Guided by the thematic areas the letter of invite had specified needed to be deliberated on during the consultative meetings.

3.1.1 State Department for ICT and Digital Economy (Vote 1122)

24. The Principal Secretary of the State Department Eng. John Tanui, MBS accompanied by the relevant technical and management heads of various Directorates and Semi-Autonomous Government Agencies (SAGAs) appeared before the committee on 13th May 2025 and made submissions on the proposed estimates for the FY 2025/26 and the medium term. Pursuant to the information sought through the invite letter, the submission covered specific thematic areas on budgetary issues. The Principal Secretary made the submissions as hereunder covered.

Introduction and General Remarks on the Estimates

25. The important role the sub-sector plays as an enabler to the growth and development of the various frontiers of the economy was underscored. The need to support the sub-sector through budgetary interventions was pointed out as manifested by the aspirations of creating a digital superhighway. In reference to the Executive Order No.1 of January 2023, the Committee was reminded of the functions bestowed to the State department. It was illustrated how the functions relate to the public service delivery within the Sub-sector. The discussions based on the functions of the State department and covered the following:

- i. Facilitation of the Development of the Information and Communication Sector including broadcasting and multimedia
 - ii. Data Protection policy and regulation of personal data services
 - iii. National ICT Policy
 - iv. Promotion of ICT innovation and digital economy
 - v. Promotion of E-Government
 - vi. Promotion of Software Development Industry
 - vii. Provision of ICT technical support to MDAs
 - viii. Policy on Automation of Government services
 - ix. Development of National Communication Capacity and Infrastructure
 - x. Management of National Fiber Optic infrastructure
26. The Semi-Autonomous Government Agencies (SAGAs) within the State department and how they contribute in the execution of the mandates of the department were provided. The SAGAs include: ICTA (Information, Communications, and Technology Authority), KoTDA (KonzaTechno polis Development Authority), TEAMs Kenya (The East African Marine Cable System) Limited, KAIST (Kenya Advanced Institute of Science and Technology) and the Office of Data Protection Commissioner.

Summary of FY 2025/26 Budget Estimates (Vote 1122-ICT & Digital Economy)

27. The State Department took the Committee through the proposed estimates and the resultant variations there from when compared to the approved estimates for the current financial year 2024/25. The BPS allocation is **Kshs.21, 173 million** as compared

to the 2024/25 Draft Budget Estimates which is **Kshs. 16,100 million**. This results to a negative variance of **Kshs. 5, 073 million for** both recurrent and development budgets. The table below is a summary of the details of the allocations.

Table 1: Recurrent and Development BPS Allocation Vs Draft Budget Estimates

Title	Approved budget FY 2024/25 as per Sup. II (Kshs. M)	2025 B PS (Kshs. M)	2025/26 Draft Budget Estimates (Kshs. M)	Shortfall from approved BPS (Kshs. M)	Resource Requirement
Recurrent	2,820.2	3,489	3,215.6	(273.4)	5,829
Dev	9,237.7	17,684	12,885.2	(4,798.8)	49,582
Total	12,057	21,173	16,100.8	(5,072.2)	55,411

Source of Information: The National Treasury

28. The Committee was informed that the wide gap between the resource requirement and proposed allocation amounting to KSh 39.3 billion shall stifle the execution of various programmes and projects within the vote.
29. A breakdown of the recurrent BPS allocation Versus Draft Budget Estimates as allocated among the SAGAs was provided as hereunder summarized.

Table 2: Proposed allocations Versus Approved Estimates

S/No.	SAGA	Approved Estimates FY 2024/25 Kshs. Million	BPS Allocation FY 2025/26 Kshs. Million			Draft Budget Estimates FY 2025/26 Kshs. Million		
			Budget	GROSS	AIA	NET	GROSS	AIA
1	ICTA	638	687	20	667	620	20	600
2	KOTDA	628	763	300	463	717	300	417
3	KAIST	134	238	3	234	214	3	211
4	ODPC	860	868	100	768	791	100	691
GRAND TOTAL		2,260	34,691	1,460	2,009	1672	1460	1,212

Source: The State Department of ICT & Digital Economy

30. The Committee was provided with breakdowns on how the various SAGAs within the State Department shall utilize its respective allocations. It was revealed that under recurrent expenditure, compensation to employees shall consume the lion share of the proposed allocation in the financial year 2025/26.

31. Attention of the Committee was drawn to the fact that the fiscal space in the vote 1122 is so constrained that the grand plans for development in the sector shall not be achieved. Besides, it was pointed out that over-reliance on loans for funding the capital projects such as maintenance of the fibre optic networks adversely affect their uptime when there are delays in disbursements.

Description	Approved FY 2024/25 Kshs. Million	BPS FY 2025/26 Kshs. Million	Draft Budget Estimates FY 2025/26 Kshs. Million	Variance Kshs. Million
GROSS	9,238	17,684	12,684	(4,799)
GOK	1,248	4,303	2,735	(1,568)
Loans	7,240	12,631	9,400	(3,231)
Local AIA	750	750	750	0

Source: State Department for ICT and Digital Economy

32. From the table, it was revealed that out of the KSh.12.8 billion proposed allocation to development expenditures; a whopping KSh.9.4 billion, which translates to 73% of the total vote shall be externally funded.
33. On the basis of proposed allocations and the approved estimates for FY 2025/26, a comparative analysis was provided on the proposed resource allocation to the ongoing and new capital projects within the vote. The impact the variations shall have on the implementation status was illustrated on.

Targets for the Financial Year 2025/26 and the Medium Term

34. The State Department took the members on what it has achieved in the previous years and indicated that with proposed allocation, in the 2025/26, it targets to achieve the following:
- i. Connected 1,148 schools and government institutions with internet
 - ii. Connect and equip 360 digital hubs
 - iii. Install 2,007 public Wi-fi hotspots at counties, sub-counties and ward level
 - iv. Maintain 52% of the Last Mile County Connectivity and NOFBI Cable sites
 - v. Digitize 919,000 government records
 - vi. Automate 1,228 government services
 - vii. Achieve 58% of completion of Konza Complex.

Stalled Projects

35. The State Department informed the Committee that it does not have any stalled projects and that all the projects are ongoing at varying completion levels.

Alignment of the estimates to the Bottom-up Economic Transformation Agenda (BETA)

36. The Committee was informed that since all the capital projects being implemented within the vote are BETA projects, the State Department for ICT and the Digital Economy is pivotal in realizing the country's vision of establishing a robust digital economy and positioning Kenya as a leading knowledge-based economy and ICT hub in the region. Moreover, the department significantly contributes to achieving the objectives outlined in the Bottom-Up Economic Transformation Agenda (BETA), focusing on creating an enabling environment for job creation, reducing the cost of living, promoting inclusive growth, ensuring food security, enhancing foreign exchange earnings, facilitating ease of doing business, and expanding the tax base. Recognizing its

facilitative and enabling roles, the department aligns its priorities with the pillars of the Government Agenda, including healthcare, housing and settlement, agricultural transformation, MSME development, digital superhighway, and the creative economy.

37. The BETA projects include among others: Digital hubs, cyber-security management, installation and commissioning of Eldoret-Nadapal, Horn of Africa Development project, Kenya digital Economy Acceleration Project, Construction of Complex and construction of Kenya Institute of Science and Technology at Konza Technopolis.

Status of Pending bills

38. The Committee was informed that as at 13th May 2025, the State Department has pending bills amounting to KSh 979 million. The pending bills is made up of historical bills of KSh 570 which were forwarded to the Verification Committee of National Treasury, KSh 314 million are related to the ongoing development projects whose allocations were rationalized to zero in the Supplementary estimates.

Pertinent issues affecting the State Department

39. The Pertinent issues raised were related to the financing gap estimated at KSh.34 billion. It was pointed out that the inadequate resourcing of the sector shall have the following adverse effects:
- i. The department will not be able to implement the presidential directives
 - ii. Slow internet connectivity to schools and public institutions which shall hinder enhanced access to e-learning, e-government services and digital skills training.
 - iii. Slow establishment of digital hubs which shall limit opportunities for youth employment, online job training and digital innovation in under-served training
 - iv. Underachievement of public Wi-fi hotspots which shall slow down e-commerce adoption and expansion of digital economy
 - v. Inadequate maintenance of ICT infrastructure which lead to degradation of the infrastructure, reduced internet uptime resulting in unreliable ICT services
 - vi. Slow pace of digitization of government services which shall delay transition to paperless government operations.

Financing Gaps

40. Under the recurrent expenditure, the State Department apprised the Committee on areas with financing gaps amounting to KSh 2.063 billion and provided details of specific details as hereunder summarized in the table.

Table: Recurrent Budget Financing Gap

Program/Activity	Amount Required (Kshs)	Details
Cyber Security Systems Audit	100 million	System audits in 40 MDAs to assess compliance with ICT standards, digitization, security, data backups, and business continuity plans.
Ajira Digital Training Program	160 million (yearly)	Trained 1.9 million youths; requires Kshs. 160 million annually to train and link 10,000 youths to online jobs.
Operations & Maintenance (HQ)	460 million	Increased activities for Jitume Digital Hubs, WiFi hotspots, project supervision, site

inspections, and monitoring of Performance Contracting targets.

Semi-Autonomous Government Agencies (SAGAs) 1,343 million

Shortfall for Operations and Maintenance (O&M) for SAGAs under the State Department.

Source: State Department for ICT and Digital Economy

41. On the development vote, the State department reported its estimated financing gap amount KSh 31.8 billion as summarized in the table

S/NO.	Capital Project	Shortfall 2025/2026	FY
1.	Kenya Digital Economy Acceleration project (KDEAP)	11,691 Million	
3.	Horizontal infrastructure program Phase II at Konza	6,500 Million	
4.	100,000 KM of fibre connectivity	10,900 Million	
5.	Cybersecurity Security Management	2,807 Million	
TOTAL		31,898 Million	

Source: State Department for ICT and Digital Economy

Critical priority areas for funding

42. In terms of priorities, the department ranked the under-funded and non-funded areas as:

	Project Title	ADDITIONAL REQUEST	REMARK
		GoK	
		Kshs Million	
HEADQUARTERS			
1	Maintenance & Rehabilitation of LMCC Network Phases I-III - BETA	255.32	For payment of Pending Bill and the current running Contract
2	NOFBI Phase II Cable-BETA	422.00	For payment of Pending Bill and the current running Contract
3	E-Government Support and Maintenance-BETA	25.00	For Purchase of ICT Equipment
4	Digital Hubs-BETA	214.53	For payment of Pending Bill, current running Contract and Kshs 150M for public WIFI
5	Connectivity to Konza Data Centre and Smart City Facilities-BETA	73.28	For payment of Pending Bill and the current running Contract
TOTAL		990.13	

Source: State Department for ICT and Digital Economy

3.1.2 The State Department for Broadcasting and Telecommunication

43. The Principal Secretary of the State Department for Broadcasting and telecommunication accompanied by the technical staff and top management of various Directorates and SAGAs appeared before the Committee on 15th May 2025 and made submissions on the proposed estimates for the FY 2024/25 and the medium-term. The Permanent Secretary made the submissions as hereunder covered.

Introduction and General Remarks on the Estimates

44. The PS reminded the Committee on the mandate and functions of the State Department and how the three programmes under implementation facilitates the realization of the functions. In reference to the Executive Order I of the 2023, The stipulated functions of the department were noted to include: Telecommunications policy, broadcasting policy, co-ordination of National Government Advertising services, public communications, Postal courier and services, development of local content policy, government telecommunications services, Government spokesperson services Telecommunications, postal services and electronic commerce.
45. To execute its mandate, the State Department is supported by five (5) Semi-Autonomous Government Agencies (SAGAs), one (1) Autonomous Government Agencies, one (1) Advisory Council, one (1) Secretariat, one (1) Commission and one (1) Tribunal. The respective responsibilities of the agencies were highlighted on and linked to the overall mandate of ensuring that the citizenry area informed on Government projects, programmes and initiatives.

Summary of FY 2025/26 Budget Estimates (Vote 1123- Broadcasting and Telecommunication)

46. The Committee heard that the proposed allocation to the State Department amounts to **KSh. 6,241 billion** comprising of **KSh. 5,885 billion** for recurrent and **KSh. 356 million** for development expenditure. The Proposed allocation translates to a reduction of 6% (KSh 378 million) when compared to the approved allocation for the current financial year. The proposed allocations are within the approved BPS ceilings of KSh 6,460 million.
47. The State Department provided the distribution of the proposed allocation to the three programmes under implementation as summarized in the table.

Programme Name	BPS 2025 Allocation (Ksh.)			FY 2025/26 Proposed Allocation (Ksh.)			Variance (f-c)
	Rec. (a)	Dev (b)	Total (c)	Recurrent (d)	Dev (e)	Total (f)	
General Admin.	242	0	242	239	0	239	-3
Information and Communication Services	5,704	645	6,349	5,370	322	5,692	-657
Mass Media Skills Development	248	0	248	276	34	310	62
TOTAL	6,194	645	6,839	5,885	356	6,241	-598

Source: Submissions of the State Department for Broadcasting and Telecommunication.

48. The Principal Secretary presented to the committee an analysis of the FY 2025/26 allocation to SAGAs, Headquarters and Development for the State Department.

Table 3.2: Allocation to SAGAs, Headquarters and Development

Institution	BPS Allocation (KSh M.)	2025 Proposed Allocation (KSh M.)	FY2025/26 Proposed Allocation (KSh M.)	Variance
SAGAs				
National Communication Secretariat	222		222	0
Kenya Institute of Mass Communication	248.2		276.4	28.2
Kenya Year Book Board	182		170	-12
Media Council of Kenya	922		786.3	-135.7
Kenya Broadcasting Corporation	2,390.7		2,284.8	-105.9
Media Complaints Commission	10		9	-1
<i>Sub-Total SAGAs</i>	<i>3,975</i>		<i>3,748.5</i>	<i>-226.5</i>
All Headquarters Heads and field offices	2,218.9		2,136.6	-82.2
Recurrent Total	6,193.8		5,885.2	-308.7
Development Total	645.0		356.0	-288.9
TOTAL VOTE	6,838.9		6,241.2	-597.8

Source: Submissions of the State Department for Broadcasting and Telecommunication

Achievements in the recent past

49. With the utilization of funds allocated to the sector, the PS took members through the achievements that were realized. Key among the highlighted achievements per programme included:

- i. **Under the General Administration, Planning and Support Services**
 - a) Developed National Communication Policy - ready for presentation to the Cabinet for approval
 - b) Developed Government Communication Strategy 2024-2027 - ready for presentation to the Cabinet for approval
 - c) Developed draft Media Bill 2025 - pending public participation and validation
 - d) Developed draft Kenya School of Communication Bill, 2025 - awaiting validation after public participation

- e) Developed KICA Regulations, 2025 - submitted to the National Assembly for pre-publication scrutiny
- f) Developed three (3) monitoring and evaluation reports on MTP IV BETA priorities-submitted to the National Treasury and Economic Planning for compilation
- ii. **Under the Information and Communication Services**
 - a) Produced and uploaded 18 monthly online editions of Mawasiliano Bulletin and County Focus on KNA website out of an annual target of 24
 - b) Capacity built 50 PCOs/ PCAs on emerging media skills in the dynamic media environment out of a target of 100
 - c) Published and disseminated 38 weekly MyGov pull-out editions out of an annual target of 50
 - d) Produced 226 audio-visual productions out of an annual target of 200 under Studio Mashinani
 - e) Provided 1,723 hours of public broadcasting services out of an annual target of 2,190
 - f) Published Kenya Yearbook 2024 edition
 - g) Published 38 digital weekly Agenda Kenya newspaper out of an annual target of 52
- iii. **Under Mass Media Skills Development**
 - a) Received and processed 13 media complaints-They are at various levels of adjudication
 - b) Developed three (3) curricular Diploma in Engineering and Technology, Instrumentation Option, Power Option and Telecommunication
 - c) Provided on-job trainings to 3,237 journalists out of an annual target of 3,200
 - d) Accredited 5,583 journalists out of the annual target of 8,950
 - e) Enrolled 125 interns under MCK Internship Programme out of an annual target of 400
 - f) Established 4 digital content production centres out of an annual target of 15

On the FY 2025/2026 and Medium-Term BETA Priorities and Targets

50. The Committee was informed that the State Department's medium-term focus is guided by the Bottom-up Economic Transformation Agenda (BETA), with the following priorities:

- i. Revamping of Kenya News Agency (KNA)
- ii. Restructuring of the Postal Corporation of Kenya (PCK) and Kenya Broadcasting Corporation (KBC)
- iii. Rollout of broadcasting and telecommunications infrastructure in un-served and underserved areas
- iv. Establishment of 18 additional Studio Mashinani Centres
- v. Establishment of digital content production centers by the Media Council of Kenya (MCK)
- vi. Digitization of Government Advertising services
- vii. Enhancement of Government Communication
- viii. Upgrade of Broadcast Loggers by Communications Authority (CA)

Stalled Projects

51. The State Department pointed out that the modest allocation to the various projects has derailed and continue to slow down the pace of completion. The construction of the Kenya Institute of Mass Communication (Eldoret Campus) and the Automation project at the Kenya Yearbook Editorial Board were noted have not been allocated any money for its constructions since the financial year 2024/25 which risks rendering it as stalled.

BETA Priorities

52. The Committee was informed that the State Department's medium-term focus is guided by the Bottom-up Economic Transformation Agenda (BETA), with the following key priorities areas:
- i. Revamping of Kenya News Agency (KNA)
 - ii. Restructuring of the Postal Corporation of Kenya (PCK) and Kenya Broadcasting Corporation (KBC)
 - iii. Development of mass media skills through the Kenya Institute of Mass Communication (KIMC)
 - iv. Establishment of 18 additional Studio Mashinani Centres
 - v. Establishment of digital content production centers by the Media Council of Kenya (MCK)

On Pending Bills

53. The Principal Secretary informed the Committee that the State Department for Broadcasting and Telecommunications has total pending bills amounting to KSh. 116,377.51 Million. The breakdown was provided as follows:

Table 3: Summary of Pending Bills

S/No	Item	KSh. (M)	Remarks
1	Advertising services (Media Houses)	866.07	Submitted to the pending bills Closing Committee at the National Treasury for further verification and authentication
2	HQs	8.21	Owed to various service providers
3	KBC	108,808.48	This amount includes unpaid pension, outstanding statutory/KRA remittances, OECF Loan of Ksh. 9,000M and other creditors
4	PCK	6,694.75	This amount includes unpaid statutory payments, the Japanese OECF loan, salary arrears, unpaid pension and creditors.
	TOTAL	116,377.51	

Strategies to Reduce the Pending Bills

54. To address the pending bills at the **Headquarters and in Advertising Services**, the Principal Secretary emphasized that the State Department is committed to treating pending bills as the first charge, in accordance with existing government policy. As a cost-saving measure, the department has already reduced the circulation of the MyGov pull-out editions from two publications per week to just one. In addition, a gradual

transition to digital platforms for the distribution of MyGov is underway. This digital shift is expected to significantly lower publication and circulation costs. Furthermore, a new contract has been signed with Convergence Media Africa Ltd (publishers of The Star), which will also contribute to cost reduction in the production and dissemination of the MyGov editions.

55. Concerning the **Kenya Broadcasting Corporation (KBC)**, the Principal Secretary informed the committee that a Cabinet Memo has been submitted requesting additional funding to clear historical bills, including the Japanese OECF loan.
56. In the case of the **Postal Corporation of Kenya (PCK)**, the committee was informed that some strategic actions have been initiated, including a consultative meeting between PCK and Huduma Kenya, which has led to the reconciliation of KSh. 1.7 billion and is now scheduled for settlement. This move is expected to offset a significant portion of the pending bills owed to Ministries, Departments, and Agencies (MDAs). Additionally, PCK has identified two parcels of land located in Yaya, Nairobi, valued at approximately KSh. 2.03 billion, which is to be transferred to the PCK Staff Pension Scheme. Moreover, the implementation of a new corporate structure is expected to facilitate the exit of 486 staff members once the necessary funding is secured. This restructuring is projected to save the organization KSh. 300 million annually, further contributing to long-term sustainability.

On the Pertinent Issues Affecting the Attainment of Programme Objectives

57. The State Department highlighted the following challenges that hinder the attainment of programme objectives:
 - i. Inadequate legal frameworks establishing sub-sector institutions
 - ii. Budget limitation
 - iii. Delayed/Non release of Exchequer
 - iv. Human resource gap i.e., limited technical staff, inadequate staffing levels and capacity building
 - v. Assets e.g., land ownership and buildings
 - vi. New/emerging technologies
 - vii. Proliferation of media outlets, including online platforms and local language media outlets

On the Request for Additional Funding and Priority Areas

58. To enable the State Department for Broadcasting and Telecommunications to effectively deliver on its mandate and address key operational and financial challenges, the State Department requested the Committee's support for enhanced budgetary allocations. Specifically, the Department requests that the Committee ring-fence the approved BPS 2025 budget amounting to KSh. 6,838.89 million.
59. In addition to safeguarding the approved budget, the State Department is requesting an additional allocation of KSh. 811.8 million in the FY 2025/26. This funding is critical to support some unfunded or underfunded priority areas that are essential to the sector's strategic goals and service delivery. The detailed breakdown of these priority areas was highlighted as:

Table: Request for additional funding

Priorty No.	Institution	Amount KSh (M)	Remarks
1	KBC Salary shortfall	106	Reinstate KSh 106million to cater for salary shortfall as per the BPS 2025
2	Media Council of Kenya	236	KSh.136 million to be reinstated to the BPS 2025 allocations to meet operations and maintenance expenses and payment of statutory deductions. Additional KSh 100 million to sustain media monitoring and content regulatory services and ICT media Hub sustainability.
3	Kenya News Agency	268	KSh. 100 million is for refurbishment as per the BPS 2025 KSh 68 million is for training as per BPS 2025 Additional KSh 100 million for purchase of equipment for news gathering on success stories.
4	Kenya Institute of Mass Communication	91.8	Staff &Board Medical cover KSh.11.8M , Salary harmonization of salary KSh30M Content Production and Research Center- KSh.50M
5	KBC Studio Mashinani	12	For completion and equipping of Kisii and Eldoret Centres. Going forward KBC will leverage of the Digital hubs and other government establishments to roll out the remaining Studio Mashinani centres
6	Directorate of Public Communication	50	The amount will cater for purchase of Media and Customer Relations Management Software and modernization of telecommunications infrastructure at the National Government contact centre.
7	Kenya Yearbook Editorial Board	48	KSh.48million to recruit technical staff
	Total	811.8	

CHAPTER 4

4.1 COMMITTEE OBSERVATIONS

60. The Committee made the following observations:

4.1.1 Cross-cutting observations

61. **Dwindling and erratic resource allocations to the Sector:** Resource allocations to the two votes 1122 and 1123 have been largely on a downward trajectory which is perennially worsened by the budget cuts in Supplementary estimates. This derails the realization of the noble targets towards universal access to digital and telecommunication services which have the potential to create significant positive impact to the economy and house-holds 'welfare. The allocations have been as summarized in the table.

Budgetary Allocations (Amounts in Billions)					
Financial Years	2021/22	2022/23	2023/24	2024/25	2025/26
1122 (ICT & Digital Economy)	20.2	14.5	19.4	12.0	16.1
1123 (Broadcasting & Telecommunication)	8.0	6.5	7.5	6.6	6.2
Total	28.2	21.0	26.9	18.6	22.3

Source: The National Treasury (Various Budget Books)

62. **The National Treasury ignores the variations of the National Assembly in Supplementary Estimates in the formulation of the subsequent financial years allocations:** This Departmental Committee in appreciating the need for additional resources to sustain the growth in operational costs for some agencies within the sector has in the past made budgetary interventions. However, the National Treasury waters down such interventions by proposing starving further the agencies in the initial stages in the formulation of the estimate. Such resource down-scaling has been in allocation to the Office of Data Protection Commissioner and the Media Council of Kenya.

63. **Existence of Huge Pending Bills:** There exist huge pending bills among the Ministries, Departments and Agencies in the sub-sector. As at 13th May 2025, the existing pending bills were as:

- i. **KSh 116.3 billion** in the State Department for Broadcasting & Telecommunication. This is made up of KSh 108.8 billion by the Kenya Broadcasting Corporation, KSh 866 million by Government Advertising Agency and Ksh 6.7 billion by Postal Corporation of Kenya and KSh 8 million by the Departments Headquarters.
- ii. **KSh 979 million** in the State Department for ICT and Digital Economy. This is largely owed to various contractors undertaking rehabilitation and maintenance works on fibre optic networks across the country and the construction works at the Konza Technopolis.

64. **Inconsistency in costing of projects and programmes:** An analysis of the trend of targets and resource allocations reveals that the costing of the projects is inconsistent and not proportionate to the targets set. This casts aspersion on the accuracy in the costing of the various programmes and projects. This is noted under the following areas such:

- i. Digitization of government records and automation of government services,
- ii. Establishment of studio mashinani

iii. Government Shared Services

65. **Delays in completion of capital projects:** There are projects within the sector that were initiated several years ago and the modest annual allocations to them have over time led to sluggish process in their completion. Some of these projects are yet to be completed whereas the planned completion timelines have been missed. Given the rapid technological changes, the delays pose the risk of rendering some of the projects obsolete, less relevant and less impactful with the passage of time. In the current allocative framework, resources are thinly spread across many projects which cater for immaterial progress in the completion. Consequently, there is need to phase out some projects and accelerate completion of the more impactful ones through targeted resource allocations. Such include:
- i. Horn of Africa Gateway Development Project: Planned to be completed in June 2028 but has only achieved a physical completion of 7%.
 - ii. Connectivity to health facilities: Planned to be completed to in June 2027 but has only achieved a physical completion of 9%.
 - iii. KBC Migration of MW to FM: Planned to be completed to in June 2028 but has only achieved a physical completion of 1%.
 - iv. Modernization of Kenya News Desk and Offices: Planned to be completed to in June 2028 but has only achieved a physical completion of 7%.

4.1.2 State Department for Broadcasting and Telecommunication

66. **Kenya Institute of Mass Communication (Eldoret) Campus faces the risk of being a stalled project:** Whereas this project was planned to be completed by June 2028, out of the projects total estimated cost of KSh 1.69 billion the actual expenditure since its inception in 2018 is a meagre KSh 33 million. Non allocation to the development of the project for the current and the next financial year derails the completion of the critical training institute. Given that the institute is currently temporarily located at a limited land of the Uasin –Gishu County Government, the delay shall constrain its capacity to train the needy youth population.
67. **Lack of budgetary interventions for the Postal Corporation of Kenya and Kenya Broadcasting in the proposed estimates:** Although the two corporations were identified and approved by the Cabinet as some of the critical agencies that require interventions to have them revamped for commercial viability, in the proposed estimates of 2025/2026 and in the medium term there is no budgetary interventions to that effect. Lack of financial support shall lead to continued accumulation of pending bills that have so far reached staggering amounts.
68. **Media Regulation Services:** Overtime given the upsurge in numbers of media stations and practitioners, the capacity for media regulation has been gradually built through budgetary allocations. The growth has been manifested in the establishment and operationalization of regional offices and ICT Media hubs, human resource, technological resources, training and sensitization programmes. However, in the current financial year and as proposed and projected in the medium term, resource allocation for media regulation has plummeted to KSh.786 million proposed for 2025 up-from KSh 1.6 billion in 2023/24. This reduction in resource allocation shall claw back progress that had been made in media regulation.
69. **Issues on Government Advertising:** The government advertising faces challenges that adversely impact on its budget. Key among them include:

- a) Non-remittance of the payments by the MDAs to GAA to settle for advertising costs which leads to accumulation of pending bills owed to various media houses by GAA.
 - b) Ineffective strategy and weak monitoring and evaluation framework in advertising which compromises value for public money
 - c) Legal challenges: The High Court ruling that quashed the former PS directive to all MDAs to use only one media house for its TV advertisements. The intended benefits of cost saving as happened when pull-outs advertisements were channelled to only one media print media (weekly costs reduced from KSh 28 million to KSh 9 million) shall be missed.
70. **Outsourcing of services by the Kenya Yearbook Editorial Board is cost ineffective in the production of various publications:** Lack of adequate technical human resource and specialized printing pieces of equipment forces the Board to outsource services at relatively high costs at various stages of its publication works. Besides, the limited capacity of the Board on account of resource allocation constrains the scope of publication works that can be undertaken. Enhanced capacity of the Board is necessary as a cost cutting and A-i-A enhancing measure in the production of various publications and to widen the scope of works that can be done by the Board.
71. **Unreconciled book entries of a Japanese Loan advanced to KBC inflates the pending bill status of KBC:** As has been raised in the various Auditor General reports since 2000/2001, KBC was advanced a Japanese loan of KSh 7.5 billion in 1989 which though has since been settled by the National Treasury still exists in the books of KBC a under liabilities having accumulated to an outstanding of KSh 90.7 billion on account of penalties and interest rates. Follow –ups with the National Treasury by KBC in collaboration with the line State department are yet to be acted on.

4.1.3 State Department for ICT and Digital Economy

72. **Strategy to accelerate the establishment of Innovation Hubs:** To accelerate the pace of establishing the hubs across the country, the allocation is proposed to be enhanced to KSh 552 million and various models of implementation have been adopted. These include centres of excellence, constituency innovation hubs, hubs in TVETs and hubs in each ward. To hasten the pace, there has been established a collaborative team made up Communication Authority of Kenya, ICTA, KoTDA and public works. There is a commitment by the two State departments to ensure efficiency and effectiveness in the team for targets achievement.
73. **A boost for ICT connectivity through the Kenya Digital Economy Acceleration Project requires enhanced absorption capacity by State department:** This World Bank funded project which is proposed to be allocated KSh 3.6 billion in the FY 2025/26 targets to connect 1,500 learning institutions and other government installations up-to the ward level and to install 6,170 public wi-fi hotspots across the country. The Ministry has instituted a collaborative strategy the financier, other related service providers in the private sector and the respective government agencies to address the challenges of downtimes, insecurity/vandalism and sustainability of the installations.
74. **Need to enhance capacity in Data protection:** Though there has been a remarkable progress in the Office of the Data Protection Commissioner, with emerging issues such the declaration of illegality of world-coin activities and the consequent order for deletion of the data that was collected, illegality of data collection and management in some learning institutions, the office still needs a lot of

financial and non-financial support to execute its critical mandate. This support should be for enhancement of its regulatory role and for up scaling the sensitization of the citizenry. The proposed reduction of allocations to the Office by KSh 119 million shall therefore claw back the progress so far achieved.

75. **Lack of funds to operationalize KAIST (Kenya Advanced Institute of Science and Technology) upon its completion:** Whereas the Construction works for the University is to be completed by the end of the financial year 2025/26, lack of budgetary allocation threatens to derail recruitment of the required teaching personnel to allow for its timely accreditation by the Commission on University Education. The institute initially requires approximately KSh 237 million acquire the requisite human resource and with the enrolment of students shall internally generate its revenue to sustain its operations.
76. **Risk of duplication of funding in Cyber-security Management:** Despite the cyber vulnerability risk exposure arising from the rapid adoption of digital technology and government expansionary policy for universal data services, MDAs and the Communication Authority have established and still operate cyber-security measures at their own specific levels (in silos). The decentralized approach to the management of cyber-security limits the national capacity in cyber-security and may also be cost ineffective on account of not leveraging on the economy of scale and scope. There is need for a centralized approach in cyber-security through capacity building, provision of specialized and standardized tools, equipment and regulations for a coordinated approach. With adequate funding, the centralized approach can build a robust and effective cyber-security system.
77. **Delays in completion of capital projects at Konza Technopolis:** The key projects including Construction of Konza Complex -Phase I and Supervision of Streetscape & Wastewater Reclamation Facilities ought to have been completed as per the initial planned timelines. However, inadequate allocation to the projects and persistent budget cuts has delayed the completions. The delay poses the risk of costs over-runs and delay in delivery of the envisaged public service delivery.

CHAPTER 5

5 COMMITTEE RECOMMENDATIONS

5.1 Non-Financial Recommendations

5.1.1 Cross-cutting

78. By 30th September 2025, the Verification Committee on pending bills in the National Treasury should fast track to completion its work to pave way for settlement of the validated bills. By then, a report from the verification Committee should be submitted to the National Assembly.
79. By 30th September 2025, the Principal Secretaries for States departments for ICT & Digital Economy and for Broadcasting & Telecommunication to iron out the collaborative challenges between the Communication Authority and the Konza Technopolis Development Authority for enhanced efficiency in the establishment and equipping of the innovation hubs. A report on resolutions on the same to be submitted to this Committee on Communication, Information and Innovation.
80. By the time of formulation of the next budget, the National Treasury should evaluate the portfolio of all of the existing capital projects for strategic allocation so that those nearing completion are concluded instead of thinly distributing modest funding with immaterial impact on the progress of completion.

5.1.2 State Department for Broadcasting and Telecommunication

81. By 30th September 2025, the National Treasury in collaboration with the line Ministries should submit to the National Assembly a report on the progress made on revamping of the State Corporations that were approved by the Cabinet as Strategic agencies including Postal Corporation of Kenya and Kenya Broadcasting Corporation.
82. By 30th September 2025, the National Treasury in collaboration with KBC and the State department for Broadcasting and Telecommunication to ensure that the necessary book reconciliations regarding the Japanese loan is concluded and consequently expunged from the liabilities of KBC.
83. By 30th September 2025, the National Treasury to institute and implement a strategy of settlements of pending bills among inter-governmental agencies. Such to include using available budget instruments to coerce IEBC and the Ministry of Public Service to settle the pending bills they still owe to the financially struggling Postal Corporation of Kenya. This should also be used to have MDAs settle the outstanding bills amounting to KSh 885 million they owe Government Advertising Agency by various Ministries, Departments and Agencies.

5.1.3 State Department for ICT and Digital Economy

84. By 30th September 2025, the State department for ICT and Digital Economy to prepare and submit to the Committee an implementation roadmap for the World Bank funded Kenya Digital Economy Acceleration Project (KDEAP). The plan to include the strategy in place to address potential challenges related to absorption of the allocated funds and the sustainability of the ICT installations across the country.
85. By 30th September 2025, the State Department for ICT and Digital Economy to submit to this departmental Committee a cost-benefit analysis report on the strategy in centralizing the management of cyber security. This is to facilitate consultative assessment of the status of cyber-security in the country and for synergy among the agencies undertaking a similar mandate to prevent duplication of expenditure.

5.2 Financial Recommendation

The Committee recommends approval of the draft estimates for votes 1122 and 1123 with the following proposed reallocation amendments as detailed in the table

COMMITTEE'S PROPOSED REALLOCATIONS							
Vote	Programme	Projects/ Expenditure Head	Draft Esti mat es	Committees Adjustments			Justification
				Rec	Dev	Tot al	
PROPOSED REDUCTIONS (Ksh 387 million)							
1122(ICT & Digital Economy)	ICT Infrastru cture Develop ment	1122103102: Cyber-Security Management	552	0	170	170	Budget rationalization: The project can be phased out since there are various Ministries and Agencies that are currently undertaking similar programmes at various capacity. Such include: Communication Authority of Kenya, Ministry of Interior and the related agencies.
		1122103403: Connectivity to Health Facilities	188	0	137	137	The absorption on this has been low overtime on account of poor mapping of the facilities. Besides, the Ministry of Health is also implementing a similar project.
		1122100600: Government Shared Services	239	0	80	80	Budget rationalization: The costing of the digitization of government records and automation of government services has been inconsistent.
Total reduction from vote 1122				0	387	387	

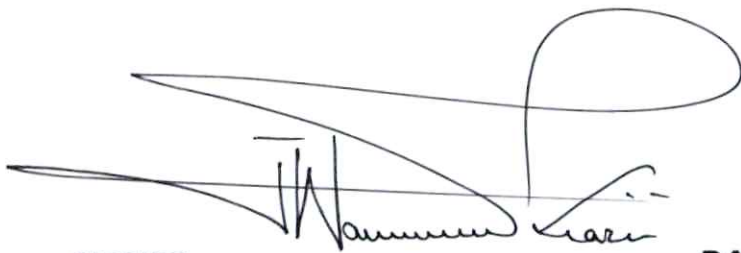
COMMITTEE'S PROPOSED REALLOCATIONS							
Vote	Programme	Projects/ Expenditure Head	Draft Estimates	Committees Adjustments			Justification
				Rec	Dev	Total	
PROPOSED INCREASES (Ksh.387million)							
1122 (ICT & Digital Economy)	ICT Infrastructure Development	1122103402: Digital Hubs	499	0	137	137	To increase the hubs across the country for youth economic empowerment.
		1122000701: Konza Technopolis Development Authority	717	38		38	Settlement of pending bills for the ongoing works at Konza Technopolis derailing completions of the project
	E-Government Services	1122002100: The Office of Data Protection Commissioner	791	100		100	To strengthen the awareness campaigns and build the capacity of data controllers and processors.
1123 (Broadcasting & Telecommunication)	Information and Communication Services	1123100400: KBC Rollout of Studio Mashinani	38	12		12	For completion and equipping of Kisii and Eldoret studios
		1123001501: Media Council of Kenya	786	100		100	To partially reinstate allocation to cater for the sustenance of media monitoring and content regulatory services and the operation costs of the existing ICT media centres.
Proposed Total Increases to votes 1112 & 1123				250	137	387	

Unfunded Requests for additional resources (Wish-list)

The Committee requests for additional funding amounting to **KSh.3.7 billion** to be allocated to the underfunded areas as detailed in the table.

Unfunded Requests for additional resources (Ksh. Million)						
Vote	Programme	Head/Project	Proposed adjustments			Justification
			Rec	Dev t	Tota l	
1123: Broadcasting & Telecom	Information & Communication	1123000200: Directorate of Public Communication -KNA	100		100	Capacity building and equipping of KNA Staff for enhanced competitiveness in the industry.
		1123001500: Media Regulatory Services (MCK)	350		350	To reinstate allocations lost in the previous budget cuts so as sustain media monitoring and content regulatory services and cater for the shortfall in the operations of the 12 ICT Media hubs.
	Mass Media Skills Development	1123001200: Kenya Institute of Mass Communication (KIMC)		100	100	For the construction works at the Eldoret Campus (KIMC) which faces the risk of being stalled.
	Information & Communication	Postal Corporation of Kenya	3,000		3,000	A one off allocation to revamp the PCK as per the Cabinet Memo
1122: ICT & Digital Economy	E-Government Services	1122002100: The Office of Data Protection	150		150	To enhance the capacity in data protection inspections and

Unfunded Requests for additional resources (Ksh. Million)						
Vote	Programme	Head/Project	Proposed adjustments			Justification
			Rec	Dev	Tota	
						Audits and awareness campaigns
Total Unfunded Request			3,600	100	3,700	



22 05 2025

SIGNED..... DATE.....

**HON. JOHN KIARIE, MP
(CHAIRPERSON)**

**DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION
AND INNOVATION**



THIRTEENTH PARLIAMENT - FOURTH SESSION – 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND
INNOVATION

ADOPTION SCHEDULE

Consideration of the of the Report of the Budget Estimates for the Financial Year
2025/26

No.	MEMBER	SIGNATURE
1.	Hon. John Kiarie Waweru, MP - Chairperson	
2.	Hon. Alfah Miruka Ondieki, MP – Vice Chairperson	
3.	Hon. Shakeel Shabbir Ahmed, CBS, MP	
4.	Hon. Erastus Kivasu Nzioka, MP	
5.	Hon. Joseph Kipkosgei Tonui, MP	
6.	Hon. Mark Nyamita, MP	
7.	Hon. Bensuda Joyce Atieno Osogo, MP	
8.	Hon. Bernard Kibor Kitur, MP	
9.	Hon. Gideon Kimaiyo Kipkoech, MP	
10.	Hon. Flowrence Jematiah Sergon, MP	
11.	Hon. Kakuta Maimai Hamisi, MP	
12.	Hon. Khalif Ali Abdisirat, MP	
13.	Hon. Mumina Gollo Bonaya, MP	
14.	Hon. Umulkher Harun Mohamed, MP	
15.	Hon. Wainaina Njoroge, MP	

DEPARTMENTAL
COMMITTEE ON
DEFENSE,
INTELLIGENCE
& FOREIGN
RELATIONS



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

**DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN
RELATIONS**

REPORT ON THE CONSIDERATION OF BUDGET ESTIMATES FOR FY 2025/26:

The Ministry of Defence
The Ministry of Foreign and Diaspora Affairs
The State Department for Foreign Affairs
The State Department for Diaspora Affairs
The State Department for East African Community
The National Intelligence Service

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

MAY, 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

AIA	Appropriation in Aid
ARC	Association of Regional Cooperation
ASALs	Arid and Semi-Arid Lands and Regional Development
BETA	Bottom-up Economic Transformation Agenda.
BPS	Budget Policy Statement
EAC	East African Community
EAMI	East African Monetary Institute
ECA	Export Credit Arrangement
FDI	Foreign Direct Investment
FY	Financial Year
GDP	Gross Domestic Product
IFMIS	Integrated Financial Management System
IGAD	Intergovernmental Authority on Development
KMC	Kenya Meat Commission
KOFC	Kenya Ordinance Factories Corporation
KSA	Kenya Space Agency
KSL	Kenya Shipyards Limited
MDAS	Ministries, Departments and Agencies
MFDA	Ministry of Foreign and Diaspora Affairs
MOD	Ministry of Defence
MOU	Memorandum of understanding
MSNE	Micro, Small and Medium Enterprise
NASD	National Air Support Department
NDU-K	National Defence University Kenya
NIS	National Intelligence Service
NSTS	National Security Telecommunications Services
OSBPS	One-Stop Border Posts
PAIR	Public Administration and International Relations
PSO	Peace Support Operations
SAGASs	Semi-Autonomous Government Agencies
SDDA	State Department for Diaspora Affairs
SDEAC	State Department for East African Community
SDFA	State Department for Foreign Affairs
UN	United Nations

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PART I

1.0 PREFACE

1.1 Introduction

1. The processing of the Annual Revenue and Expenditure Estimates is grounded on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012, and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year. The Budget Estimates for Financial Year (FY) 2025/26 were tabled in the National Assembly on **Wednesday, 30th April, 2025**.
2. Standing Order 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees. The respective Committees shall then consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee within twenty-one days of submission.
3. The National Assembly Standing Orders assigns the Departmental Committee on Defence, Intelligence and Foreign Relations the mandate to consider matters in related to *Defence, intelligence, foreign relations, diplomatic and consular services, international boundaries including territorial waters, international relations, and veteran affairs*.
4. Therefore, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
 - a) National Security Sector
 - (i) Vote 1041: Ministry of Defence (MoD)
 - (ii) Vote 1281: National Intelligence Service (NIS)
 - b) Foreign Relations Sub-sector
 - (i) Vote 1053: State Department for Foreign Affairs (SDFA)
 - (ii) Vote 1054: State Department for Diaspora Affairs (SDDA)
 - (iii) Vote 1221: State Department for East African Community (SDEAC)

1.2 Mandate of the Committee

5. The Departmental Committee on Defence, Intelligence and Foreign Relations is one of the twenty Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5), among others, include ***“to investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations, and estimates of the assigned ministries and departments; and to study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation.”***
6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
 - a) The Ministry of Defence,
 - b) The Ministry of Foreign and Diaspora Affairs,
 - c) The State Department for East African Community (EAC) Affairs,
 - d) The National Intelligence Service (NIS)

1.3 Committee Membership

7. The Departmental Committee on Defence, Intelligence and Foreign Relations was constituted by the House on 27th October, 2022 and comprises the following Members:

Chairperson

Hon. Koech Nelson, CBS, M.P.

Belgut Constituency

UDA Party

Vice-Chairperson

Hon. Maj. (Rtd.) Sheikh Abdullahi Bashir, M.P.

Mandera North Constituency

UDM Party

Members

Hon. Wanjira Martha Wangari, CBS, MP

Gilgil Constituency

UDA Party

Hon. Joshua Kandie, M.P.

Baringo Central Constituency

UDA Party

Hon. Hassan Abdi Yusuf, CBS, MP

Kamkunji Constituency

Jubilee Party

Hon. Kwenya Thuku Zachary, MP

Kinangop Constituency

Jubilee Party

Hon. Odhiambo Millie G. Akoth, CBS, MP

Suba North Constituency

ODM Party

Hon. Logova Sloya Clement, MP

Sabatia Constituency

UDA Party

Hon. Kanchory Elijah Memusi, MP

Kajiado Central Constituency

ODM Party

Hon. Ikana Fredrick Lusuli, MP

Shinyalu Constituency

ANC Party

Hon. (Dr.) Kasalu Irene Muthoni, MP

Kitui County

WDM-K

Hon. Mohamed A. Hussein, MP

Lagdera Constituency

ODM Party

Hon. Kirima Moses Nguchine, MP

Imenti Central Constituency

UDA Party

Hon. Muratha Anne Wanjiku, MP

Kiambu County

UDA Party

Hon. Luyai Caleb Amisi, MP

Saboti Constituency

ODM Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following staff:

Mr. Dennis Mogare Ogechi
First Clerk Assistant/Head of Secretariat

Mr. Lenny Muchangi
Legal Counsel II

Mr. Bernard Njeru
Clerk Assistant III

Mr. Salat Ali
Principal Serjeant-at-Arms

Mr. Machuki E. Mwebi
Fiscal Analyst II

Ms. Noelle Chelagat
Media Relations Officer I

Mr. John Ng'ang'a
Audio Recording Officer

Mr. Martin Sigei
Research Officer III

1.5 Overview of the Examination of the Budget Estimates for FY 2025/26

9. The Budget Estimates for the FY 2025/26 FY were tabled in the House on **Wednesday, 30th April 2025**, and thereafter referred to Departmental Committees for consideration.
10. The Departmental Committee on Defence, Intelligence, and Foreign Relations held a Sitting on **12th May, 2025** for a briefing on the Budget Estimates by the Parliamentary Budget Office. Thereafter (on the same day), the Committee held Sitzings to scrutinize and deliberate on the Estimates with the Ministries, Departments, and Agencies under its purview - the Ministry of Defence, the Ministry of Foreign and Diaspora Affairs, the State Department for East African Community (EAC) Affairs, and the National Intelligence Service (NIS). Finally, it prepared this report and submitted it to the Budget and Appropriations Committee, pursuant to Standing Order 207(6).

1.6 Summary of Observations and Recommendations

11. In considering the Budget Estimates for the FY 2025/26, the Committee made the following key observations: NIS has been allocated **KES.51.45 billion** which constitutes only recurrent spending which is **KES.4.20 billion** less than the 2024/25 allocation of **KES.55.65 billion**. Compared to the approved 2025 BPS amount of **KES.52.16 billion** the proposed allocation is **KES.707.75 million** less. Out of the total proposed allocation of **KES.51.45 billion** for FY 2025/26, **KES.47.95 billion** is for recurrent spending (personnel emoluments and operations & maintenance expenses) while **KES.3.5 billion** is development spending (upgrading & acquisition of modern security systems and research & development). The proposed MoD allocation for FY 2025/26 is **KES.200.32 billion** broken into **KES.195.39 billion** for recurrent and **KES.4.93 billion** for development. Out of the total planned spending of **KES.200.32 billion**, **98.30% (KES.196.92 billion)** is local funding while **1.70% (KES.3.4 billion)** is foreign funding. Additionally, Since FY 2022/23, the Ministry has continued to experience an increasing trend of pending bills occasioned by exchequer shortfalls. The MoD closed FY 2023/24 with a pending bill of **KES.22.5 billion** of this bill **KES.18.8 billion** has been settled. The balance of **KES.3.7 billion** will be settled before closure of FY 2024/25. The MoD had a funding gap of **KES.4.00 billion** (*Military recruitment-KES.2 billion, Maintenance of major assets & equipment-KES.1 billion, KSA Spaceport Project-KES.0.5 billion, and Tooling and equipping of KSL-KES.0.5 billion*). The SDEAC Budget Estimates for FY 2025/2026 is **KES.784.7 million**, while the approved 2025/2026 BPS ceiling was **KES.584.7 million**. This reflects a positive deviation of **KES.200.0 million** from the FY 2025/2026 BPS ceiling. The positive deviation of **KES.200 million** will be used to facilitate activities under cross border trade facilitation, intra EAC and third-party market access and development cooperation projects and programmes planned for the Financial Year 2025/2026. Out of **KES.2.95 billion** unfunded priorities for SDEAC, **KES.320 million** is the most critical that the State Department requested for additional funding. **KES.320 million** will cater for the following: Office partitioning-**KES.250 million** and Creation of Jumuiya Markets-**KES.70 million** for the pilot project in Busia as counterpart funding. The approved 2025 BPS ceiling for the SDDA was **KES.675.9million** while the current budget estimate is **KES.587.8 million** representing a negative deviation of **KES. 88.1 million**. The budget cuts will affect service delivery in FY 2025/26, and the attainment of our expanded mandate as outlined in Executive Order No. 2 of 2023. For the SDFA, in the submitted budget estimates for FY 2025/26 the SDFA allocation is **KES. 25,627.56 million** against an approved BPS 2025 Ceiling of **KES. 23,145.06 million** resulting in a variation of **KES. 2,482.50 million**. The **KES, 2,482.50 million** variations will cater for Compensation to Employees (FSA and Contractual Employees), Gratuity, Operationalization of 12 New Missions and Establishment of 3 New Missions (Haiti, Jeddah and Abidjan). The proposed allocation for SDFA of

KES. 25,627.56 million comprises of **KES. 23,281.16 million** as recurrent spending and **KES. 2,346.40 million** as development spending.

1.7 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Budget Estimates for the FY 2025/26. I also wish to express my appreciation to the Honorable Members of the Committee, the Ministry of Defence, the Ministry of Foreign and Diaspora Affairs, the State Department for East African Community (EAC) Affairs, and the National Intelligence Service (NIS) for the useful information that they provided to the Committee on the Budget Estimates for the FY 2025/26.
13. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Nelson Koech, CBS, MP

Chairperson, Departmental Committee on Defence, Intelligence and Foreign Relations

PART II

2.0 BROAD OVERVIEW OF BUDGET ESTIMATES FOR FY 2025/26

14. The 2025/26 budget estimate is based on the approved 2025 BPS and the Fourth Medium-Term Plan (MTP4). Table I displays the total proposed expenditures for FY 2025/26 for the National Government (NG), which includes the Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs).

Table I: Overall Outlook of Budget Estimates for FY 2025/26 (KES. Billions)

S/No.	Details	Approved Original Budget 2024/25	Supp. No. 2 2024/25	2025 Approved BPS	Budget Estimates 2025/26	Variance btn Budget Estimates and 2025 BPS	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,504.8	(18.7)	59.0%
	o/w Executive	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.2%
	Parliament	40.9	42.6	49.5	49.5	-	1.2%
	Judiciary	22.5	23.4	26.8	26.9	0.1	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	County Govt Equitable Share	391.1	418.3	405.1	405.1	-	9.5%
	Total	3,861.1	4,007.6	4,297.5	4,247.2	(50.4)	100.0%

*Consolidated Fund Services (CFS) is composed of domestic interest, foreign interest and pension, salaries & allowances.

** County Government Allocation is composed of sharable allocation. This excludes additional allocations (conditional) to CGs.

Source: The National Treasury

15. The 2025/26 Budget Estimates have been reduced by **KES.50.4 billion** from the approved 2025 BPS. The reduction has been occasioned by the revision of the projected revenues by **KES.67 billion** from the approved BPS 2025 and the need to maintain the fiscal deficit at 4.5% of GDP. The allocation to the National Government is **KES.2,497.5 billion**, which comprises of **KES.2,428.4 billion** for the Executive, **KES.49.5 billion** for Parliament, and **KES.26.9 billion** for the Judiciary, with allocations to parliament remaining unchanged and the Judiciary budget increasing by **KES.133.6 million**, respectively, from the approved 2025 BPS.

16. The allocation to County Governments of **KES.405.1 billion** excludes additional allocations from National governments, amounting to **KES.69.8 billion**. Additionally, the allocation towards Consolidated Fund Services (CFS) is **KES.1,337.3 billion**, which caters for domestic debt interest payments of **KES.851.4 billion**, foreign debt interest payments of **KES.246.3 billion** and pensions, salaries, and allowances of **KES.239.6 billion**.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

17. The Departmental Committee on Defence, Intelligence and Foreign Relations held meetings with the Ministries, Departments and Agencies under its purview to interrogate the Budget Estimates for FY 2025/2026 on **Monday 12th May, 2025** and **Tuesday 13th May, 2025**. The highlights of the submissions by the MDAs are recorded hereunder:

3.1 National Intelligence Service (NIS)

18. The Director-General for the National Intelligence Service (NIS), Mr. Noordin Haji appeared before the Committee on Monday 12th May, 2025 and submitted as follows: -
19. The Agency's budgetary requirements for FY 2025/26 is **KES.65.65 billion** out of which the approved BPS ceiling is **KES.52.16 billion**. After rationalization, the proposed budget for FY 2025/26 is **KES.51.45 billion** which is **KES.708.00 million** less than the approved BPS 2025 ceiling.
20. Out of the total proposed allocation of **KES.51.45 billion** for FY 2025/26, **KES.47.95 billion** is for recurrent spending (personnel emoluments and operations & maintenance expenses) while **KES.3.5 billion** is development spending (upgrading & acquisition of modern security systems and research & development).
21. Some of the challenges that the Agency is likely to face in the coming financial year include:
- (i) High cost of acquisition and maintenance of equipment & systems;
 - (ii) Rapid changes in technology necessitating constant upgrades;
 - (iii) The ever-evolving threat environment; and
 - (iv) Regional and global dynamics.
22. Finally, the Service has no past pending bills and is working towards clearing payments relating to the current FY 2024/25.

3.2 Ministry of Defence (MoD)

23. The Principal Secretary MoD, Mr. Patrick Mariru, CBS, appeared before the Committee on Monday 12th May, 2025, and submitted as follows: -
24. FY 2025/26 Budget Estimates of **KES.200.3 billion** represent a decrease of **KES.4.3 billion** against the earlier issued 2025 BPS Ceilings of **KES.204.5 billion** as illustrated in Table 2.

Table 2: Proposed 2025/26 Allocations Vs BPS Approved Ceiling (KES. Billions)

Programme	2025 BPS Ceilings			2025/26 Estimates			Deviation		
	Rec.	Dev.	Total	Rec.	Dev.	Total	Rec.	Dev.	Total
National Defence	181	12.3	192.8	183	4.7	187.7	2.5	-7.6	-5.1
General Admin Planning & Support services	2.6	Nil	2.6	2.9	Nil	2.9	0.3	Nil	0.3
Defence Industrialization	8.6	0.2	8.8	9.1	0.2	9.3	0.5	Nil	0.5
Civil Aid	0.3	Nil	0.3	0.3	Nil	0.3	Nil	Nil	Nil
TOTAL	192	12.5	205	195	4.9	200	3.3	-7.6	-4.3

Source: MoD, FY 2025/26 Budget Estimates Submissions

25. The gross deviation in the budget estimates from the BPS Ceilings affect the following budget areas:
- (i) National Defence Programme

- Recurrent expenditure estimates an increase of **KES.2.5billion** for Operations and maintenance(O&M).
 - Development budget reduction of **KES.7.6billion** on loan funding (ECA) for Modernization
- (ii) General Administration Planning and Support Programme
- Recurrent expenditure estimates an increase of **KES.0.3 billion** for Personnel emoluments and O&M.
- (iii) Defence Industrialization Programme
- Recurrent expenditure increase for KSL of **KES.0.5 billion** for tooling.
26. The Ministry continues to seek alternative funding (ECA-Export Credit Arrangement) to facilitate its ongoing modernization program, finalized commercial contracts are submitted to the National Treasury for finalization and signing of Financing agreements. However, delays experienced over the years in the finalization of the ECA financing agreements disrupts the timely commencement and completion of these projects.
27. The Ministry of Defence has 5 SAGAs whose budget for FY 2025/26 compared to FY 2024/25 is shown in Table 3.

Table 3: MoD SAGAs Proposed 2025/26 Allocations Vs 2024/25 Estimates (KES. Billions)

SAGA	Economic Classification	Approved Estimates 2024/25	Estimates 2025/26	Deviations
KSA	Gross	312.5	350.0	37.5
	AiA	-	-	-
	Net	312.5	350.0	37.5
KSL	Gross	-	5,562.3	5,562.3
	AiA	-	4,802.3	4,802.3
	Net	-	760.0	760.0
KMC	Gross	3,920.7	2,980.0	(940.7)
	AiA	3,920.7	2,980.0	(940.7)
	Net	-	-	-
NDU-K	Gross	389.1	451.0	61.9
	AiA	35.0	45.0	10.0
	Net	354.1	406.0	51.9
KOFC	Gross	235.0	260.0	25.0
	AiA	-	-	-
	Net	235.0	260.0	25.0

Source: MoD, FY 2025/26 Budget Estimates Submissions

28. Inadequate funding to the Ministry continues to affect implementation of planned Programmes and projects. With a larger proportion of the Ministry's allocation towards Personnel emoluments, core areas that support the mandate continue to be underfunded.
29. The Ministry has critical funding gaps in the following areas:
- | | |
|---|--------------------------|
| Military Recruitment | - KES.2.00 billion |
| Maintenance of major assets & equipment | - KES.1.00 billion |
| KSA Spaceport Project | - KES.0.50 billion |
| Tooling and equipping of KSL | - KES.0.50 billion |
| Total | -KES.4.00 billion |
30. Since FY 2022/23, the Ministry has continued to experience an increasing trend of pending bills occasioned by exchequer shortfalls. The Ministry closed FY 2023/24 with a pending bill of **KES.22.5**

billion of this bill **KES.18.8 billion** has been settled. The balance of **KES.3.7 billion** will be settled before closure of FY 2024/25.

31. The settlement of pending bills as a first charge in subsequent FYs continues to disrupt the Ministry's budgeted programs and activities adversely affecting efficiency in the achievement of the mandate.

3.3 State Department for East African Community (SDEAC)

32. The Principal Secretary, SDEAC, Dr. Caroline W. Karugu appeared before the Committee on Monday 12th May, 2025, and submitted as follows: -
33. The State Department's recurrent budget Estimates for the Financial Year 2025/2026 is **KES.784.7 million**, while the approved 2025/2026 BPS ceiling was **KES.584.7 million**. This reflects a positive deviation of **KES.200.0 million** from the FY 2025/2026 BPS ceiling.
34. The positive deviation of **KES.200 million** will be used to facilitate activities under cross-border trade facilitation, intra-EAC and third-party market access and development cooperation projects and programmes planned for the Financial Year 2025/2026.
35. The State Department does not have any approved project in the Financial Year 2025/2026.
36. The Performance Contract targets for the State Department revolve around the following five Key Results Areas:
- (i) Increasing Trade and Market Access for Kenyan Goods and Services.
 - (ii) Elevating Kenya's Anchor Status and Deepening and Widening EAC Integration.
 - (iii) Enhancing the Efficiency and Effectiveness of the Northern Corridor.
 - (iv) Enhancing the Capacity of the Private Sector and MSMEs to Access the EAC and Other Markets.
 - (v) Institutional strengthening, financing and governance.
 - (vi) Identifying existing policy gaps and shortfalls that impede Kenya's access to the regional markets.
 - (vii) Strengthen Inter-Agency coordination and policy harmonization and alignment.
 - (viii) Public awareness and sensitization programs.
37. Key issues impacting on the performance of the State Department include: underfunding, persistent and recurrent non-tariff barriers, slow pace of decision-making due to lacunas and rigidity in the Treaty for the establishment of the EAC, lack of staff at the border posts and, in the Embassies, among others. The budget shortfall, which has been persistent over the past years, has jeopardized the achievement of the targets set, a situation we have committed to reverse.
38. The State Department's cost of unfunded priorities in the recurrent budget is **KES.2,945 million** as shown in Table 4.

Table 4: SDEAC Underfunded areas in the Financial Year 2025/26 Budget

Programme/Activities	Amount (KES)
Trade Facilitation	453, 900,000
Conduct feasibility studies for establishment of Kenya Trade Accelerators/Centre in Kampala, Dar es Salaam, Kigali and Kinshasa. (KES.280M)	
Undertaking national and regional level identification, reporting, monitoring and resolution of Non-Tariff Barriers (NTBs) affecting intra-regional trade. This includes bilateral negotiations at the Ministerial level to eliminate NTBs. (KES. 50M)	
Operationalization and staffing of the six (6) OSBPs through provision of motor vehicles – 6 D/Cab @ KES. 7M each and general office facilitation including travel KES.8M per OSBP per year. (KES.70M)	
Negotiating and progress monitoring of ongoing EAC trade facilitation infrastructure and existing OSBPs infrastructure and policy gaps to identify needs e.g., Malindi-Lunga Lunga – Bagamoyo Road, proposed OSBP at Lwakhakha, Namanga OSBP, Taveta-Holili OSBP, Lunga Lunga OSBP, Isebania OSBP, Busia OSBP and Malaba OSBP and EAC Bilateral Air Services Agreements (BASA). (KES. 27M.)	
Deploy an EAC Attache staff to Kenya consulate in Arusha. (KES.26.9M.)	

Programme/Activities		Amount (KES)
Cross Border Trade Development	National Outreach for EAC Activities, development of export capacity through the Simplified Trade Regime (STR), linking County products from the CAIPs to regional markets and regional value chains, and trade fairs (KES.108M)	108,000,000
Market access	Trade mission to select East African Community Partner States to identify, explore, and establish cross border trade opportunities, potential business collaborations and promote Kenyan products in the target partner states. The mission which targets about 5,000 participants will involve organizing trade exhibitions, holding dialogues with supermarket chains and major retail stores, holding business forums and participating in trade fairs in the selected countries. The estimated budget of the trade mission is KES.54M.	504,000,000
	EAC negotiations for third party market access. (KES.50M)	
Creation of Jumuiya Markets	Feasibility studies at Migori, Taita Taveta, Turkana and Kajiado Counties and one pilot project of the Jumuiya markets where traders can sell products from the region, at a cost of KES.458M.	458,000,000
Strategic Communication	To enhance regional awareness on EAC Integration opportunities, the State Department requires funds to purchase communication equipment and advertise in the various public communication platforms. (TV, radio, newspaper, on-line media, posters) KES.50M.	100,000,000
	Promotion of the Kisumu Oil Jetty Uptake which is currently underutilized at 9% of refined petroleum products exports to Uganda, Rwanda, DRC and South Sudan. (KES.20M)	
	Development of a Northern Corridor Investment Prospectus to attract private sector capital and investment partnerships into Northern Corridor infrastructure and trade-related ventures, crowd in private capital into bankable Northern Corridor Development projects and unlock blended financing opportunities. (KES.20M.)	
	Production of a High-Impact Documentary on Northern Corridor Development and NCIP to document, market, and communicate Kenya's regional infrastructure leadership and corridor development efforts to the public, leadership, and investor community. (KES.10M.)	
Office partitioning	The State Department has been paying rent for the newly acquired offices at Hazina Trade Centre buildings. However, the offices cannot be occupied in their present state since they require partitioning. This has resulted into an audit Query. The State Department has acquired BQs from State Department for Public Works for the works required and KES. 150M will be required. Purchase of furniture for officers and equipping the new offices will require KES.50M. KES.250M.	250,000,000
Support to the East Africa Commodities Exchange (EACX)	Operationalization, scaling of uptake and regionalization of the East African Commodities Exchange to establish an integrated, regionally accessible commodities trading platform supporting agricultural value chains and food security. (KES.200M.)	200,000,000
Competitiveness of the Northern Corridor and Regional Development of Northern Corridor Integrated Project (NCIP)	i) Monitoring and Evaluation of the implementation of Northern Corridor Integrated Projects under the fourteen (14) Cluster Projects/Programmes i.e., Power Generation, Transmission and Interconnectivity (PGTI); Refined Petroleum Products Pipeline Development (RPPPD); Lake Victoria Intermodal Transport System (LVITS); Commodities Exchange (KOMEX); Human Resource Capacity Building (HRCB); Land for Infrastructure Corridor; Single Customs Territory; Airspace Management; Immigration, Tourism, Trade, Labour and Services (ITTLS); Mutual Defence Cooperation; Mutual Peace & Security; Oil Refinery Development; Project Financing and Private Sector	160,000,000

Programme/Activities		Amount (KES)
	Participation; ICT Infrastructure Development; and Standard Gauge Railway (SGR) Development. (KES.40M.) ii) Coordinate and Participate in fourteen (14) National NCIP Technical Clusters to Update the Implementation Statuses and Matrices, Firming-Up Kenya's Position and Proposed new areas ahead of the Regional Cluster Meetings and Heads of State Summits. (KES. 10M.) iii) Coordinate and Participate in fourteen (14) Regional NCIP Clusters. (KES. 10M.) iv) Coordinate and Participate in four (4) NCIP Heads of State Summits. (KES. 5M.) v) Development of a Comprehensive Legal, Policy and Institutional Framework for the Northern Corridor to institutionalize the Northern Corridor Development as a national and regional strategic program underpinned by law and robust governance structures. Expected deliverables include: A draft Northern Corridor Development Act, a harmonized Policy and Strategy, and a 10-year Northern Corridor Masterplan (2026–2036). (KES. 20M.) vi) Masterplan for the Enhancement of Lake Victoria Intermodal Transport System (LVITS) to develop a spatially anchored, multimodal logistics plan connecting Kisumu Port to the broader Northern Corridor network via rail, road, and inland water transport. (KES. 15M) vii) Northern Corridor and Feasibility Studies to Inform Infrastructure and Trade Facilitation Priorities. (KES. 30M) viii) Development of an Electronic Information Repository for Northern Corridor Stakeholders with an integrated, secure online platform for real-time data exchange, Stakeholder interfaces (Port, Customs, Rail, Weighbridges, ICDs, Immigration, Pipelines, Security, NCIP States) with flexibility for phased expansion to enable interoperability with NCIP partner states (Uganda, Rwanda, South Sudan, etc.) to facilitate coordinated corridor operations, enhance transparency, and support digital logistics systems. (KES. 30M)	
Regional legislative agenda	Execution of East African Legislative Assembly (Kenya Chapter) EAC programmes and activities, including Outreach programmes.	151,000,000
EAC Chairmanship	Review of the EAC treaty (KES.209M) EAC meetings of the Council and Summit, State Visits, Regional emergency response (KES.12.7M) Hosting of the 25 th summit EAC heads of state and 9 th infrastructure retreat (KES. 202M and KES.137M respectively)	560,700,000
TOTAL		2,945,600,000

Source: SDEAC, FY 2025/26 Budget Estimates Submissions

39. Out of the above unfunded areas, the State Department considered the following as the most critical that needs the intervention of the Committee:

- (i) Office partitioning-**KES.250 million**
- (ii) Creation of Jumuiya Markets-**KES.70 million** for the pilot project in Busia as counterpart funding.

40. The State Department's pending bill as at 1st May 2025 is **KES. 27,163,300.80**. These bills are currently in various stages in the payment processing.

3.4 State Department for Diaspora Affairs (SDDA)

41. The Principal Secretary, State Department for Diaspora Affairs, Ms. Roseline Kathure Njogu, CBS appeared before the Committee on Tuesday 13th May, 2025, and submitted as follows: -
42. The approved 2025 Budget Policy Statement ceiling for the State Department was **KES.675.9million** while the current budget estimate is **KES.587.8 million** representing a negative deviation of **KES. 88.1 million** as shown in Table 5.

Table 5: SDDA's FY 2025/26 Proposed Estimates Vs Approved 2025 BPS Ceiling (KES. Millions)

Item	2025 BPS	FY 2025/26 Estimates	Variation	Remarks
Personnel Emoluments	318.3	252.3	66	Reduction of funds on foreign service allowance for posting of officers in Diaspora mission offices.
Other recurrent	357.6	335.5	22.1	Rationalization of budget by the National Treasury on austerity areas of expenditure.
Total	675.9	587.8	88.1	

Source: SDDA, FY 2025/26 Budget Estimates Submissions

43. The budget cuts will affect service delivery in the Financial Year 2025/26, and the attainment of our expanded mandate as outlined in Executive Order No. 2 of 2023.
44. The State Department does not have development expenditure in the Financial Year 2025/26.
45. The Department unfunded priorities are summarized in Table 6.

Table 6: SDDA Areas for Consideration for Additional Funding (KES. Millions)

Budget Item	Requirements	Allocation	Deficit	Remarks
Recurrent				
1. Foreign service allowance	137.00	-	137.00	To cater for the posting of Diaspora officers in missions abroad
2. Establishment & operations of Diaspora offices in Missions	106.90	-	106.90	Facilitation of Diaspora officers in missions abroad related costs i.e., rent (KES.37.9M) , O&M and one-off acquisition/set up costs in selected missions abroad KES.69 M
3. Operationalize the DPA	200.00	-	200.00	Funds need for acquisition and operational cost of the Agency
4. Evacuation & Welfare Facility	500.00	43.00	457.00	Funds to cater for emergency response, repatriation & evacuation of Diaspora during times of distress
5. Partitioning of State Department rented premises	84.00	-	84.00	Funds needed for office partitioning of the rented premises at Old Mutual UAP Towers in upper hill Nairobi
6. Purchase of office furniture and fittings	10.00	1.40	8.60	Funds to cater for office furniture and fittings for the newly recruited third secretary cadets
<i>Recurrent Sub Total</i>	<i>1,037.90</i>	<i>44.40</i>	<i>993.50</i>	
Development				
7. Safe Houses in Missions Abroad	300.00	-	300.00	Establish & equip safe houses in Riyadh(Saudi Arabia), Doha (Qatar), Dubai (UAE) and New Delhi (India), in a bid to champion the protection of welfare and rights of the Kenyan Diaspora
<i>Development Sub Total</i>	<i>300.00</i>	<i>-</i>	<i>300.00</i>	
Grand Total			1,293.50	

Source: SDDA, FY 2025/26 Budget Estimates Submissions

46. After critical evaluation, the State Department considers the following as the most critical funding gaps requiring the committee's intervention:

- (i) **Diaspora Placement Agency (KES.150 million)**-The State Department intends to operationalize the Diaspora Placement Agency as an instrument responding to the need for Global employment opportunities for both skilled and semi-skilled Kenyans in line with the mandate as outlined in the Executive Order No 2 of 2023 and the Diaspora Policy 2024.
- (ii) **Repatriation and Evacuation (KES.200 million)**-Additional funds to cater for emergency response, repatriation and evacuation of Diaspora during times of distress.
- (iii) **Posting of Officers (KES.243.6 million)**- to cater for posting of five Diaspora Officers aboard in this FY 2025/26 with the aim of strengthening operations in Diaspora and addressing the gaps in diaspora centric services. Funds will cater for foreign service allowance (KES.137 million), rent (KES.37.9 million) and operation and maintenance costs (KES.69 million) for the FY 2025/26.

47. During FY 2023/24, the State Department incurred verified and payable pending bills amounting to **KES.190.4 million**. The pending bills were attributed to mid-year budget cuts affecting goods and services that had already been procured.

3.5 State Department for Foreign Affairs (SDFA)

48. On behalf of the Principal Secretary, State Department for Foreign Affairs, Dr. Korir Singoei, Amb. Michael Kiboino, Secretary, Foreign Service Administration and Management- appeared before the Committee on Tuesday 13th May, 2025, and submitted as follows: -
49. In the submitted budget estimates for FY 2025/26 the SDFA allocation is **KES. 25,627.56 million** against an approved BPS 2025 Ceiling of **KES.23,145.06 million** resulting in a variation of **KES.2,482.50 million**.
50. The **KES. 2,482.50 million** variations will cater for Compensation to Employees (FSA and Contractual Employees), Gratuity, Operationalization of 12 New Missions and Establishment of 3 New Missions (Haiti, Jeddah and Abidjan).
51. The proposed allocation for SDFA of **KES. 25,627.56 million** comprises of **KES.23,281.16 million** as recurrent spending and **KES.2,346.40 million** as development spending.
52. The recurrent spending of **KES. 23,281.16 million** will be utilized as shown in Table 7.

Table 7: SDFA Breakdown of Recurrent Budget for FY 2025/26 (KES. Millions)

Details	FY 2025/26 Allocation	Missions	HQ
Total Personnel Emoluments (PE)	12,762.00	9,970.00	2,792.00
Basic Salaries - Permanent Employees	1,400.00	-	1,400.00
Basic Salaries - Contractual employees	3,280.00	2,330.00	950.00
Foreign Service Allowance	6,589.00	6,589.00	-
Other allowances (Social Contribution, Medical, Transport, Leave etc.)	1,493.00	1,051.00	442.00
Total Operations & Maintenance (O&M)	10,519.00	5,849.00	4,670.00
Rent	3,267.00	3,069.00	198.00
Hospitality	391.00	195.00	196.00
Local Travel	246.00	140.00	106.00
Foreign Travel	727.00	420.00	307.00
State Visits (Inbound & Outbound)	1,880.00	-	1,880.00
Fuel and Lubricants	132.00	112.00	20.00
Other Operating Expenses	1,427.00	77.00	1,350.00
Insurance Costs	113.00	40.00	73.00
Routine Maintenance	235.00	220.00	15.00
Utilities & Supplies (Gas, Electricity)	536.00	506.00	30.00
Communication, Supplies and Services	245.00	191.00	54.00
Acquisition of Non-Financial Assets	542.00	184.00	358.00
Grants and Other Transfers	778.00	695.00	83.00
Grand Total	23,281.00	15,819.00	7,462.00

Source: SDFA, FY 2025/26 Budget Estimates Submissions

53. It should be noted that the Ministry's budget is distributed 80% to the Missions and 20% to Headquarter operations. It should be noted that out of the 20% dedicated to the Headquarters, 85% is allocated for state visits thereby leaving only 15% (barely **KES.300 million**) for operations & maintenance costs at Headquarters.

54. The KES. 2,346.40 million for development spending will be utilized various projects captured in Table 8.

Table 8: SDFA Project Details for FY 2025/26 (KES. Millions)

Head/Project	Location	FY 2025/26
Kenya International Technical Co-operation Facility	HQ	150.00
Refurbishment of Headquarters Building	HQ	45.00
Purchase of Chancery offices for UN HABITAT/UNON	HQ	100.00
ICT Infrastructure in Missions abroad	HQ	93.10
Construction of Ministry of Foreign Affairs Headquarters Building	HQ	100.00
Construction and Various Renovations in Pretoria	Missions	15.00
Construction and refurbishment of an office block in Mogadishu	Missions	30.00
Renovation of government owned properties in Washington DC	Missions	35.00
Upgrading and renovations of ambassador's residence in London	Missions	18.00
Renovation of government owned property in Stockholm Sweden	Missions	15.00
Chancery Renovation in Abuja	Missions	10.00
Renovation of ambassador's residence in Dar-es-Salaam	Missions	5.30
Construction of chancery in Islamabad	Missions	35.00
Renovation of government owned properties in Kinshasa	Missions	120.00
Renovation of government owned properties in Addis Ababa	Missions	150.00
Renovation of government properties in New York	Missions	550.00
Renovation of government owned properties in Lusaka	Missions	170.00
Alterations of chancery and security enhancement in Kampala	Missions	10.00
Repairs of Embassy roof in Paris	Missions	35.00
Repairs of Ambassador's residence in Hague	Missions	25.00
Renovation of Embassy and Ambassador's residence in Beijing	Missions	5.00
Renovation of properties in Harare	Missions	10.00
1053105200 Purchase of Chancery - London	Missions	550.00
1053105400 Renovation of Ambassador's Residence in Berlin	Missions	30.00
1053105500 Renovation and fencing of GoK owned property in Tokyo	Missions	40.00
Total		2,346.40

Source: SDFA, FY 2025/26 Budget Estimates Submissions

55. It is important to note that the SDFA has recurrent shortfalls of **KES. 9,511.90 million** for FY 2025/26 as follows: -

Personnel Emoluments	-KES.900.00 million
Operationalization/Establishment of New Missions	-KES. 2,100.00 million
State Visits	-KES. 3,420.00 million
Foreign exchange risk assumption facility	-KES. 1,000.00 million
Multiple Accreditation	-KES.500.00 million
Operationalization of Foreign Service Academy	-KES.917.00 million
Rent	-KES.68.00 million
Unfunded ICT Budget	-KES.156.90 million
Regional peace and security negotiation processes	-KES.450.00 million
Total	-KES. 9,511.90 million

56. The Government of Kenya has over time acquired properties in Missions abroad. These properties require constant maintenance especially in countries with harsh weather conditions. Due to inadequate budgetary provision, most of the properties are dilapidated, forcing Missions to move to

rental accommodations this has resulted to high rental costs for diplomatic properties as leases and rent. To fast-track implementation of the Development projects under the State Department, Private Public Partnership funding arrangement has been agreed with the National Treasury given the financial constraints currently facing the economy.

57. The State Department has also developed an Assets Acquisition and Management Plan (AAMP) to provide a framework that will guide decision-making in the allocation of resources for capital projects, provide criteria for determining the Missions where Kenya should own diplomatic properties, the optimal property mix for different Missions, and proposed a fifteen-year plan of acquisition.
58. To implement the above plan the State Department needs budgetary interventions/support in the following areas: -

Project Maintenance of GOK owned Properties	-KES.350.00 million
Project Refurbishment	-KES. 3,000.00 million
Acquisition/construction of official residence and staff houses	-KES. 8,000.00 million
ICT infrastructure in HQ and Kenya Missions abroad	-KES.380.00 million
Transformation of the Foreign Service Academy into a SAGA	-KES. 1,000.00 million
Kenya International Technical Cooperation Facility	-KES. 1,500.00 million
BETA Projects	-KES.500.00 million
Total	-KES. 14,730.00 million

59. The State Department has several pending bills that have been examined, verified, and determined by the State Department's pending bills committee. The main sources/causes of the pending bills have been identified as: -

- (i) Unfunded State Visits and events.
- (ii) Unfunded peace negotiations and other unpredicted peace and security operations
- (iii) Unfunded forex losses
- (iv) Unfunded New Missions and Foreign Deployments
- (v) Unfunded exchequer requests.

60. It's worth noting that, because of the non-payment of pending bills, some service providers are declining to provide services to the State Department, thereby jeopardizing service delivery.

61. The state department has managed to pay pending bills for the FY 2022/23, and FY 2023/24 of **KES. 1,123,791,182** with a balance of **KES. 1,982,671,222** being un paid as shown in Table 9.

Table 9: SDFA Pending Bills

Period/Category	Total Pending Bills	Pending bills paid	Current Outstanding
FY 2022/23	77,359,725	53,417,908	23,941,817
FY 2023/24	1,687,088,060	923,810,050	763,278,010
Missions	703,339,102	146,563,224	556,775,878
Unverified bills	483,671,692	-	483,671,692
FY 2024/25	155,003,825	-	155,003,825
Total	3,106,462,404	1,123,791,182	1,982,671,222

Source: SDFA, FY 2025/26 Budget Estimates Submissions

62. The State Department has utilized the current year's budget to finance the previous year's pending bills, the State visits and new missions and Diplomatic deployments. This has left the current year programs with expenditure commitments awaiting budget and exchequer for clearance.

63. The State Departments development projects especially those in missions are ongoing with expenditure commitments against zero budget as the National Treasury reduced the printed estimates from **KES.2.3 billion** to Zero in the FY 2024/25 Supplementary I. These development

commitments currently stand at **KES.1.1 billion** awaiting budgetary provision and exchequer for clearance.

64. The State Department has submitted exchequer funding requests to the National Treasury in the current FY with an amount totalling **KES.2.1 billion** awaiting financing.
65. The above delayed payments totaling approximately **KES.5.5 billion** will translate into pending bills for the next FY if not addressed in the current financial year.
66. **The State Department's Budget is done in Kenya Shillings while the spending units utilize the funds** in different currencies depending on the Currency in use in host Countries. In transferring the funds to the Missions, multiple translations are done initially from Kenya Shillings to the currency of remission and then to the currency of the recipient country.
67. In the process of implementing the 2022/23, 2023/24 FY and the current financial year budget, the State Department incurred Forex losses amounting to KES.950 million, KES.650 million and KES.450 million respectively. This has forced the Kenyan missions abroad to defer payment of critical services including Rent, Education supplement, medical insurance, Utilities and Personal Emoluments to the tune of **KES.2.05 billion** for several months.
68. With the enactment of the Foreign Service Act, 2021, the FSA has been established and operationalized as a SAGA in December 2024. With the appointment of the board and council, operations commenced immediately. However, the institution has insufficient budget to fully operationalize, with the need for it to acquire academic infrastructure, training costs, Personnel Emoluments and operation costs.
69. The State Department is requesting intervention to avail funding for the setup and initial operationalization of the SAGA for the first five years to enable it to stand on its own. It is expected that being a training institution, the academy will be able to raise its own AIA sufficiently to fund its operations, including capital renewal once it's able to stand on its own.

PART IV

4.0 COMMITTEE OBSERVATIONS

70. The Committee, after receiving, scrutinizing, and deliberating on both the contents of FY 2025/26 Budget Estimates and the submissions from the various MDAs under its purview, made the following observations:

4.1 National Intelligence Service (NIS)

71. The NIS has been allocated **KES.51.45 billion** which constitutes only recurrent spending which is **KES.4.20 billion** less than the 2024/25 allocation of KES.55.65 billion. Compared to the approved 2025 BPS amount of **KES.52.16 billion** the proposed allocation is **KES.707.75 million** less. The Agency implements National Security Intelligence as the only programme whose outcome is a secure and protected nation through the timely dissemination of actionable intelligence and counter intelligence reports.
72. Out of the total proposed allocation of **KES.51.45 billion** for FY 2025/26, **KES.47.95 billion** is for recurrent spending (personnel emoluments and operations & maintenance expenses) while **KES.3.5 billion** is development spending (upgrading & acquisition of modern security systems and research & development).
73. R&D has played a significant role in fostering local and technological innovation at NIS, enabling the company to develop 70% of its software solutions domestically. This initiative has not only reinforced national cybersecurity but has also promoted local expertise and stimulated economic growth through partnerships within the industry. By enhancing operational efficiency and minimizing dependence on external providers, this approach ensures that critical systems remain secure and well-adapted to local needs. Investments in research and development lay a strong foundation for long-term sustainability and technological progress.
74. Finally, the Service has no past pending bills and is working towards clearing payments relating to the current FY 2024/25.

4.2 Ministry of Defence (MoD)

75. The proposed MoD allocation for FY 2025/26 is **KES.200.32 billion** broken into **KES.195.39 billion** for recurrent and **KES.4.93 billion** for development.
76. Out of the total planned spending of **KES.200.32 billion**, **98.30% (KES.196.92 billion)** is local funding while **1.70% (KES.3.4 billion)** is foreign funding.
77. Compared to FY 2024/25, the MoD budget has been enhanced by **KES.20.62 billion**, of which **60.22% (KES.12.42 billion)** increase in military spending followed by **KES.5.56 billion** increase in KSL AIA which was initially not being reported in the budget books, **KES.2.5 billion** increase in maintenance of major systems and infrastructure and **KES.1.4 billion** increase capital spending for the modernization programme. All other expenditure categories have been enhanced except for Civil Aid, KMC, Modernization and National Security Telecommunications Service (NSTS) whose budgets for FY 2025/26 compared to the baseline have been reduced by **KES.15.00 million**, **KES.940.73 million**, **KES.670.00 million** and **KES.50.00 million** respectively.

78. The Ministry has critical funding gaps in the following areas:

Military Recruitment	- KES.2.00 billion
Maintenance of major assets & equipment	- KES.1.00 billion
KSA Spaceport Project	- KES.0.50 billion
Tooling and equipping of KSL	- KES.0.50 billion
Total	-KES.4.00 billion

79. Since FY 2022/23, the Ministry has continued to experience an increasing trend of pending bills occasioned by exchequer shortfalls. The Ministry closed FY 2023/24 with a pending bill of **KES.22.5 billion** of this bill **KES. 18.8 billion** has been settled. The balance of **KES.3.7 billion** will be settled before closure of FY 2024/25.

80. KDF basically imports all its equipment and systems, which are costly. To address this gap in technology, the MoD had Defence Industrialization as a new programme that aimed specifically to develop a self-sustaining defence industry that strengthens national security and stimulates economic growth.

81. During the periods of 1992 to 1997 and 1998 to 2000, the Ministry of Defense (MoD) did not carry out any recruitment. These gaps led to significant deficiencies in the posture of the Kenya Defence Forces (KDF). To remedy this situation, the MoD is requesting **KES.2.00 billion** to support recruitment efforts this year.

82. On 27 December 2024, the United Nations Security Council adopted resolution 2767 (2024), endorsing of the *African Union Peace and Security Council's decision to replace the African Union Transition Mission in Somalia (ATMIS)* that ended on 31 December 2024 with the *African Union Support and Stabilization Mission in Somalia (AUSSOM)*.

83. The evolving landscape of international donor funding (UN, EU, USA and other donors) has left AUSSOM at a significant crossroads, particularly as attention increasingly pivots toward the urgent crises in Gaza and Ukraine. This shift in donor priorities underscores the challenges faced by organizations like AUSSOM, which now find themselves competing for resources that are being redirected to other immediate conflict zones. Unlike ATMIS, which benefited from robust donor support, AUSSOM's donor funding prospects look bleak. This situation is prompting troop-contributing countries (*Ethiopia, Egypt, Kenya, Uganda, and Djibouti*) to devise strategies for sharing the funding burden. Consequently, we expect that, soon, taxpayer resources will be necessary to support this vital mission.

84. The Committee recognizes the economic challenges our country faces, which limit the resources available to address competing interests. However, *a well-funded defense sector is vital to maintaining stability, safeguarding national interests, and promoting sustainable economic growth.*

4.3 State Department for East African Community (SDEAC)

85. The State Department's recurrent budget Estimates for the Financial Year 2025/2026 is **KES.784.7 million**, while the approved 2025/2026 BPS ceiling was **KES.584.7 million**. This reflects a positive deviation of **KES.200.0 million** from the FY 2025/2026 BPS ceiling.

86. The positive deviation of **KES.200 million** will be used to facilitate activities under cross-border trade facilitation, intra-EAC and third-party market access and development cooperation projects and programmes planned for the Financial Year 2025/2026.

87. The State Department does not have any approved project in the Financial Year 2025/2026.

88. Key issues impacting on the performance of the State Department include underfunding, persistent and recurrent non-tariff barriers, slow pace of decision-making due to lacunas and rigidity in the Treaty for the establishment of the EAC, lack of staff at the border posts and, in the Embassies, among others. The budget shortfall, which has been persistent over the past years, has jeopardized the achievement of the targets set, a situation the State Department is committed to reverse.
89. Out of KES.2.95 billion unfunded priorities, KES.320 million is the most critical that the State Department requested for additional funding. KES.320 million will cater for the following: -
- (i) Office partitioning-**KES.250 million**
 - (ii) Creation of Jumuiya Markets-**KES.70 million** for the pilot project in Busia as counterpart funding.
90. The State Department's pending bill as at 1st May 2025 is **KES. 27,163,300.80**. These bills are currently in various stages in the payment processing.

4.4 State Department for Diaspora Affairs (SDDA)

91. The approved 2025 Budget Policy Statement ceiling for the State Department was **KES. 675.9 million** while the current budget estimate is **KES.587.8 million** representing a negative deviation of **KES. 88.1 million**.
92. The budget cuts will affect service delivery in FY 2025/26, and the attainment of our expanded mandate as outlined in Executive Order No. 2 of 2023.
93. The State department does not have development expenditure in FY 2025/26.
94. After critical evaluation, the State Department considers the following as the most critical funding gaps requiring the committee's intervention:
- (i) **Diaspora Placement Agency (KES.150 million)**-The State Department intends to operationalize the Diaspora Placement Agency as an instrument responding to the need for Global employment opportunities for both skilled and semi – skilled Kenyans in line with the mandate as outlined in the Executive Order No 2 of 2023 and the Diaspora Policy 2024.
 - (ii) **Repatriation and Evacuation (KES.200 million)**-Additional funds to cater for emergency response, repatriation and evacuation of Diaspora during times of distress.
 - (iii) **Posting of Officers (KES.243.6 million)**- to cater for posting of five Diaspora Officers aboard in this FY 2025/26 with the aim of strengthening operations in Diaspora and addressing the gaps in diaspora centric services. Funds will cater for foreign service allowance (KES.137 million), rent (KES.37.9 million) and operation and maintenance costs (KES.69 million) for the FY 2025/26.
95. During FY 2023/24, the State Department incurred verified and payable pending bills amounting to **KES.190.4 million**. The pending bills were attributed to mid-year budget cuts affecting goods and services that had already been procured.

4.5 State Department for Foreign Affairs (SDFA)

96. In the submitted budget estimates for FY 2025/26 the SDFA allocation is **KES. 25,627.56 million** against an approved BPS 2025 Ceiling of **KES.23,145.06 million** resulting in a variation of **KES.2,482.50 million**.
97. ThKES, 2,482.5050 million variations will cater for Compensation to Employees (FSA and Contractual Employees), Gratuity, Operationalization of 12 New Missions and Establishment of 3 New Missions (Haiti, Jeddah and Abidjan).

98. The proposed allocation for SDFA of **KES. 25,627.56 million** comprises of **KES.23,281.16 million** as recurrent spending and **KES.2,346.40 million** as development spending.
99. The State Department has several pending bills that have been examined, verified, and determined by the State Department's pending bills committee. The main sources/causes of the pending bills have been identified as: -
- (i) Unfunded State Visits and events.
 - (ii) Unfunded peace negotiations and other unpredicted peace and security operations
 - (iii) Unfunded forex losses
 - (iv) Unfunded New Missions and Foreign Deployments
 - (v) Unfunded exchequer requests.
100. It's worth noting that, because of the non-payment of pending bills, some service providers are declining to provide services to the State Department, thereby jeopardizing service delivery.
101. To address the issue of forex losses, the State Department requested the establishment of a foreign exchange risk assumption facility totaling **KES.1 billion**. However, the State Department should manage losses on a case-by-case basis instead of creating a dedicated risk assumption facility. This approach provides flexibility in addressing losses as they occur.
102. With the enactment of the Foreign Service Act, 2021, the Foreign Service Academy (FSA) has been established and operationalized as a SAGA in December 2024. Therefore, going forward in FY 2025/26, its budget amounting to **KES.156.07 million** need not to be itemized but captured as Current Grants to Government Agencies and other Levels of Government, like the other SAGAs. Additionally, an itemized budget for the FSA must be submitted to the committee in future meetings.

PART V

5.0 COMMITTEE RECOMMENDATIONS

103. The Committee, having received, scrutinized, and deliberated on both the contents of the FY 2025/26 Budget Estimates and the submissions from the various MDAs under its purview, recommends the following:

5.1 Non-Financial Recommendations

104. That, within 60 days upon approval of FY 2025/26 Budget Estimates by the National Assembly, the Cabinet Secretary in Charge of the Ministry of Defence (MoD) to submit a detailed a National Defence Industrialization Policy Framework aimed at guiding defence manufacturing in Kenya to lower import reliance and support the local defense industry.

105. That, within 60 days of the approval of the FY 2025/26 Budget Estimates by the National Assembly, the Principal Secretary for the State Department of Foreign Affairs (SDFA), in collaboration with the Principal Secretary for the National Treasury, to develop a framework for assessing foreign exchange losses on a case-by-case basis. Instead of establishing a fixed risk assumption facility, this methodology will help the SDFA assess and react to FX losses as they arise. It should include quarterly assessments and changes depending on real loss events.

106. By June 30, 2025, the Principal Secretary for the State Department of Foreign Affairs (SDFA), in collaboration with the Principal Secretary for the National Treasury, to align the budget of the Foreign Service Academy (FSA) as Current/Capital Grants to Government Agencies and other Levels of Government.

5.2 Financial Recommendations

107. The proposed allocations for all the programmes of Vote 1041: Ministry of Defence (MoD), and Vote 1281: National Intelligence Service (NIS) be approved as tabled.

108. The proposed allocations for Vote 1053: State Department for Foreign Affairs (SDFA), Vote 1054: State Department for Diaspora Affairs (SDDA), and Vote 1221: State Department for East African Community (SDEAC) be approved with the following amendments:

- (i) Reduce the SDFA's General Administration Planning & Support Services and Foreign Relations & Diplomacy programmes recurrent budget by **KES.130 million** and **KES.200 million** respectively.
- (ii) Increase the SDDA's Management of Diaspora Affairs programme recurrent budget by **KES.130 million**.
- (iii) Increase the SDEAC's East African Affairs and Regional Integration programme recurrent budget by **KES.200 million**.

Details of the above amendments have been captured in Table 10 together with their justification.

Table 10: Committee Amendments (KES. Millions)

Details	Committee Amendments			Justifications
	Increase	Reduction	Total	
1053: SDFA	-	(330.00)	(330.00)	
GAPSS	-	(130.00)	(130.00)	Rationalization of O&M and purchase of vehicles.
Foreign Relation and Diplomacy	-	(200.00)	(200.00)	Rationalization of foreign travel and other operating expenses.
1054: SDDA	130.00	-	130.00	
Management of Diaspora Affairs	130.00	-	130.00	KES.93 million (recurrent) for office partitioning, equipping and purchase of furniture for the acquired State Department rented premises at Old Mutual UAP Towers in upper hill Nairobi and KES. 37 million (recurrent) to cater for emergency response, repatriation and evacuation of Diaspora during times of distress
1221: SDEAC	200.00	-	200.00	
East African Affairs and Regional Integration	200.00	-	200.00	KES. 200 million (recurrent) for office partitioning, equipping and purchase of furniture for the newly acquired offices at the Hazina Trade Centre building, of which the State Department has been paying rent. However, the offices cannot be occupied in their present state since they require partitioning. This has resulted into an audit Query hence the urgent need make them space usable.
Grand Total	330.00	(330.00)	-	

Source: National Treasury and DC-DIFR Amendments

- (vi) The State Department for Foreign Affairs in conjunction with the National Treasury should reclassify the full Foreign Service Academy (FSA) budget of **KES.156.07 million** under "Current Grants to Government Agencies and other Levels of Government" to ensure full transfer of funds as intended. The reclassification should be completed by June 30, 2025, before final budget approval. Details of this amendment is captured in Table II.

Table II: Committee Amendments of FSA Budget (KES. Millions)

Expenditure Item	Tabled Estimates for FY 2025/26	Committee Amendments	Committee Revised Amount
Basic Salaries - Permanent Employees	36.23	(36.23)	0.00
Personal Allowance - Paid as Part of Salary	16.34	(16.34)	0.00
Communication, Supplies and Services	0.90	(0.90)	0.00
Domestic Travel and Subsistence, and Other Transportation Costs	2.46	(2.46)	0.00
Foreign Travel and Subsistence, and other transportation costs	4.12	(4.12)	0.00
Printing, Advertising and Information Supplies and Services	0.40	(0.40)	0.00
Training Expenses	1.32	(1.32)	0.00
Hospitality Supplies and Services	1.47	(1.47)	0.00
Specialised Materials and Supplies	1.79	(1.79)	0.00
Office and General Supplies and Services	1.20	(1.20)	0.00
Fuel Oil and Lubricants	0.85	(0.85)	0.00
Other Operating Expenses	4.83	(4.83)	0.00
Routine Maintenance - Vehicles and Other Transport Equipment	0.34	(0.34)	0.00
Routine Maintenance - Other Assets	0.26	(0.26)	0.00
<i>Current Grants to Government Agencies and other Levels of Government</i>	<i>82.63</i>	<i>73.44</i>	<i>156.07</i>
Purchase of Household Furniture and Institutional Equipment	0.95	(0.95)	0.00
Total	156.07	(0.00)	156.07

Source: National Treasury and DC-DIFR Amendments

109. Annexure I captures the programme breakdown of the 5 MDAs oversighted by the DC-DIFR together with the committee amendments and final revised amount.

5.3 Other Financial Recommendations (Additional Requests)

110. The Committee recommends that the Budget and Appropriations Committee (BAC) consider allocating resources for the following areas:

Table 12: Additional Requests (KES. Millions)

Vote/Programme	Recurrent	Development	Total	Justification
1041: MoD	3,000.00	1,000.00	4,000.00	
Defence	3,000.00		3,000.00	KES.2 billion for military recruitment and KES.1 billion for maintenance of major assets & equipment
Defence Industrialization	-	1,000.00	1,000.00	KES.500 million for KSA Spaceport Project and KES.500 million Tooling and equipping of KSL
1053: SDFA	918.00	350.00	1,268.00	
Foreign Relation and Diplomacy	568.00	350.00	918.00	Recurrent -KES.500 million for Multiple Accreditation, and KES.68 million for shortfalls in rent expenses in missions. Development -KES.350 million for refurbishment of GoK owned properties
Foreign Policy Research, Capacity Dev. and Technical Cooperation	350.00	-	350.00	Recurrent - KES.350 million for operationalization of FSA
1054: SDDA	163.00	-	163.00	
Management of Diaspora and Consular Affairs	163.00	-	163.00	KES.163 million to cater for emergency response, repatriation and evacuation of Diaspora during times of distress.
1221: SDEAC	561.00	-	561.00	
East African Affairs and Regional Integration	561.00	-	561.00	EAC Chairmanship: KES.209 million for review of the EAC treaty, KES.13 million for EAC meetings of the Council and Summit, State Visits, Regional emergency response, KES.202 million for hosting of the 25th summit EAC heads of state and KES.137 million for 9th infrastructure retreat
1281: NIS	1,000.00	-	1,000.00	
National Security Intelligence	1,000.00	-	1,000.00	KES.1 billion for NIS recruitment
Total	5,642.00	1,350.00	6,992.00	

Source: The National Treasury, MDA Submissions and Committee Calculations

SIGNED:  DATE: 26/05/2021

THE HON. NELSON KOECH, CBS, MP
CHAIRPERSON
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

LIST OF ANNEXURES

- ANNEXURE 1: FY 2025/26 BUDGET ESTIMATES SCHEDULE WITH COMMITTEE AMENDMENTS (KES. MILLIONS)
- ANNEXURE 2: SIGNED LIST OF MEMBERS WHO ATTENDED THE SITTING WHICH CONSIDERED AND ADOPTED THE REPORT
- ANNEXURE 3: MINUTES OF COMMITTEE SITTINGS ON CONSIDERATION OF THE 2025/26 FY ESTIMATES OF REVENUE AND EXPENDITURE
- ANNEXURE 4: SUBMISSIONS FROM THE MINISTRY OF DEFENCE
- ANNEXURE 5: SUBMISSIONS FROM THE NATIONAL INTELLIGENCE SERVICE
- ANNEXURE 6: SUBMISSIONS FROM THE STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY AFFAIRS
- ANNEXURE 7: SUBMISSIONS FROM THE STATE DEPARTMENT FOR DIASPORA AFFAIRS
- ANNEXURE 8: SUBMISSIONS FROM THE STATE DEPARTMENT FOR FOREIGN AFFAIRS

ANNEXURE I:

FY 2025/26 BUDGET ESTIMATES SCHEDULE WITH COMMITTEE AMENDMENTS (KES.
MILLIONS)

Annexure I: FY 2025/26 Budget Estimates Schedule with Committee Amendments (KES. Millions)

Table 13: FY 2025/26 Budget Estimates Final Schedule (KES. Millions)

Details	Tabled Estimates for FY 2025/26			Committee Changes			Revised Amounts (Approved by DC-DIFR)		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
1041: MoD	195,388.95	4,934.00	200,322.95	-	-	-	195,388.95	4,934.00	200,322.95
Defence	182,991.90	4,734.00	187,725.90	-	-	-	182,991.90	4,734.00	187,725.90
Civil Aid	335.00	-	335.00	-	-	-	335.00	-	335.00
General Administration, Planning and Support Services (GAPSS)	2,919.75	-	2,919.75	-	-	-	2,919.75	-	2,919.75
Defence Industrialization	9,142.30	200.00	9,342.30	-	-	-	9,142.30	200.00	9,342.30
1053: SDFA	23,281.16	2,346.40	25,627.56	(330.00)	-	(330.00)	22,951.16	2,346.40	25,297.56
GAPSS	3,464.98	238.10	3,703.08	(130.00)	-	(130.00)	3,334.98	238.10	3,573.08
Foreign Relation and Diplomacy	19,612.18	1,958.30	21,570.48	(200.00)	-	(200.00)	19,412.18	1,958.30	21,370.48
Economic and Commercial Diplomacy	47.93	-	47.93	-	-	-	47.93	-	47.93
Foreign Policy Research, Capacity Dev and Technical Cooperation	156.07	150.00	306.07	-	-	-	156.07	150.00	306.07
1054: SDDA	587.83	-	587.83	130.00	-	130.00	717.83	-	717.83
Management of Diaspora Affairs	587.83	-	587.83	130.00	-	130.00	717.83	-	717.83
1221: SDEAC	784.73	-	784.73	200.00	-	200.00	984.73	-	984.73
East African Affairs and Regional Integration	784.73	-	784.73	200.00	-	200.00	984.73	-	984.73
1281: NIS	51,447.23	-	51,447.23	-	-	-	51,447.23	-	51,447.23
National Security Intelligence	51,447.23	-	51,447.23	-	-	-	51,447.23	-	51,447.23

Source: The National Treasury and Committee Calculations

ANNEXURE 2:

SIGNED LIST OF MEMBERS WHO ATTENDED THE SITTING WHICH CONSIDERED AND
ADOPTED THE REPORT



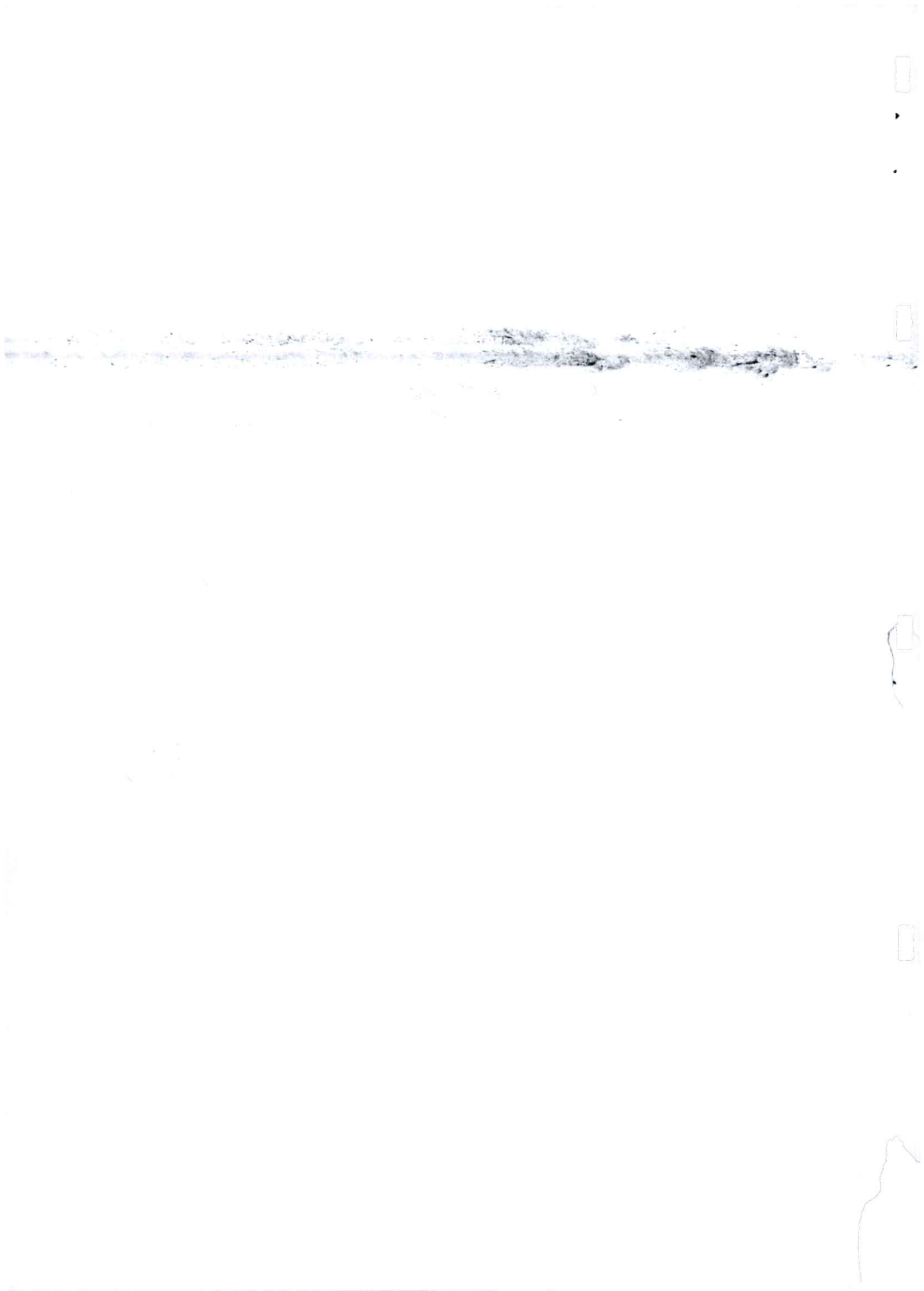
THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION-2025
DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE, AND
FOREIGN RELATIONS.

REPORT ADOPTION LIST

REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR THE 2025/26 FINANCIAL YEAR FOR THE MINISTRY OF DEFENCE, THE STATE DEPARTMENT FOR FOREIGN AFFAIRS, THE STATE DEPARTMENT FOR DIASPORA AFFAIRS, THE STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY AND THE NATIONAL INTELLIGENCE SERVICE.

We, Members of the Departmental Committee on Defence, Intelligence, and Foreign Relations, have pursuant to Standing Order 199, adopted this Report and affix our signatures to affirm our approval and confirm its accuracy, validity and authenticity today, **Wednesday 14th May 2025.**

	NAME	SIGNATURE
1.	The Hon. Koech Nelson, M.P. (Chairperson)	
2.	The Hon. Maj. (Rtd.) Sheikh Abdullahi Bashir, M.P. (Vice Chairperson)	
3.	The Hon. Yusuf Hassan Abdi, EGH, M.P	
4.	The Hon. Wanjira Martha Wangari, EGH, M.P	
5.	The Hon. Odhiambo Millie Grace Akoth, MP	
6.	The Hon. Kanchory Elijah Memusi, MP	
7.	The Hon. (Dr.) Kasalu Irene Muthoni, M.P	
8.	The Hon. Kirima Moses Nguchine, M.P	
9.	The Hon. Kandie Joshua Chepyegon, M.P	
10	The Hon. Kwenya Thuku Zachary, M.P	
11	The Hon. Luyai Caleb Amisi, M.P	
12	The Hon. Teresia Wanjiru Mwangi, M.P	
13	The Hon. Logova Sloya Clement, M.P	
14	The Hon. Ikana Fredrick Lusuli, M.P	
15	The Hon. Mohamed Abdikadir Hussein, M.P	



ANNEXURE 3:

MINUTES OF COMMITTEE SITTINGS ON CONSIDERATION OF THE 2025/26 FY
ESTIMATES OF REVENUE AND EXPENDITURE





THE NATIONAL ASSEMBLY
13TH PARLIAMENT - FOURTH SESSION (2025)
DIRECTORATE OF DEPARTMENTAL COMMITTEES
DC- DEFENCE, INTELLIGENCE AND FOREIGN RELATIONS

MINUTES OF THE 30TH SITTING OF THE DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE, AND FOREIGN RELATIONS HELD ON WEDNESDAY, 14TH MAY 2025 AT 11.00 A.M. IN CONTINENTAL HOUSE, 2ND FLOOR BOARD ROOM, PARLIAMENT BUILDING.

PRESENT

- | | | |
|--|---|-------------------------|
| 1. The Hon. Koech Nelson, CBS, M.P. | - | Chairperson |
| 2. The Hon. Maj. (Rtd.) Sheikh Abdullahi Bashir, M.P. | - | Vice-Chairperson |
| 3. The Hon. Wanjira Martha Wangari, CBS, M.P. | | |
| 4. The Hon. Kanchory Elijah Memusi, M.P. | | |
| 5. The Hon. Kandie Joshua Chepyegon, M.P. | | |
| 6. The Hon. (Dr.) Kasalu Irene Muthoni, M.P. | | |
| 7. The Hon. Mohamed Abdikadir Hussein, M.P. | | |
| 8. The Hon. Ikana Fredrick Lusuli, M.P. | | |

APOLOGIES

1. The Hon. Kirima Moses Nguchine, M.P.
2. The Hon. Odhiambo Millie Grace Akoth, CBS, M.P.
3. The Hon. Yusuf Hassan Abdi, CBS, M.P.
4. The Hon. Muratha Anne Wanjiku, M.P.
5. The Hon. Luyai Caleb Amisi, M.P.
6. The Hon. Kwenya Thuku Zachary, M.P.
7. The Hon. Logova Sloya Clement, M.P.

IN ATTENDANCE

NATIONAL ASSEMBLY

- | | | |
|-------------------------|---|----------------------------|
| 1. Mr. Dennis M. Ogechi | - | Clerk Assistant I |
| 2. Mr. Bernard Nthiga | - | Clerk Assistant III |
| 3. Mr. Martin Sigei | - | Research Officer III |
| 4. Mr. Salat Abdi | - | Principal Serjeant at-Arms |
| 5. Mr. Calvin Karung'o | - | Media Relations Officer |
| 6. Mr. Eugene Luteshi | - | Audio Officer |
| 7. Mr. Edwin Machuki | - | Fiscal Analyst III |
| 8. Ms. Cynthia Morang'a | - | Intern |

AGENDA

1. Preliminaries – Prayers, Adoption of the Agenda
2. Communication from the Chair
3. Confirmation of minutes of the previous meeting
4. **Consideration of 2025/26 Financial Year Annual Estimates of Revenue and Expenditure for the Ministry of Defence, The National Intelligence Service, the State Department for East African Community Affairs, State Department for Diaspora Affairs and the State Department for Foreign Affairs.**
5. Any Other Business
6. Adjournment/Date of the next Sitting

MIN.NO. DDC/DIFR/153/2025:

PRELIMINARIES

The meeting was called to order at 11:10 a.m. and prayer was said. The agenda above was unanimously adopted, having been proposed by Hon. Ikana Fredrick Lusuli, M.P. and seconded by Hon. Kanchory Elijah Memusi, M.P.

MIN.NO. DDC/DIFR/154/2025:

CONFIRMATION OF MINUTES OF PREVIOUS SITTINGS.

Confirmation of Minutes of the previous meetings was deferred to a later date.

MIN.NO. DDC/DIFR/155/2025:

CONSIDERATION AND ADOPTION OF A REPORT ON CONSIDERATION OF 2025/26 FINANCIAL YEAR ANNUAL ESTIMATES FOR THE REVENUE AND EXPENDITURE FOR THE MINISTRY OF DEFENCE, THE NATIONAL INTELLIGENCE SERVICE, THE STATE DEPARTMENT FOR EAST AFRICAN COMMUNITY AFFAIRS, THE STATE DEPARTMENT FOR DIASPORA AFFAIRS AND THE STATE DEPARTMENT FOR FOREIGN AFFAIRS.

The Committee having considered the report on consideration of 2025/26 Financial Year Annual Estimates unanimously adopted the report with the following observations and recommendations having been proposed by Hon. Wanjira Martha Wangari, C.B.S, M.P and seconded by Hon. Kanchory Elijah Memusi, M.P.

COMMITTEE'S GENERAL OBSERVATIONS

The Committee, after receiving, scrutinizing, and deliberating on both the contents of FY 2025/26 Budget Estimates and the submissions from the various MDAs under its purview, made the following observations:

1. National Intelligence Service (NIS)

- a) The NIS has been allocated KES.51.45 billion which constitutes only recurrent spending which is KES.4.20 billion less than the 2024/25 allocation of KES.55.65 billion. Compared

KES.707.75 million less. The Agency implements National Security Intelligence as the only programme whose outcome is a secure and protected nation through the timely dissemination of actionable intelligence and counter intelligence reports.

- b) Out of the total proposed allocation of KES.51.45 billion for FY 2025/26, KES.47.95 billion is for recurrent spending (personnel emoluments and operations & maintenance expenses) while KES.3.5 billion is development spending (upgrading & acquisition of modern security systems and research & development).
- c) R&D has played a significant role in fostering local and technological innovation at NIS, enabling the company to develop 70% of its software solutions domestically. This initiative has not only reinforced national cybersecurity but has also promoted local expertise and stimulated economic growth through partnerships within the industry. By enhancing operational efficiency and minimizing dependence on external providers, this approach ensures that critical systems remain secure and well-adapted to local needs. Investments in research and development lay a strong foundation for long-term sustainability and technological progress.
- d) Finally, the Service has no past pending bills and is working towards clearing payments relating to the current FY 2024/25.

2. Ministry of Defence (MoD)

- a) The proposed MoD allocation for FY 2025/26 is KES.200.32 billion broken into KES.195.39 billion for recurrent and KES.4.93 billion for development.
- b) Out of the total planned spending of KES.200.32 billion, 98.30% (KES.196.92 billion) is local funding while 1.70% (KES.3.4 billion) is foreign funding.
- c) Compared to FY 2024/25, the MoD budget has been enhanced by KES.20.62 billion, of which 60.22% (KES.12.42 billion) increase in military spending followed by KES.5.56 billion increase in KSL AIA which was initially not being reported in the budget books, KES.2.5 billion increase in maintenance of major systems and infrastructure and KES.1.4 billion increase capital spending for the modernization programme. All other expenditure categories have been enhanced except for Civil Aid, KMC, Modernization and National Security Telecommunications Service (NSTS) whose budgets for FY 2025/26 compared to the baseline have been reduced by KES.15.00 million, KES.940.73 million, KES.670.00 million and KES.50.00 million respectively.
- d) The Ministry has critical funding gaps in the following areas:
 - i. Military Recruitment - KES.2 billion
 - ii. Maintenance of major assets & equipment - KES.1 billion
 - iii. KSA Spaceport Project - KES.0.5 billion
 - iv. Tooling and equipping of KSL - KES.0.5 billion
 - v. Total - KES.4.0 billion
- e) Since FY 2022/23, the Ministry has continued to experience an increasing trend of pending bills occasioned by exchequer shortfalls. The Ministry closed FY 2023/24 with a pending bill of KES.22.5 billion of this bill KES.18.8 billion has been settled. The balance of KES.3.7 billion will be settled before closure of FY 2024/25.

- f) KDF basically imports all its equipment and systems, which are costly. To address this gap in technology, the MoD had Defence Industrialization as a new programme that aimed specifically to develop a self-sustaining defence industry that strengthens national security and stimulates economic growth.
- g) During the periods of 1992 to 1997 and 1998 to 2000, the Ministry of Defense (MoD) did not carry out any recruitment. These gaps led to significant deficiencies in the posture of the Kenya Defence Forces (KDF). To remedy this situation, the MoD is requesting KES.2.00 billion to support recruitment efforts this year.
- h) On 27 December 2024, the United Nations Security Council adopted resolution 2767 (2024), endorsing of the *African Union Peace and Security Council's decision to replace the African Union Transition Mission in Somalia (ATMIS)* that ended on 31 December 2024 with the *African Union Support and Stabilization Mission in Somalia (AUSSOM)*.
- i) The evolving landscape of international donor funding (UN, EU, USA and other donors) has left AUSSOM at a significant crossroads, particularly as attention increasingly pivots toward the urgent crises in Gaza and Ukraine. This shift in donor priorities underscores the challenges faced by organizations like AUSSOM, which now find themselves competing for resources that are being redirected to other immediate conflict zones. Unlike ATMIS, which benefited from robust donor support, AUSSOM's donor funding prospects look bleak. This situation is prompting troop-contributing countries (*Ethiopia, Egypt, Kenya, Uganda, and Djibouti*) to devise strategies for sharing the funding burden. Consequently, we expect that, soon, taxpayer resources will be necessary to support this vital mission.
- j) The Committee recognizes the economic challenges our country faces, which limit the resources available to address competing interests. However, *a well-funded defense sector is vital to maintaining stability, safeguarding national interests, and promoting sustainable economic growth.*

3. State Department for East African Community (SDEAC)

- a) The State Department's recurrent budget Estimates for the Financial Year 2025/2026 is KES.784.7 million, while the approved 2025/2026 BPS ceiling was KES.584.7 million. This reflects a positive deviation of KES.200.0 million from the FY 2025/2026 BPS ceiling.
- b) The positive deviation of KES.200 million will be used to facilitate activities under cross-border trade facilitation, intra-EAC and third-party market access and development cooperation projects and programmes planned for the Financial Year 2025/2026.
- c) The State Department does not have any approved project in the Financial Year 2025/2026.
- d) Key issues impacting on the performance of the State Department include: underfunding, persistent and recurrent non-tariff barriers, slow pace of decision making due to lacunas and rigidity in the Treaty for the establishment of the EAC, lack of staff at the border posts and, in the Embassies, among others. The budget shortfall, which has been persistent over the past years, has jeopardized the achievement of the targets set, a situation the State Department is committed to reverse.

- e) Out of KES.2.95 billion unfunded priorities, KES.320 million is the most critical that the State Department requested for additional funding. KES.320 million will cater for the following: -
 - i. Office partitioning-KES.250 million
 - ii. Creation of Jumuiya Markets-KES.70 million for the pilot project in Busia as counterpart funding.
- f) The State Department's pending bill as at 1st May 2025 is KES. 27,163,300.80. These bills are currently in various stages in the payment processing.

4. State Department for Diaspora Affairs (SDDA)

- a) The approved 2025 Budget Policy Statement ceiling for the State Department was KES.675.9million while the current budget estimate is KES.587.8 million representing a negative deviation of KES. 88.1 million.
- b) The budget cuts will affect service delivery in FY 2025/26, and the attainment of our expanded mandate as outlined in Executive Order No. 2 of 2023.
- c) The State department does not have development expenditure in FY 2025/26.
- d) After critical evaluation, the State Department considers the following as the most critical funding gaps requiring the committee's intervention:
- e) Diaspora Placement Agency (KES.150 million)-The State Department intends to operationalize the Diaspora Placement Agency as an instrument responding to the need for Global employment opportunities for both skilled and semi – skilled Kenyans in line with the mandate as outlined in the Executive Order No 2 of 2023 and the Diaspora Policy 2024.
- f) Repatriation and Evacuation (KES.200 million)-Additional funds to cater for emergency response, repatriation and evacuation of Diaspora during times of distress.
- g) Posting of officers (KES.243.6 million)- to cater for posting of five Diaspora officers aboard in this FY 2025/26 with the aim of strengthening operations in Diaspora and addressing the gaps in diaspora-centric services. Funds will cater for foreign service allowance (KES.137 million), rent (KES.37.9 million) and operation and maintenance costs (KES.69 million) for the FY 2025/26.
- h) During FY 2023/24, the State Department incurred verified and payable pending bills amounting to KES.190.4 million. The pending bills were attributed to mid-year budget cuts affecting goods and services that had already been procured.

5. State Department for Foreign Affairs (SDFA)

- a) In the submitted budget estimates for FY 2025/26 the SDFA allocation is KES. 25,627.56 million against an approved BPS 2025 Ceiling of KES. 23,145.06 million resulting in a variation of KES. 2,482.50 million.
- b) The KES, 2,482.50 million variations will cater for Compensation to Employees (FSA and Contractual Employees), Gratuity, Operationalization of 12 New Missions and Establishment of 3 New Missions (Haiti, Jeddah and Abidjan).

- c) The proposed allocation for SDFA of KES. 25,627.56 million comprises of KES. 23,281.16 million as recurrent spending and KES. 2,346.40 million as development spending.
- d) The State Department has several pending bills that have been examined, verified, and determined by the State Department's pending bills committee. The main sources/causes of the pending bills have been identified as: -
 - i. Unfunded State Visits and events.
 - ii. Unfunded peace negotiations and other unpredicted peace and security operations
 - iii. Unfunded forex losses
 - iv. Unfunded New Missions and Foreign Deployments
 - v. Unfunded exchequer requests.
- e) It's worth noting that, because of the non-payment of pending bills, some service providers are declining to provide services to the State Department, thereby jeopardizing service delivery.
- f) To dress the issue of forex losses, the State Department requested the establishment of a foreign exchange risk assumption facility totaling KES.1 billion. However, the State Department should manage losses on a case-by-case basis instead of creating a dedicated risk assumption facility. This approach provides flexibility in addressing losses as they occur.
- g) With the enactment of the Foreign Service Act, 2021, the FSA has been established and operationalized as a SAGA in December 2024. Therefore, going forward in FY 2025/26, its budget amounting to KES.156.07 million need not to be itemized but captured as Current Grants to Government Agencies and other Levels of Government, like the other SAGAs. Additionally, an itemized budget for the FSA must be submitted to the committee in future meetings.

COMMITTEE RECOMMENDATIONS

The Committee, having received, scrutinized, and deliberated on both the contents of the FY 2025/26 Budget Estimates and the submissions from the various MDAs under its purview, recommends that:

Financial Recommendations

1. The allocation for the programmes for Vote 1041: Ministry of Defence (MoD), Vote 1054: State Department for Diaspora Affairs (SDDA), Vote 1221: State Department for East African Community (SDEAC) and Vote 1281: National Intelligence Service (NIS) be approved as tabled.
2. The allocation for Vote 1053: State Department for Foreign Affairs (SDFA), be approved as tabled but with the following amendment in respect to proposed allocation for the Foreign Service Academy (FSA):
3. The National Treasury should reclassify the full FSA budget of KES.156.07 million under "Current Grants to Government Agencies and other Levels of Government" to ensure full

transfer of funds as intended. The reclassification should be completed by June 30, 2025, before final budget approval. Details of this amendment is captured in Table 1.

Table 1: Committee Amendments of FSA Budget (KES. Millions)

Expenditure Item	Tabled Estimates for FY 2025/26	Committee Amendments	Committee Revised Amount
Basic Salaries - Permanent Employees	36.23	(36.23)	0.00
Personal Allowance - Paid as Part of Salary	16.34	(16.34)	0.00
Communication, Supplies and Services	0.90	(0.90)	0.00
Domestic Travel and Subsistence, and Other Transportation Costs	2.46	(2.46)	0.00
Foreign Travel and Subsistence, and other transportation costs	4.12	(4.12)	0.00
Printing , Advertising and Information Supplies and Services	0.40	(0.40)	0.00
Training Expenses	1.32	(1.32)	0.00
Hospitality Supplies and Services	1.47	(1.47)	0.00
Specialized Materials and Supplies	1.79	(1.79)	0.00
Office and General Supplies and Services	1.20	(1.20)	0.00
Fuel Oil and Lubricants	0.85	(0.85)	0.00
Other Operating Expenses	4.83	(4.83)	0.00
Routine Maintenance - Vehicles and Other Transport Equipment	0.34	(0.34)	0.00
Routine Maintenance - Other Assets	0.26	(0.26)	0.00
Current Grants to Government Agencies and other Levels of Government	82.63	73.44	156.07
Purchase of Household Furniture and Institutional Equipment	0.95	(0.95)	0.00
Total	156.07	(0.00)	156.07

Source: National Treasury and DC-DIFR Amendments

- Annex I captures the programme breakdown of the 5 MDAs oversight by the DC-DIFR together with the committee amendments and final revised amount.

Other Financial Recommendations (Additional Requests)

- The Committee recommends that the Budget and Appropriations Committee (BAC) consider allocating resources for the following areas:

Table 2: Additional Requests (KES. Millions)

Vote/Programme	Recurrent	Development	Total	Justification
1041: MoD	3,000.00	1,000.00	4,000.00	
<i>Defence</i>	<i>3,000.00</i>		<i>3,000.00</i>	<i>KES.2 billion for military recruitment and KES.1 billion</i>

				<i>for maintenance of major assets & equipment</i>
<i>Defence Industrialization</i>	-	1,000.00	1,000.00	<i>KES.500 million for KSA Spaceport Project and KES.500 million Tooling and equipping of KSL</i>
1053: S DFA	918.00	350.00	1,268.00	
<i>Foreign Relation and Diplomacy</i>	568.00	350.00	918.00	Recurrent- KES.500 million for Multiple Accreditation, and KES.68 million for shortfalls in rent expenses in missions. Development- KES.350 million for GoK owned properties
<i>Foreign Policy Research, Capacity Dev and Technical Cooperation</i>	350.00	-	350.00	Recurrent- KES.350 million for operationalization of FSA,
1054: SDDA	293.00	-	293.00	
<i>Management of Diaspora and Consular Affairs</i>	293.00	-	293.00	<i>KES.200 million to cater for emergency response, repatriation and evacuation of Diaspora during times of distress, KES.84 million to cater for office partitioning of the acquired State Department rented premises at Old Mutual UAP Towers in upper hill Nairobi and KES.9 million for purchase of office furniture.</i>
1221: SDEAC	250.00	70.00	320.00	
<i>East African Affairs and Regional Integration</i>	250.00	70.00	320.00	<i>KES.250 million for office partitioning and equipping and KES.70 million as counterpart funding for construction of Jumuiya Cross Boarder Market in Busia</i>
1281: NIS	1,000.00	-	1,000.00	
<i>National Security Intelligence</i>	1,000.00	-	1,000.00	<i>KES.1 billion for NIS recruitment</i>
Total	5,461.00	1,420.00	6,881.00	

Source: The National Treasury, MDA Submissions and Committee Calculations

Annex I

Table 3: FY 2025/26 Estimates Schedule (KES. Millions)

Details	Tabled Estimates for FY 2025/26			Committee Changes			Revised Amounts (Approved by DC-DIFR)		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
1041: MoD	195,388.95	4,934.00	200,322.95	-	-	-	195,388.95	4,934.00	200,322.95
<i>Defence</i>	182,991.90	4,734.00	187,725.90	-	-	-	182,991.90	4,734.00	187,725.90
<i>Civil Aid</i>	335.00	-	335.00	-	-	-	335.00	-	335.00
<i>General Administration, Planning and Support Services (GAPSS)</i>	2,919.75	-	2,919.75	-	-	-	2,919.75	-	2,919.75
<i>Defence Industrialization</i>	9,142.30	200.00	9,342.30	-	-	-	9,142.30	200.00	9,342.30
1053: SDFA	23,281.16	2,346.40	25,627.56	-	-	-	23,281.16	2,346.40	25,627.56
<i>GAPSS</i>	3,464.98	238.10	3,703.08	-	-	-	3,464.98	238.10	3,703.08
<i>Foreign Relations and Diplomacy</i>	19,612.18	1,958.30	21,570.48	-	-	-	19,612.18	1,958.30	21,570.48
<i>Economic and Commercial Diplomacy</i>	47.93	-	47.93	-	-	-	47.93	-	47.93
<i>Foreign Policy Research, Capacity Dev and Technical Cooperation</i>	156.07	150.00	306.07	-	-	-	156.07	150.00	306.07
1054: SDDA	587.83	-	587.83	-	-	-	587.83	-	587.83
<i>Management of</i>	587.83	-	587.83	-	-	-	587.83	-	587.83

<i>Diaspora Affairs</i>									
1221: SDEAC	784.73	-	784.73	-	-	-	784.73	-	784.73
<i>East African Affairs and Regional Integration</i>	784.73	-	784.73	-	-	-	784.73	-	784.73
1281: NIS	51,447.23	-	51,447.23	-	-	-	51,447.23	-	51,447.23
<i>National Security Intelligence</i>	51,447.23	-	51,447.23	-	-	-	51,447.23	-	51,447.23

Source: The National Treasury and Committee Calculations

MIN.NO. DDC/DIFR/156/2025:

ADJOURNMENT AND DATE OF NEXT MEETING.

The meeting was adjourned at 01:00 p.m. The next meeting will be held on notice.

SIGNED:  **DATE:**

**THE HON. NELSON KOECH, CBS, M.P.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON DEFENCE, INTELLIGENCE
AND FOREIGN RELATIONS.**

DEPARTMENTAL
COMMITTEE ON
EDUCATION



13TH PARLIAMENT - 4TH SESSION - 2025

DEPARTMENTAL COMMITTEE ON EDUCATION

**REPORT ON THE CONSIDERATION OF THE 2025/26 BUDGET PROPOSALS FOR
THE EDUCATION SECTOR**

- 1. State Department for Basic Education (1066)**
- 2. State Department for Higher Education (1065)**
- 3. State Department for Technical Vocational Education & Training (1064)**
- 4. State Department for Science, Innovation and Research (1067) ; and**
- 5. Teachers Service Commission (2091)**

Published by:

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

May 2025

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ANNEXURES

Annex 1: Adoption Schedule

Annex 2: Minutes of the Committee Sitings

Annex 3: PBO Brief on the 2025/26 Budget Proposals

Annex 4: Education Sector submissions on the 2025/26 Budget Proposals

CHAIRPERSON'S FOREWORD

This report of the Department Committee on Education on the 2025/26 Budget Estimates is an outcome of the review, scrutiny as well as stakeholders engagement on the proposed resource allocation for the Education sector. Importantly, the report contains the Committee observations and recommendations.

As one of the enablers of the BETA agenda, the education sector is expected to be at the center of producing requisite skills required in the labor market to support the core pillars of the BETA agenda as well as other sectors of the economy.

Despite the sector consistently receiving 34% of the overall sectoral allocations, the sector is still faced with the resource challenge which has affected implementation of various education programmes because of a constrained budget environment. The allocation to student centered areas (capitation, loans and scholarships) are not adequately funded.

The resource challenge is an indication that learners at various levels are not funded as expected based on existing policies on funding. This may in the long run affect the quality of education being delivered in our learning institutions hence negatively affecting the education outcomes.

These critical resource gaps in the sector needs to be addressed to ensure that the various reforms envisaged in the sector are realized and the gains made towards "Education for All" are not eroded.



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

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

Acknowledgement

The Committee appreciates the Office of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee is also thankful to Members and the Secretariat for their dedication and useful expertise and insights during the scrutiny of the budget proposals for 2025/26.

On behalf of the Departmental Committee on Education and pursuant to provisions of Standing Order 207(6), it is my pleasant privilege and honor to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the 2025/26 Budget Estimates for the Education Sector.

1.0 PREFACE

1.0 Introduction

1. On Wednesday 30th April 2025, the 2025/26 budget estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act 2012. The Constitution and the Public Finance Management Act 2012 (Sections 38 and 39) gives National Assembly the mandate to review and approve the budget estimates for the National Government.
2. As provided in the Standing Orders, the estimates were referred to the various Departmental Committees for scrutiny based on their mandate and thereafter the Committees are expected to submit a report containing recommendations to the Budget and Appropriations Committee.
3. Following the tabling, the Committee reviewed and deliberated on the budget proposals for 2025/26. This was aided by the presentation made by the Parliamentary Budget Office as well as insights shared by the respective State Departments and the Teachers Service Commission when they appeared before the Committee. Details of the presentations from the Parliamentary Budget Office and submissions from the respective State Departments and Teachers Service Commission are annexed in the Report.
4. In overall terms, the proposed 2025/26 proposed budget estimates for the Education Sector is **Kshs 702 Billion**, where the allocation is broken down per vote as follows:
 - i.) State Department for Basic Education (Vote 1065) - **Kshs 126.1 Billion**
 - ii.) State Department for Technical Vocational Education and Training (Vote 1064) - **Kshs 42.4 Billion**
 - iii.) State Department for Higher Education (Vote 1066) - **Kshs 144.7 Billion**
 - iv.) State Department for Science, Innovation and Research (SIR) (Vote 1067) - **Kshs 943 Million**
 - v.) Teachers Service Commission (Vote 2091) - **Kshs 387.7 Billion**

1.1 Establishment and Committee Mandate

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

- i) To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
- ii) To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
- iii) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
- iv) To study and review all legislation referred to it;
- v) To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
- vi) To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
- vii) To examine treaties, agreements and conventions;
- viii) To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- ix) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- x) To examine any questions raised by Members on a matter within its mandate.

1.3 Committee Membership

6. The Departmental Committee on Education was constituted by the House on 27th October 2022 and re-constituted on 5th March 2025. The Committee comprises of the following members:

Chairperson

Hon. Julius Kibiwott Melly, MP
Tinderet Constituency
UDA

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

Members

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

Hon Mary Emaase Otuchi, MP
Teso South
UDA

Hon. Nabii Nabwera Daraja, MP
Lugari Constituency
ODM

Hon. Jerusha Mongina Momanyi, MP
Nyamira County
JP

Hon. Peter Ochieng Orero, MP
Kibra Constituency
ODM

Hon. Abdul Ebrahim Haro, MP
Mandera South Constituency
UDA

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

Hon. Elijah Kururia, MP
Gatundu North Constituency
IND

Hon. Rebecca Noonaishi Tonkei, MP
Narok County
UDA

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

Hon. Joseph Makilap, MP
Baringo North Constituency
UDA

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

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

1.4 Committee Secretariat

7. The Committee Secretariat comprise of the following: -

Mr. Douglas Katho

Clerk Assistant I / Head of Secretariat

Mr. Clive Onyancha
Clerk Assistant II

Mr. Dennis Amunavi
Clerk Assistant III

Mr. Eric Kanyi
Fiscal Analyst I

Ms. Fiona Wanjiru
Legal Counsel II

Ms. Noelle Chelagat
Media Relations Officer II

Dr. Mburu Maina
Research Officer III

Mr. Richard Sang
Serjeant-At-Arms II

Ms. Pauline Njuguna
Hansard Officer II

Mr. Jared Onyancha
Public Communications Officer III

Mr. Nimrod Ochieng'
Audio Recording Officer III

Ms. Christabel Naisula
Parliamentary Internship Programme

2.0 OVERVIEW OF THE 2025/26 BUDGET PROPOSALS FOR EDUCATION SECTOR

2.1 State Department Technical, Vocational Education and Training

8. The proposed 2025/26 allocation to this Department is Kshs 42.4 Billion which comprises of Kshs 35.1 Billion recurrent and Kshs 7.3 Billion development allocation. Compared to the current financial year, the allocation has increased by Kshs 7 Billion mainly because of enhanced AIA collected by TVET institutions. The proposed allocation indicates a reduction of Kshs 200 Million from the 2025/26 approved ceilings. Table below indicates the proposed budget for the Department per programme.

Table 1: 2025/26 proposed budget (Kshs Millions)

Programmes	2024/25 Baseline			2025/26 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Technical Vocational Education and Training	30,283	4,222	34,505	34,209	7,326	41,535
Youth Training and Development	58	-	58	54		54
General Administration, Planning and Support Services	862	-	862	825		825
Total	31,203	4,222	35,425	35,088	7,326	42,414

Source: National Treasury

9. The State Department main work revolves around provision of infrastructure for TVET institutions, administration of capitation and sponsorship for TVET learners as well as regulating the TVET sub sector.
10. The proposed recurrent estimates analysis indicates that out of the Kshs 35.1 Billion allocation, Kshs 20 Billion is from the exchequer whereas Kshs 15 Billion is Appropriations in Aid (AIA). The increase in AIA component is partly attributed to the new funding model where the funds received by the Institutions is recorded as AIA instead of net. A review of the itemized budget indicates that the major recurrent allocations are on the following areas:

Table 2: Major recurrent items (Kshs Millions)

Item	2024/25	Key Areas funded
TVETA	433 Million	AIA
Technical Training Institutes (TTI's)	4.3 Billion	AIA
National Polytechnics	8.3 Billion	AIA
Directorate of Technical Education	18.5 Billion	Personnel emoluments (9.8 B), capitation (5.2 B) and sponsorship (2.5B)
CDACC	1.6 Billion	AIA
Headquarters	809 Million	Personnel emoluments
KTTC (Kenya School of TVET)	550 Million	AIA

Source: National Treasury

11. A review of the proposed development estimates indicates that the Department will be implementing 18 capital projects with a total proposed allocation of Kshs 7.3 Billion. The capital projects are funded by a mixture of development partners' support (Kshs 6.5 Billion) and exchequer funding (Kshs 800 Million). The following are the major capital projects funded in 2024/25.

Table 3: Key Capital projects (Kshs Millions)

Project	2024/25 Allocation (Millions)
Construction of 52 TTI's (GOK)-BETA	664
EA Skills transformation and regional integration (Donor)	600
Promotion of youth employment and Vocational Training Phase 1 (Donor)	643
Promotion of youth employment and Vocational Training Phase 2 (Donor)	300
GOK/ADB TVET and entrepreneurship (Donor)	190
Promotion of youth employment through scholarships –wings to fly (Donor)	462
Promotion of youth employment through scholarships –wings to fly 2 (Donor)	220

Source: National Treasury

2.2 State Department for Basic Education

12. The Department implements a number of key programmes among them, the free primary education, free day secondary education, national examinations administration, the school feeding programme, support to LCB's, the implementation of the Competency based curriculum (CBC) as well as infrastructure support to basic education institutions of

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learning and TTC's. The basic education sub-sector is also the largest consumer of teaching resources provided by the TSC.

13. The State Department proposed allocation is Kshs 126.1 Billion in 2025/26 financial year. The proposed allocation is a decrease of Kshs 12.8 Billion compared to the current financial year baseline as well as a variance of Kshs 23 Billion from the 2025/26 ceiling which was approved during the processing of the Budget Policy Statement 2025. Table below gives a summary of the proposed allocation per programme.

Table 4: 2025/26 proposed allocation (Kshs Millions)

Programmes	2024/25 Baseline			2025/26 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Primary Education	14,446	17,697	32,143	12,782	13,926	26,708
Secondary Education	86,388	3,085	89,473	86,647	3,471	90,118
Quality Assurance and Standards	12,384	-	12,384	4,050	25	4,075
General Administration	4,859	-	4,859	5,234	-	5,234
Total	118,077	20,782	138,859	108,713	17,422	126,135

Source: National Treasury

14. An analysis of the proposed recurrent estimates indicates that out of the Kshs 108.7 Billion allocation, Kshs 107.3 Billion is from the exchequer whereas Kshs 1.4 Billion is Appropriations in Aid (AIA). A review of the itemized budget indicates that the major driver of recurrent expenditure (which accounts for 95% of the recurrent allocation) is on the following areas:

Table 5: Major recurrent allocations (Kshs Millions)

Item	2025/26	Key area (s) funded
Headquarters Administrative Services	534	Personnel emoluments
County Education Services	518	Mainly personnel emoluments
Sub County Education Offices	1,871	Personnel emoluments
School Feeding Programme	3,000	School meals
Directorate of Quality Assurance	961	Personnel emoluments
Sub County Adult and Continuing Education	703	Personnel emoluments
Directorate of Basic Education	8,572	Capitation grants
		Personnel emoluments
Secondary and Tertiary Education HQ Administrative Services	85,904	Subsidies (Capitation)
		Personnel emoluments
		JSS capitation grants
Total	102,063	

15. A review of the proposed development estimates indicates that in 2025/25 the State Department will be implementing a total of 15 capital projects. The projects are funded by a mixture of both the exchequer and development partners' funds. The capital projects which are being implemented by the State Department are mainly the ongoing projects though there is a new donor funded project which has been introduced. The following are the key capital projects funded in 2025/26

Table 6: Key capital projects funded in 2025/26 (Kshs Millions)

Major capital projects	2025/26 (Millions)
Primary School Infrastructure Improvement	162
Secondary School infrastructure improvement	400
ICT integration in schools	300
Assembly of Assistive Devices	280
Kenya Secondary Education Equity Improvement Program	2,300
JSS infrastructure improvement	131
Kenya Primary Education Equity in Learning (KPEEL)	13,329

Source: National Treasury

2.3 State Department Higher Education

16. The proposed 2025/26 budget for the Department is Kshs 144.7 Billion which comprises of Kshs 142.5 Billion is recurrent and Kshs 2.2 Billion is development expenditure. The allocation represents an increase of Kshs 8.5 Billion compared to the current financial year

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and a reduction of Kshs 5.2 Billion compared to the approved ceilings. Table below indicates a summary of the proposed budget per programme.

Table 7: 2025/26 proposed Budget (Kshs Millions)

Programmes	2024/25 Baseline			2025/26 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
University Education	134,474	688	135,162	142,202	2,152	144,354
Research, Science, Technology and Innovation	655	-	655	-	-	-
General Administration	363	-	363	301	-	301
Total	135,492	688	136,180	142,503	2,152	144,655

Source: National Treasury

17. The key area of spending in this State Department is mostly recurrent in nature meant to support students through capitation, sponsorship and Loans. The main programme is the University Education. The research is innovation programme was hived off from the Department and a new Department was created.
18. The proposed recurrent estimates analysis indicates that out of the Kshs 142.5 Billion allocation, Kshs 87.7 Billion is from the exchequer whereas Kshs 54.8 Billion is Appropriations in Aid (AIA).
19. A review of the itemized budget indicates that the major recurrent allocations are on the following areas:

Table 8: 2025/26 Major Recurrent Allocations (Kshs Millions)

S/No	Item	2025/26		
		Net	AIA	Gross
1	KUCCPS	-	797	797
2	CUE	219	225	444
3	HELB	36,820	4,726	41,546
4	UFB	17,163	100	17,263
5	GOK students in private universities	2,275	-	2,275
6	Public Universities	31,237	48,941	80,178

Source: National Treasury

20. The proposed development allocation is mainly funding of various capital projects in various public universities.

2.4 State Department for Science, Research and Innovation

21. The proposed 2025/26 allocation to this Department is Kshs 943 million which is entirely recurrent. This is a new State Department which has been carved out of the State Department for Higher Education. The Department is implementing one programme as indicated below.

Table 9: 2025/26 proposed budget (Kshs Millions)

Programmes	2024/25 Baseline			2025/26 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Research, Science and Innovation	-	-	-	943	-	943
Total	-	-	-	943	-	943

Source: National Treasury

22. A review of the itemized budget indicates that the major recurrent allocations are on the following areas:

- National Commission for Science, Technology and Innovation (NACOSTI)- Kshs 313 Million
- National Research Fund (NRF) - Kshs 219 Million
- Kenya National Innovation Agency (KENIA) - Kshs 223 Million

2.5 Teachers Service Commission

23. The 2025/26 proposed budget for TSC is Kshs 387.8 Billion. This allocation is largely recurrent and is Kshs 21.5 billion more compared to the current financial year allocation. However, compared to the approved budget ceilings, there is a positive variance of Kshs 5.6 Billion. This means that some of the priority areas envisioned by the Commission will be scaled down or shelved altogether. The table below gives a summary of the proposed allocation per programme:

Table 10: 2025/26 proposed budget (Kshs Millions)

Programmes	2024/25 Baseline			2025/26 Estimates		
	Recc	Dev	Total	Recc	Dev	Total
Teacher Resource Management	354,820	796	355,616	376,889	629	377,518
Governance and Standards	1,204	-	1,204	1,634	-	1,634
General Administration	9,396	39	9,435	8,557	42	8,599
Total	365,420	835	366,255	387,080	671	387,751

Source: National Treasury

24. The key area of spending in the Commission is mainly recurrent in nature meant for teacher resources management where a bulk of the resources is for teacher's emoluments. The priority programmes for the Commission in 2025/26 is on Teacher Resource management with provisions to cater for recruitment of intern teachers, promotion of teachers among others.

3.0 SUBMISSIONS BY THE STATE DEPARTMENTS AND THE TEACHERS SERVICE COMMISSION ON THE 2025/26 BUDGET ESTIMATES

25. The four State Departments and the Teachers Service Commission appeared before the Committee on Wednesday 13th and Thursday 14th May 2025. The TSC was led by the Ag. CEO while the State Departments were presented by the Principal Secretary, Basic Education. The Committee was taken through the 2025/26 budget proposals for the Education Sector. The Departments and the Commission submitted the documentations and relevant information as required by the letter of invitation extended to them.
26. Among other things the respective Departments as well as the Commission were able to submit the information regarding the following key issues required of them:
- A matrix indicating significant deviation between the proposed estimates and the approved budget ceilings
 - Provisions for BETA projects and value chains
 - Capital projects information matrix
 - With respect to new projects, information on project financing , scope and feasibility
 - Information on the current stock of pending bills and strategies to clear them;
27. A comprehensive report and details of the submissions made by the respective State Departments and the Teachers Service Commission are annexed in this report.
28. Importantly, during the engagements, the State Departments highlighted the following areas and programmes which are underfunded as highlighted below:

i) State Department for Basic Education

29. The State Department highlighted the following key areas and programmes which were earmarked for implementation in 2025/26 but are unfunded in the proposed estimates:

Area	Requirement	Proposed Budget 2025/26	Shortfall
Free Primary Education Capitation	9,121	7,908	(1,213)
Junior School Capitation	45,669	30,918	(14,751)
School Examination and Invigilation	6,000	-	(6,000)
Quality Assurance and Standards (under strategic intervention)	600	-	(600)
Low Cost Boarding School Programme	400	380	(20)
Total			(22,584)

ii) State Department for Higher Education

30. The State Department highlighted the following key areas which were earmarked for implementation in 2025/26 but are underfunded in the proposed estimates:

Area	Requirement	Proposed Estimates	Funding Gap
Students Scholarships	76,368	41,146	(35,222)
Student Loans	43,681	16,921	(26,760)
TOTAL			(61,982)

iii) State Department for TVET

31. The State Department highlighted the following key areas which were earmarked for implementation in 2025/26 but are underfunded in the proposed estimates:

Area	Requirement (Million)	Allocation (Million)	Funding Gap
Capitation	9,022	5,200	3,822
Scholarships	33,725	2,500	31,225
Operational Grants for small TVET institutions	287	-	287
Implementation of Competency Based Education and Training (70	-	70
Induction of newly recruited TVET trainers	150	-	150
Monitoring and evaluation	50	-	100
Total			35,654

iv) Teachers Service Commission

32. The Commission highlighted the following key areas which were earmarked for implementation in 2025/26 but are underfunded in the proposed estimates:

Area	Requirement (Million)	Allocation (Million)	Funding Gap
Conversion of 20,000 interns Teachers to Permanent	7,300	-	(7,300)
Promotion of Teachers	2,000	1,000	(1,000)
Medical scheme for Teachers	24,000	12,000	(12,000)
WIBA for Teachers	1,200	-	(1,200)
Dispensation of disciplinary cases	50	-	(50)
			(21,550)

4.0 COMMITTEE OBSERVATIONS

33. The Committee having reviewed the proposed 2025/26 Budget Proposals for the Education Sector as well as having held consultative meetings with the Ministry of Education and the Teachers Service Commission made the following observations:

a) State Department for Technical Vocational Education and Training

- i. The proposed 2025/26 allocation to this Department is Kshs 42.4 Billion which comprises of Kshs 35.1 Billion recurrent and Kshs 7.3 Billion development allocation. Compared to the current financial year, the allocation has increased by Kshs 7 Billion mainly because of enhanced AIA collected by TVET institutions. The proposed allocation also shows a reduction of Kshs 200 Million from the 2025/26 approved ceilings;
- ii. The Committee is concerned that the Department has introduced new exchequer funded capital projects despite the fact that some ongoing capital projects are not adequately funded and in some instances the ongoing projects have not been completely funded. In addition, information on the newly introduced capital projects is scanty especially in the feasibility which is a key aspect in project conceptualization. This is against the guidelines provided for resource allocation to capital projects;
- iii. The Committee is concerned that an allocation of Kshs 664 Million the construction of 17 TVET institutions under the BETA project. This allocation is relatively huge given that only 17 TTI's are being funded. Further, given previous financial years trend, there is a possibility of non-absorption of the allocated funds as well as a possibility of rationalization during in year budget adjustments;
- iv. The Committee is concerned that despite the investments which the government is undertaking at the TVET sub-sector especially on infrastructure as well as equipping of the institutions, the Department is unable undertake on-spot and routine checks on the TVET institutions due to a complete lack of resources to undertake Monitoring and Evaluation. This exposes the institutions to risks such as malpractices and financial mismanagement;

- v. The Committee is concerned that a number of TVET institutions have excess and idle equipment whereas some institutions completely lack this equipment hence the need for the Department to rationalize provision of the equipment as well as mopping up of idle equipment and distributing to Institutions that lack them;
- vi. The Committee is concerned that there is a general lack of clear guidelines on the management of TVET instructors which negatively affects the operations of these institutions as well as the general morale of the instructors due to the unpredictable nature of their work environment. The lack of guidelines affects among other aspects recruitment, deployment, and promotions among other welfare aspects of these instructors;

b) State Department for Higher Education

- i. The proposed 2025/26 budget for the Department is Kshs 144.7 Billion which comprises of Kshs 142.5 Billion is recurrent and Kshs 2.2 Billion is development expenditure. The allocation represents an increase of Kshs 8.5 Billion compared to the current financial year mainly on the account of enhanced AIA and a reduction of Kshs 5.2 Billion compared to the approved ceilings;
- ii. The Committee observes that the Department has huge budget deficits in the student centered areas of loans and sponsorship under the new funding model. This may negatively affect the operations in Universities as well as the welfare of students if not addressed;
- iii. The Committee observes that the new funding model is now being fully implemented after surmounting challenges related to court cases. However, the Committee is concerned that two critical aspects of the formula need to be exhaustively addressed, that is, the review of the Means Testing Instrument (MTI) as well as a review on cost of programmes being offered in public Universities;
- iv. The Committee notes that resources have been allocated to support continuing GOK sponsored students in Private Universities. The Committee is concerned that the Department has severally failed to submit information regarding the number of continuing GOK

sponsored students in this private Universities to support decision making in terms of resource allocation;

- v. The Committee is concerned that the AIA collected by the HELB has remained static for almost three years which is an indication that loan repayment by beneficiaries has not increased despite the number of students benefitting from the fund increasing especially after the on boarding of TVET students. This may defeat the purpose of the scheme being a revolving fund;
- vi. The Committee notes that the 2025/26 capital projects allocation to various public Universities does not demonstrate how they meet the criteria for resource allocation, especially on prioritization of capital projects which are near completion as well as in some instances over provision in terms allocation compared to the outstanding cost of the projects;

c) State Department for Basic Education

- i. The State Department proposed allocation is Kshs 126.1 Billion in 2025/26 financial year. The proposed allocation is a decrease of Kshs 12.8 Billion compared to the current financial year baseline as well as a variance of Kshs 23 Billion from the 2025/26 ceiling which was approved during the processing of the Budget Policy Statement 2025.
- ii. The Committee notes the huge deviation of the proposed budget to the Department compared to the approved budget ceilings under the BPS 2025. This has had a negative impact mainly in terms of resources available for capitation for learners at various levels. These will affect the operations in the schools as a result of budget constraints;
- iii. The Committee is concerned by complete lack of funding for examination invigilation and management in 2025/26 creating anxiety among education stakeholders. Examinations are a national security matter and funding needs to be provided since it is a predictable activity. In the current financial year funding for examinations was done as an emergency under supplementary budget provision;

- iv. The Committee is concerned that NACONEK has been transferred to State Department for ASAL without an Executive Order in place to support this movement. NACONEK an affirmative action Agency whose core mandate is to undertake various interventions aimed at reaching out to vulnerable learners in schools hence its transfer outside the sector may affect its effectiveness;
- v. The Committee observes that the World Bank supported SEQIP project is coming to an end in the current and has been replaced by Kenya Secondary Education Equity Improvement Program. The Committee is concerned that there are a number stalled capital projects initiated by the SEQIP in different schools hence the need for the Department to have a conversation with the development partner for a possibility of the stalled projects being on boarded into the new project;
- vi. The Committee notes that the due to budget rationalization in the previous and current financial year, the operations for various SAGA's have been impacted negatively including lack of resources to cater for non-discretionary expenditures such as personnel emoluments which has affected the implementation of their various programmes and activities. This has negatively impacted the sector in terms of achieving goals directly linked to this SAGA's;

d) State Department for Science, Innovation and Research

- i) The Committee observes that this is a newly created State Department whose mandate is to handle matters relating to research and innovation. The creation of this Department will support the research and innovation through effective resource mobilization which is part of the BETA agenda;

e) Teachers Service Commission (TSC)

- i. The 2025/26 proposed budget for TSC is Kshs 387.8 Billion. This allocation is largely recurrent and is Kshs 21.5 billion more compared to the current financial year allocation.

Compared to the approved budget ceilings, there is a positive variance of Kshs 5.6 Billion for the Commission;

- ii. The Commission has been allocated Kshs 4.8 Billion to recruit 20,000 intern teachers in the next financial year. This will assist in enhancing the teaching resources in schools, reduce/bridge teacher shortage gap as well as improve the teacher pupil ratio,
- iii. The Committee observes that the Commission has no funding for the conversion of the current interns into permanent terms. The interns were engaged in January 2025 for a period of one year. A delay in their conversion will create a backlog which may be difficult to absorb due to budget constraints;
- iv. The Committee observes that the Commission has been allocated resources to promote teachers. However the Committee is concerned that the criteria used by the Commission to carry out the promotions is defective which creates disparities and skewed outcomes;

5.0 COMMITTEE RECOMMENDATIONS

The Committee having reviewed the 2025/26 Budget proposals for the Education Sector as well as having held consultative meetings with the Ministry of Education and the Teachers Service Commission makes the following recommendations:

a) Policy Recommendations

- i) That, within the next six months, the State Department for TVET to undertake a comprehensive inventory of equipment in all TVET institutions to rationalize provision of the equipment as well as mop up of idle equipment and re- distribute to Institutions that lack them;
- ii) That, within the next six months, the State Department for Basic Education to submit to the National Assembly an exit report on the Secondary Education Quality Improvement Project (SEQIP), which has come to an end in this current financial year, 2024/25;
- iii) That, within the next two months, the State Department for Higher Education to finalize the revision of the new funding model to address the challenges the model is facing to ensure the model responds to the concerns and needs of the students;
- iv) That, within the next six months, the Teachers Service Commission review the Teachers promotion guidelines, policies and tools that support a fair and equitable assessment of teachers who are due for promotions;

b) Financial recommendations

i. Proposed Reductions (Kshs Millions)

Programme	Description	Proposed Reductions		Justification/Remarks
		Recc	Dev	
Secondary Education	Secondary School Capitation	(3,000)		Reallocation to cater for examination and invigilation
	Junior School Capitation	(2,000)		Reallocation to cater for examination and invigilation
	ICT Integration in secondary schools		(250)	This allocation was meant to cater for a pending bill where insufficient information was provided
Primary Education	Primary school capitation	(900)		Reallocation to cater for examination and invigilation
University Education	Government sponsored students in private Universities	(1,300)		Scanty information regarding the number of continuing GOK students in private Universities
	University of Eldoret-Construction of Engineering complex		(250)	An over provision based on the outstanding amount required to complete the project
Technical Education	Construction of 52 TTI's (Second Phase)		(460)	To support ongoing capital projects in TTI's
	New capital projects		(34)	The justification for starting this new projects not adequately provided
Governance and Standards	Capacity building of Teachers	(600)		Rationalization to the amount allocated in the 2024/25 baseline given target set has not changed
Total		(7,800)	(994)	

c) Additional requests

34. The Committee recommends that the following critical areas have no budgetary allocation in 2025/26 and urges the Budget and Appropriations Committee to provide resources.

Programme	Description/Project	Requirement for Consideration		Remarks
		Recc	Dev	
Teacher Resource Management	Conversion of 20,000 intern Teachers on Permanent terms	7,300		To ensure that the current intern teachers are absorbed once the internship comes to an end later in the year
NGCDF	School Infrastructure support		3,700	to be provided as a matching fund to support school infrastructure improvement
Technical Education	Recruitment of 2,000 TVET instructors	1,900		To bridge the current TVET instructor gap which stands at 6,000
University Education	Scholarships	17,000		To support 208,000 students expected to join various Universities later in the year
Total		26,200	3,700	

SIGNED _____



DATE _____

26/5/2025

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

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON EDUCATION

ii. Proposed Increments (Kshs Millions)

Programme	Description/Project	Proposed Increments		Justification/Remarks
		Recc	Dev	
Secondary Education	Teachers Training Colleges infrastructure (TTC's)		100	To support ongoing rehabilitation of TTC's
	Construction of Education Assessment Resource Centres (EARC's)		50	To support ongoing construction of regional EARC's
	Special Needs Education (SNE) capitation enhancement	100		To support learners with special needs in secondary schools
	Infrastructure support to Secondary Special needs schools		100	To support learners with special needs
	Infrastructure improvement in secondary schools		200	Rehabilitation of infrastructure in secondary schools
Primary Education	Infrastructure support to Primary Special needs schools		100	To support learners with special needs
	Kenya Institute of Special Education	50		To support operations due to previous Budget rationalization
	Infrastructure improvement in primary schools		100	Rehabilitation of infrastructure in primary schools
Quality Assurance and Standards	Examination Administration and Invigilation	5,900		Provision for National examinations which had not been provided in the budget
Technical Education	Kenya School of TVET		60	Support to Ebungwe , Tinderet and Moiben School of TVETS
	Competency Based Education and Training (CBET) Training for TVET To	70		To facilitate ToT's in each TVET to support implementation of CBET in TVETS across the country
	Induction of newly employed TVET instructors	200		Induction of the recently recruited TVET instructors on pedagogy
	Monitoring and Evaluation	50		Monitoring of projects and programmes across all TVET institutions country wide
	Infrastructure support to TTI's		600	Infrastructure support to ongoing projects in TTI's
	Infrastructure support to National Polytechnics		260	Infrastructure support to ongoing projects in National Polytechnics
University Education	Infrastructure support to Public Universities		804	Infrastructure support to ongoing projects in Public Universities
Governance and Standards	Dispensation of disciplinary cases by TSC	50		To support TSC to clear a backlog of disciplinary cases for Teachers
Total		6,420	2,374	

DEPARTMENTAL
COMMITTEE ON
ENERGY



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION 2025

THE DEPARTMENTAL COMMITTEE

ON

ENERGY

**REPORT ON THE CONSIDERATION AND SCRUTINY OF THE 2025/2026 BUDGET
ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:**

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

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERKS CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2025

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PART I

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the 2025/2026 Budget Estimates which was tabled in the House on 30th April, 2025 in accordance with Article 221 of the Constitution, Sections 37(2) of the Public Finance Management (PFM) Act CAP 412A, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235(1) of the National Assembly.

1.2 Mandate of the Committee

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

1.3 Committee Membership

5. The Committee comprises of the following Members:

Chairperson

Hon. David Gikaria, CBS, MP
Nakuru Town East Constituency

UDA Party

Vice-Chairperson

Hon. Lemanken Aramat, MP
Narok East Constituency

UDA Party

Members

Hon. Charles Gimose, MP
Hamisi Constituency

ANC Party

Hon. Walter Owino, MP
Awendo Constituency

ODM Party

Hon. Musili Mawathe, MP
Embakasi South Constituency

WDM - K Party

Hon. Elisha Odhiambo, MP
Gem Constituency

ODM Party

Hon. Gonzi Rai, MP
Kinango Constituency

ODM Party

Hon. Simon King'ara, MP
Ruiru Constituency

UDA Party

Hon. Tom Mboya Odege, MP
Nyatike Constituency

ODM Party

Hon. Siyad Amina Udgoon, MP
Garissa County

Jubilee Party

Hon. Barongo Nolfason Obadiah., MP
Bomachoge Borabu Constituency

ODM Party

Hon. George Aladwa Omwera, MP
Makadara Constituency

ODM Party

Hon. Cecilia Asinyen Ng'itit, MP
Turkana County

UDA Party

Hon. Victor Koech Kipngetich
Chepalungu Constituency

CCM Party

Hon. Geoffrey Ekesa Mulanya, MP
Nambale Constituency

Independent

1.4 Committee Secretariat

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

Mr. Fredrick O. Otieno

Clerk Assistant I/Head of Secretariat

Mr. Salim Athuman
Clerk Assistant III

Ms. Brigita Mati
Legal Counsel I

Mr. Brian Njeru
Fiscal Analyst III

Mr. Robert Langat
Research Officer III

Mr. Ambrose Nguti
Media Relations Officer II

Ms. Viola Saiya
Research Officer III

Ms. Lillian Aluga
Public Communications Officer

Mr. Anthony Wamae
Serjeant-At-Arms

Mrs. Rehema Koech
Audio Officer III

1.5 Overview Of the Examination of the 2025/2026 Budget Estimates

7. The FY 2025/2026 Budget Estimates were submitted to the National Assembly pursuant to Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and Standing Order 235 of the National Assembly Standing Orders and subsequently tabled in the floor of the House on 30th April, 2025. Consequently, the estimates were committed to the relevant Departmental Committees for consideration and recommendations to the Budget and Appropriations Committee pursuant to Standing Order 235(4).
8. The Committee held a total of four (4) consultative meetings; these were preceded by a briefing by the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on 14th May, 2025 at Fourth Floor, Continental House, Parliament Buildings.

1.6 Acknowledgement

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation and cooperation in scrutinizing the FY 2025/2026 Budget Estimates.

11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Energy, to present its Report on the consideration of the FY 2025/2026 Budget Estimates to the Budget and Appropriations Committee.

**THE HON. DAVID GIKARIA, CBS, M.P,
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY**

PART II

2. BROAD OVERVIEW OF THE FY 2025/2026 BUDGET ESTIMATES

12. The 2025/26 Budget Estimates have been reduced by **Kshs. 57.9 billion** from the approved 2025 BPS. The reduction has been occasioned by the revision of the projected revenues by **Kshs. 67 billion** from the approved BPS 2025 and the need to maintain the fiscal deficit at 4.5% of GDP.
13. The gross approved estimates for the State Department for Energy amounted to Kshs. 47.3 billion, comprising of Kshs. 9.9 billion for recurrent expenditure and Kshs. 37.4 billion for development expenditure in FY 2024/2025. As at 31st March 2025, Recurrent expenditure exchequer issues amounted to Kshs. 632.9 million, or 64.6 percent of the Net estimates of Kshs.979.9 million, while the development expenditure exchequer issues amounted to Kshs. 11.3 billion or 69.6 percent of the Net estimates of Kshs.16.2 billion. The committee should therefore enquire on the exchequer disbursement of Kshs.5.2 billion made between October 2024 and November 2024 to ascertain which project(s) the funds were disbursed to, and the delay in exchequer disbursements, with January 2025 being the last month that disbursements were made.
14. In the State Department for Petroleum, the gross approved estimates for the State Department for Petroleum amounted to Kshs. 30.8 billion comprising of Kshs. 27.3 billion for recurrent expenditure and Kshs. 3.5 billion for development expenditure in the FY 2024/2025. As at 31st March 2025, Recurrent expenditure exchequer issues amounted to Kshs. 208.9 million, or 63.2 percent of the Net estimates of Kshs.330.6 million, while AiA fully funded the development expenditure, hence no exchequer disbursements in the development category. The summary of the exchequer disbursements is indicated in table 1:

Table 1: Ministry of Energy and Petroleum Expenditure, Period Ending 31.03.2025 (Kshs. Millions)

Vote	Category	Gross Estimates	A.I.A	Net Estimates	Exchequer Issues as at 31st March 2025	Percentage of Exchequer Issues to Net Estimates
State Dept for Energy	Recc	9,954.9	8,975.0	979.9	632.9	64.6%
	Devt	37,358.0	21,125.2	16,232.8	11,297.6	69.6%
	Total	47,312.9	30,100.2	17,212.7	11,930.5	69.3%
State Dept for Petroleum	Recc	27,338.6	27,008.0	330.6	208.9	63.2%
	Devt	3,500.0	3,500.0	-	-	-
	Total	30,838.6	30,508.0	330.6	208.9	63.2%

Source: National Treasury

15. As at 31st December 2024, the State Department for Energy had a total pending bill of Kshs. 57.3 billion comprising of Kshs. 20.6 billion for KPLC, Kshs. 22.8 billion for KETRACO and Kshs. 282.4 million for GDC arising from pending payments for works done by contractors, budgetary constraints, and litigations, Kshs. 63.1 million for KenGen, Kshs. 59.1 million for NuPEA and Kshs. 13.6 billion from REREC, according to the Controller of Budget's half-year report for FY 2024/25. The State Department for Petroleum, on its part, had a pending bill of Kshs.30.2 million, KPC had a pending bill of

Kshs.751.4 million, and NOCK had a pending bill of Kshs.9.9 billion as at 31st December 2024.

16. With respect to court awards against SAGAs in the State Department, court awards relating to KETRACO amounted to Kshs. 8.99 billion, with only Kshs. 117.07 million paid to date, with the biggest share of the court award being as a result of the Nairobi High Court Miscellaneous Application No E445 OF 2019, Instalaciones Inabensa SA vs KETRACO, with the amount due totaling Kshs. 8.75 billion and Kshs. 2.77 million relating to GDC, with Kshs. 1.88 million paid to date.
17. The proposed allocation for the Ministry of Energy and Petroleum in FY 2025/26 amounts to Kshs. 92.5 billion, comprising Kshs. 37.9 billion in recurrent expenditure and Kshs. 54.6 billion in development expenditure. The Energy sector, identified as key in BETA, has been allocated Kshs. 61.098 billion in the FY 2025/26 budget. This funding is for key thematic areas and targets geothermal expansion, alternative energy technologies, strengthening the national grid, and rural electrification to improve access and reliability. It also supports early-stage development of nuclear energy and coal exploration.
18. The overall proposed allocation for the State Department for Energy is Kshs. 61.6 billion of which Kshs. 12.0 billion is recurrent and Kshs. 49.6 billion is development, which is an overall increase of Kshs. 6.3 billion from the approved BPS ceilings. Further, the proposed allocation for the State Department for Petroleum is Kshs. 30.9 billion of which Kshs. 25.9 billion is recurrent and Kshs. 5.0 billion is development, with there being no variance between the proposed estimates and the approved BPS ceilings as indicated in table 2:

Table 2: Proposed Allocation FY 2025/26 Vs Approved 2025 BPS Ceilings for MDAs

Allocation to MDAs in Kshs. Millions					
Vote/ MDA	Details	2025 BPS Ceilings	Proposed Estimates FY 2025/26	Variance	% Change
1152 State Department for Energy	Total	55,239.2	61,579.8	6,340.6	11.5%
	Recurrent	12,151.3	11,987.9	(163.4)	(1.3%)
	Development	43,087.9	49,591.9	6,504.0	15.1%
1193 State Department for Petroleum	Total	30,939.4	30,939.4	-	0.0%
	Recurrent	25,878.4	25,878.4	-	0.0%
	Development	5,061.0	5,061.0	-	0.0%

Source: National Treasury

2.1 State Department for Energy - Vote 1152

19. Overall, the State Department for Energy has been allocated **Kshs. 61.6 billion**, which comprised of **Kshs. 12.0 billion** for recurrent expenditure and **Kshs. 49.6 billion** for development expenditure. Out of its 4 programmes, the bulk of the resources are allocated to the 'Power Transmission and Distribution' Programme which accounts for 75 percent of the total allocation, and the 'Power Generation' Programme which accounts for 20 percent of the total allocation, Alternative Energy Technologies programme accounting for 4 percent while the General Admin programme accounted for the remaining 1 percent of the total allocation.

20. When compared to the approved estimates for FY 2024/25, the proposed budget for the State Department has increased by **Kshs. 14.3 billion** (30.2 percent rise), with the recurrent expenditure having an increase of **Kshs. 2.0 billion** (20.4 percent increase), while the development expenditure witnessed a rise of **Kshs. 12.2 billion** (32.7 percent increase). The increase in recurrent expenditure stems mainly from the increase in allocations to REREC and GDC, while the increase in development expenditure is largely witnessed in the Electrification in Constituencies project and foreign-funded projects, i.e., Kenya Green & Resilient Expansion of Energy, NSCC, KOSAP, and Last Mile Electricity Connectivity III. Table 4 gives a summary of these changes per source of funding.

Table 3: Summary of Expenditure by Sources of Funding for the State Department for Energy

Category	Sources of Funding	Approved 2024/25 Estimates	Proposed 2025/26 Estimates	Difference	% Change
Kshs. Millions					
Recurrent Expenditure	GoK Exchequer	979.9	879.9	(100.0)	(10.2%)
	AiA	8,975.0	11,108.0	2,133.0	23.8%
	Sub-Total	9,954.9	11,987.9	2,033.0	20.4%
Development Expenditure	GoK Exchequer	3,510.0	8,129.9	4,619.9	131.6%
	Local AiA	12,898.0	11,921.0	(977.0)	(7.6%)
	Donor Funding	20,950.0	29,541.0	8,591.0	41.0%
	Sub-Total	37,358.0	49,591.9	12,233.9	32.7%
Total		47,312.9	61,579.8	14,266.9	30.2%

Source: National Treasury

21. In the recurrent expenditure category, the biggest increase was witnessed in REREC, which incurred a 70.2% increase in its budget, followed by GDC, which rose by 21.6%, and KETRACO, which increased by 4.6%. The decreases were witnessed in NUPEA, which had a decrease of 16.4%, and State Department HQ, which had a reduction of 0.7%. At the same time, KPLC and KENGEN are not funded in the recurrent expenditure category since they cater for salaries and O&M wholly based on their internally generated revenue. The summary of the changes in the recurrent expenditure category for the State Department is indicated in table 4;

Table 4: Summary of Changes for Key Recurrent Expenditures under the MDAs in Kshs. Millions

SAGAs	Approved 2024/25 Estimates			Proposed 2025/26 Estimates			Difference			Gross % Change
	Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net	
HQ	525.1	133.0	392.1	521.5	133.0	388.5	(3.6)	-	(3.6)	(0.7%)
KETRACO	5,110.0	5,110.0	-	5,343.0	5,343.0	-	233.0	233.0	-	4.6%
REREC	2,252.0	2,252.0	-	3,832.0	3,832.0	-	1,580.0	1,580.0	-	70.2%
GDC	1,480.0	1,480.0	-	1,800.0	1,800.0	-	320.0	320.0	-	21.6%
NUPEA	587.8	-	587.8	491.4	-	491.4	(96.4)	-	(96.4)	(16.4%)
Total	9,954.9	8,975.0	979.9	11,987.9	11,108.0	879.9	2,033.0	2,133.0	(100.0)	20.4%

Source: National Treasury

22. An analysis of the development expenditure indicates that the bulk of the budget (94 percent) also goes to the SAGAs under the State Department. The biggest share is for KETRACO, which accounts for 27.4% of the total development allocation, KPPLC accounts for 25.5%, REREC accounts for 21.6%, GDC accounts for 10.1%, Ministry HQ accounts for 5.6%, KenGen accounts for 9.6%, and NuPEA accounts for 0.2%.
23. Compared to the FY 2024-25 approved estimates, A further analysis of the Development expenditure category indicates that the biggest increase was witnessed in KETRACO, which got a 120.6% increase in their budget, REREC which got an increase of 27.5%, KenGen which incurred a 51.6% increase in their budgets, Ministry HQ which got an increase of 96.8% and KPLC which increased by 10.0%. On the other hand, the decreases affected GDC, whose budget decreased by 24.3%, and NuPEA, whose development expenditure declined by 27.9%, as indicated in Kshs. Millions on table 5:

Table 5: Summary of Key Development Expenditures for the State Department for Energy

S/No.	Implementing Agency	Approved Estimates 2024/25	Proposed Estimates 2025/26	Variance	% Change
1	KETRACO	6,161	13,332	7,171	116%
2	KPLC	11,499	12,654	1,155	10%
3	GDC	6,597	4,996	-1,601	-24%
4	REREC	8,383	10,687	2,305	27%
5	KENGEN	3,125	4,887	1,763	56%
6	Ministry HQ	1,424	2,914	1,490	105%
7	NuPEA	170	122	-48	-28%
	TOTAL	37,358	49,592	12,235	33%

Source: National Treasury

2.2 State Department for Petroleum - Vote 1193

24. The State Department for Petroleum has been allocated Kshs. 30.9 billion in the FY 2025/26 budget, which comprised of Kshs. 25.9 billion for recurrent expenditure and Kshs. 5.0 billion for development expenditure. The state department currently has one programme of Exploration and Distribution of Oil and Gas, which comprises Oil and gas exploration, Distribution of petroleum and gas, and the General Administration and Support Services sub-programs, which utilize the bulk of its resources.
25. When compared to the approved estimates for the FY 2024/25, the proposed budget for the state department has increased by Kshs. 100.8 billion (0.3 percent rise), with the recurrent expenditure having a decrease of Kshs. 1.46 billion (5.3 percent reduction) while the development expenditure witnessed an increase of Kshs. 1.56 billion (44.6 percent increase). The reduction in recurrent expenditure mainly stems from the decrease in current transfers to SAGAs such as NOCK (Kshs. 1.54 billion) and KPRL (Kshs. 3.51 billion) from the fuel stabilization fund, which amounted to Kshs. 5.05 billion in FY 2024/25. Table 6 gives a summary of these changes per programme.

Table 6: Summary of Expenditure by sub-programmes for the State Department for Petroleum

Sub-Programme	Category	Approved Estimates FY 2024/25	Proposed Estimates FY 2025/26	Variations	% Change
		(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
Total	Recc	27,338.6	25,878.4	(1,460.2)	(5.3%)
	Devt	3,500.0	5,061.0	1,561.0	44.6%
	Total	30,838.6	30,939.4	100.8	0.3%
Oil and gas exploration	Recc	55.1	58.4	3.4	6.1%
	Devt	2,036.8	3,297.0	1,260.2	61.9%
	Total	2,091.9	3,355.4	1,263.6	60.4%
Distribution of petroleum and gas	Recc	-	-	-	-
	Devt	1,463.2	1,764.0	300.8	20.6%
	Total	1,463.2	1,764.0	300.8	20.6%
General Admin	Recc	27,283.5	25,820.0	(1,463.5)	(5.4%)
	Devt	-	-	-	-
	Total	27,283.5	25,820.0	(1,463.5)	(5.4%)

Source: National Treasury

26. The recurrent expenditure for the State Department for Petroleum is largely utilized by the General Administration Planning and Support Services sub-programme, which accounts for 99 percent of total recurrent expenditure. The key highlights under recurrent expenditure are:

Increase in the allocation for the fuel Stabilization program, which is used to compensate Oil Marketing Companies. It has been allocated **Kshs. 21.9 billion** in FY 2024/25, but this has been increased by 16.2% in FY 2025/26 to **Kshs.25.5 billion**. These monies are sourced from the Petroleum Development Levy (PDL) Fund.

27. The increase in allocation comes at a time when the government has extended the Government-to-Government (G-to-G) oil import deal with Gulf firms, including renegotiating freight and premium costs from \$90 per tonne to \$84 per tonne for Petrol, \$88 per tonne to \$78 per tonne for Diesel and \$112 per tonne to \$75 per tonne for Jet fuel. This extension, initially planned for 9 months from April 2023, was later extended by 12 months, and now further extended until December 2027 for diesel, with other fuel types having different expiration dates.

28. The development expenditure for the State Department of Petroleum amounts to **Kshs.5.1 billion** in the Budget Estimates of FY 2025/26 and is largely utilized by the Oil and Gas exploration sub-programme which accounts for 65% of the development expenditure while the remaining 35% is utilized in the Distribution of petroleum and gas sub-programme.

29. There are 6 projects implemented in the state department, of which the ministry HQ undertakes 3 of the projects, fuel marking which has been renamed Midstream and Downstream Petroleum Distribution project (Kshs.255 million) and Oil exploration and monitoring project which has been renamed Upstream Oil and Gas Exploration project (Kshs.1.397 billion) are carried out by both HQ and EPRA.

30. Compared to the approved estimates for FY 2024/25, the allocation is an increase of **Kshs.1.561 billion** (45% increase) from **Kshs. 3.5 billion** to **Kshs. 5.1 billion** in FY 2025/26.

31. The key highlights under development expenditure for the Petroleum State Department are indicated in table 7:

Table 7: Summary of Key Development Expenditures for the State Dept. For Petroleum

Key Projects	% Completion as at 31st Dec 2024	KPIs/Targets	Approved Estimates FY 2024/25	Proposed Estimates FY 2025/26	Variance	% Change
			(Kshs. millions)	(Kshs. millions)	(Kshs. millions)	
Upstream Oil and Gas Exploration (Oil Exploration and Monitoring project)	63%	1 evaluation report on gas potential completed	950.8	1,397.0	446.2	47%
Lokichar - Lamu Crude Oil Pipeline (LLCOP)project (Preparatory activities for the Lokichar - Lamu Crude Oil Pipeline)	35%	2 petroleum blocks marketed, and 100% of the bid round conducted	454.0	890.0	436.0	96%
LPG Distribution and Infrastructure-BETA	25%	100,000 6kg LPG Cylinders supplied	633.0	888.0	255.0	40%
Clean Cooking Gas for Boarding Learning Institutions	3.8%	200 public learning institutions provided with CCG	596.2	621.0	24.8	4%
South-Lokichar Oil Field Development (Early Monetization of First Oil Project)	30.8%	80% completion of Land Acquisition	352.0	780.0	428.0	122%
Midstream and Downstream Petroleum Distribution (Fuel marking)	24.9%	12 monthly random tests at petroleum dispensing sites	234.0	255.0	21.0	9%

Source: National Treasury

PART III

3. SUBMISSIONS BY MINISTRIES AND STATE DEPARTMENTS

3.1 State Department for Energy - Vote 1152

The Principal Secretary for the State Department of Energy, Mr. Alex Wachira made the following submission before the Committee on Wednesday, 14th May 2025 on the 2025/2026 Budget Estimates: That;

32. The State Department for Energy, Vote 1152 financial year 2025/26 total budget estimates is **Kshs. 61.5 billion** consisting of **Kshs. 11.9 billion** for Recurrent expenditure and **Kshs. 49.6 billion** for Development.
33. The approved BPS ceilings for the State Department was **Kshs. 55 billion** consisting of **Kshs. 12 billion** and **Kshs. 43 billion** for recurrent and development respectively. This shows a deviation by **Kshs. 6.5 billion**. This is illustrated in Table 8 below;

Table 7. 2025/26 Budget Estimates vs Approved Budget Policy Statement ceilings

VOTE :1152	2025/26 Budget estimates (Kshs million)	Approved 2025 BPS Ceilings (Kshs million)	Deviation (Kshs million)	Deviation
Recurrent	11,987.8	12,153.0	(165)	-1.3
Development	49,591.9	43,087.9	6,504	15
TOTAL	61,579.7	55,240.9	6,503.9	11.7

34. The State Department has a reduction of **Kshs. 165 million** under recurrent budget. This is a significant decrease and will adversely impact the operations of the State Department and its agencies. The development budget has increased by **Kshs. 6.5 billion**. The increment in development budget is to fast track the projects under the Kenya Green Resilient Expansion of energy and electrification of constituencies.

35. The analysis of the Recurrent budget is shown by economic classification and by Agencies in Table 8 and 9 respectively:

Table 8: Recurrent Vote: Budget Estimates Vs Approved BPS Ceilings

	FY 2025/26 Estimates (Kshs million)	Approved BPS Ceilings (Kshs million)	Deviation (Kshs million)
Gross	11,987.8	12,153.0	(165.2)
AIA	11,108.0	11,208	(100)
NET	879.8	945	(65.2)
Compensation to employees	332.5	331	1.5
Current Transfers	11,469.4	11,621	(51.6)
Other Recurrent	185.9	201	(15.1)

36. Table 8 above shows the deviations across the economic classification highlighting the reductions in transfers to SAGAs by **Kshs. 151.6 million**, and other recurrent deviations by **Kshs.15 million**. These deductions will grossly curtail the operations of the State Department.

Table 9: Recurrent Deviations per Agency

Agency/Dept.	FY 2025/26 Estimates (Kshs million)	Approved BPS Ceilings (Kshs million)	Variance (Kshs million)	Deviation %
KETRACO	5,343	5,343	-	-
REREC	3,832	3,832	-	-
GDC	1,800	1,900	(100)	5.2
NUPEA	491.4	546	(54.6)	10
HEADQUARTERS	521.4	532	(10.6)	1.9
TOTAL	11,987.8	12,153.0	(165.2)	

37. Table 9 above highlights the deviations of the current transfers to SAGA. The Nuclear Power Energy Agency (NuPEA) budget has the most deviation from the BPS ceiling hence will negatively affect its operations.

38. The F/Y 2025/26 development budget estimates are classified by source of funds and by agency in tables 10 and 11 respectively showing the deviations from the approved Budget Policy Statement ceilings.

Table 10: Development Vote: Budget Estimates Vs Approved BPS Ceilings

Description	FY 2025/26 Estimates (Kshs million)	Approved BPS Ceilings (Kshs million)	Deviation (Kshs million)
Gross	49,591.9	43,087.9	6,504
GOK (Exchequer)	8,129.8	6,950.1	1,179.7
Loans	26,785.0	22,328.8	4,456.2
Grants	2,756.0	3,238.0	(482)
Local AIA	11,921.0	10,571.0	1,350

39. Table 10 above shows the classification of the development estimates by the source of funds and also the deviations from the 2025 approved BPS. The overall deviation is **Kshs. 6.5 billion** consisting the GoK, loans and local A.I.A increases by **Kshs. 11 4.4** and **Kshs. 1.3 billion** respectively, while the grants amount decreased by **Kshs. 482 million**.

Table 11. Development budget by Agency

AGENCY/DEPT.	FY 2025/26 Estimates (Kshs million)	Approved BPS Ceilings (Kshs million)	Deviation (Kshs million)
KETRACO	13,332	11,734	1,976
REREC	10,687	8,121	2,566
GDC	4,995	5,838	(843)

NUPEA	122	500	(377)
HEADQUARTERS	2,913	2539	264
KENGEN	4,887	4,737	499
KPLC	10,687	9,618	3,035
TOTAL	49,591	43,087	7,121

40. Table 11 above shows the allocations for each Agency and the State Department. REREC and KPLC have an increased allocation of **Kshs. 2.5 billion** and **Kshs. 3.0 billion** respectively to cater for last mile, rural connectivity and the Kenya Green phase II programmes.

41. The State Department for Energy through its SAGAs implements the following BETA projects.

- i. 1152100300 Sondu Homabay Ndhiwa Awendo Electrification Project BETA
- ii. 1152102700 Last Mile Electricity Connectivity-BETA
- iii. 1152103100 Multi-National Kenya-TZ Power Interconnection Project-BETA
- iv. 1152103700 Mariakani Substation-BETA
- v. 1152108700 Rabai - Kilifi Transmission Line-BETA
- vi. 1152112300 Narok - Bomet-BETA

42. The implementation of Programmes and Projects in the Energy Sector is faced with many challenges. Some of these challenges include:

- i. Inadequate budgetary allocation for monitoring and evaluating the projects under implementation. The drastic reduction of this budget to **Kshs. 22 million** will ground the effective Monitoring and Evaluation of Energy sector Programmes/projects that are spread nationwide. The State Department is appealing for the reinstatement of the **Kshs. 190 million** for this activity;
- ii. Insecurity in project areas and vandalism of energy infrastructure. Adequate budget for monitoring and evaluation ensures continuous appraisal of projects geared towards mitigating this challenge;
- iii. Lengthy processes of acquisition of land and wayleaves;
- iv. Legal and contractual issues impacting adversely on project implementation;
- v. Inaccessible road network to the project sites, especially during the heavy rain seasons;
- vi. The Moratorium on signing new Power Purchase Agreements (PPA) has slowed down the expansion of Power Generation Capacity. We appeal to Parliament to consider lifting the Moratorium to enable the sector meet the growing energy demands;

3.1.1 Kenya Power and Lighting Company (KPLC)

43. The budget of the Last mile Connectivity Project was marginally increased from the BPS ceiling amount, however given the current project requirements the amount is enough. The project is a critical stage of material supply and therefore requires adequate funding to pay off the associated interim certificates. The Project requires an additional allocation of Kes. 6 billion to fund planned project activities for the FY 2025/2026.

44. The Green Resilient and Expansion Energy Program (GREEN): The program uses results-based financing approach the program uses results-based financing approach requiring KPLC to pre-invest to achieve agreed milestones to access the funds. KPLC requires at least Kes. 10 billion in FY 2025/26 to enable access funds from the achieved results as well advance disbursed by the financier but could not accessed due to budgetary limitations.
45. Last mile Connectivity Project Phase III: The financing agreement for the project was signed in December after the preparation of the BPS proposed allocation. The allocation will support implementation of the key Project activities during the year.

Table 12: Budget Estimates vs Approved BPS 2025

KENYA POWER	FY 2025/2026 ANNUAL BUDGET ESTIMATES			BPS CEILINGS	DEVIATION
	GOK	FOREIGN	TOTAL	TOTAL	
1152102701 Last mile connectivity	946	3,150	4,096	2,753.00	1,343
11521035001 Streetlighting.	242		242	300.00	-58
1152107201 Retrofitting of Mini Grids	0	320	320	691.00	-371
1152108901 Electrification of Level 4 and Level 3 Hospitals	40		40	50.00	-10
1152108002 Kenya Off-Grid solar access programme for underserved counties	0	229	229	2,000.00	-1,771
1152109700 Rural Electrification Scheme	644		644	800.00	-156
1152109702 Off grid Electrification Schemes	262		262	325.00	-63
1152111700 Establishment of a Utility Run Super Esco	0	100	100	50.00	50
1152114300 The Green Resilient and Expansion Energy Program(GREEN)	0	5,000	5,000	2,500.00	2,500
1152113900 Leather Industrial Park	121		121	150.00	-29
1152114900 Improvement of Power Distribution system(Last mile JICA)	500		500	-	500
1152114800 Last mile Connectivity Project Phase III	0	1100	1,100	-	1,100
Total	2755	9,899	12,654	9,619	3,035

46. The key BETA priority projects with allocation in the FY 2025/265 are as shown in Table 13 below:

Table 13: Key BETA priority projects with allocation in the FY 2025/265

Programme /Project	Budget Estimates FY2025/26
	Kshs 'M'
Last mile connectivity	4,596.00
Streetlighting.	241.00
Retrofitting of Mini Grids	320.00
Electrification of Level 4 and Level 3 Hospitals	40.00
Kenya Off-Grid solar access programme	229.00
The Green Resilient and Expansion Energy Program (GREEN)	5,000.00
Last mile Connectivity Project Phase III	1,100.00
Leather Industrial Park	121.00
Total	11,647.00

47. With regards to the new projects, the Government of Kenya has secured funding from African Development Bank for the implementation of the Last mile Phase III. This phase supplements the efforts of previous phases to enhance electricity access in underserved communities across the country through network expansion and last-mile connections, targeting 150,000 households. This initiative supports universal electricity access and grid stability for Socio-economic Development.

48. The financing agreements was signed on 11th December 2024. The total estimated cost for the projects is **EUR 115.16 million** equivalent to **KShs.15.9 billion**. Currently the Project is at the procurement stage.

49. The pending bills for KPLC are as indicated below:

	Outstanding amount as as 30th June 2024	Remarks
KPLC-Rural Electrification Schemes projects Maintenance	30,137.00	This is meant to reimburse KPLC cost incurred in operation and maintenance of the Rural Electrification schemes. The amount has accumulated over time and is negatively affecting the Company financial position.
KPLC-Last Mile Connectivity Project	1,278.51	The amount related to contractual claims for contractors and suppliers for the Donor Funded Lastmile Projects. This additional cost is to be catered through GOK contribution.
	32,085.06	

3.1.2 Rural Electrification and Renewable Energy (REREC)

50. The Corporation Budget Estimates for FY 2025/26 amounts KShs.14,519 Million comprising of KShs.10,687 Million (74%) for capital expenditure and KShs.3,832Million (26%) for recurrent expenditure as tabulated below:

Table 14: Summary of 2025/26 FY budget

Vote	BPS Estimates 2025/26 FY	Budget Estimates 2025/26 FY	Variance	Remarks
	KShs. Million	KShs. Million	KShs. Million	
Recurrent	3,832	3,832	-	The recurrent Budget is being financed fully by 5% REP Levy. There is usually a delay of reimbursement by KPLC. There is also need to have Exchequer Recurrent Budget consideration
Development	8,164	10,687	2,523	Considering the demand for electricity connectivity, Development is insufficient and there is need to enhance it by KShs.67.326Billion to implement various Electrification programmes
Total Budget	11,996	14,519	2,523	

51. The Corporation is implementing both Grid and Renewable Energy in all the 47 Counties and 290 Constituencies which are in various stages of Completion. The list of

the Specific projects is available for circulation.

52. The Corporation has no new projects in this FY 2024 /25 requiring feasibility Study. However, it has done proposals under Business Development on hybridization of Diesel stations in Kenya and Social Electrification financing by The Kingdom of Saudi Arabia whose feasibility will be carried out to inform funding requirement.
53. Under KOSAP, the total credit financing for the components implemented by the Corporation amounts to US\$36,927,219, equivalent to **KShs. 4,763,611,251**. The credit closing date is 30th September, 2026.
54. In the FY 2024/25 printed estimates, an allocation of **KShs. 1.25 billion** had been provided to support the project, including advance payments to contractors under Component 1. However, in the FY 2024/25 Supplementary II Budget, this allocation was significantly reduced to **KShs. 50Million**.
55. To support the Government in its agenda of universal energy access, the Corporation in its 4th Strategic Plan (2023-2027), has identified promotion and deployment of renewable energy technologies across socio-economic sectors as one of its key strategies under strategic objective one (SO1) and, increased electricity connectivity across socio-economic sectors as one of its key strategies under Strategic objective four (SO4). Notably, it has been established that a large part of the Country is far away from the grid and construction of grid lines may not be economical in the short to medium term. This calls for the implementation of off-grid standalone solutions to enable the citizens access power.
56. The Corporation has identified 324 potential sites for development of mini-grids spread across 24 counties and 66 constituencies. The total capacity of the mini-grids is approximated at 24.67MW and are expected to connect up to 49,340 customers including SME's, public schools and hospitals. However, initially we intend to implement one mini-grid in each of the 51 constituencies not covered by the ongoing KOSAP mini-grids at an average cost of **KShs. 150Million** per site. The total estimated cost is **KShs. 7.65Billion**.
57. The Corporation proposes to take over the operation and maintenance of the Mini-grids and Diesel stations at a cost of **KShs. 8,022,380,100**.
58. The Corporation through Transformer maximization program seeks to provide legal and safe electricity access in informal settlements including slums across the country, this follows a Presidential pronouncement these areas. To achieve this, the Corporation requires an estimated budget of **KShs. 3,360,000,000**.

3.1.3 Kenya Electricity Transmission Company (KETRACO)

59. KETRACO proposed a budget requirement for the FY 2025/26 of **Kshs. 34.4 billion**. Due to resource constraints and tight fiscal framework, the Company's allocation in the approved BPS is **Kshs. 17.8 billion** being 52% of the proposed requirement.
60. KETRACO has planned to construct 248km of Transmission lines and 6 substations in

the FY 2025/26, 596km of Transmission lines and 10 substations in the FY 2026/27 and 898km of Transmission lines and 5 substations in the FY 2027/28

3.1.4 Geothermal Development Company (GDC)

61. GDC's summary of approved Budget and the approved BPS ceilings for 2025 is as shown in the table below:

Table 15: Budget Estimates vs Approved 2025 BPS and Deviations

Project	Approved 2025 BPS Ceilings FY.2025/26				GDC's Draft Budget Estimates FY.2025/26				Deviations			
	Donor	Local AIA	GoK	Total	Donor	Local AIA	GoK	Total	Donor	Local AIA	GoK	Total
Menengai		2,000	250	2,250		1,950		1,950	0	-50	-250	-300
Bogoria-Silali	1,468	1,000	450	2,918	1,756	1,050		2,806	288	50	-450	-112
Suswa		200	49	249		200	39	239	0	0	-10	-10
Recurrent		1,800		1,800		1,800		1,800	0	0	0	0
Total	1,468	5,000	749	7,217	1,756	5,000	39	6,795	288	0	-710	-422

62. GDC is an enabler of BETA under LCPD Paka power plant planned for commissioning in Dec.2027 and a Strategic Investor.

63. With regards to new projects, the feasibility study for Geoscience and Engineering workshop is approved for pipeline in PIMIS under the PIMs guidelines. The New project to be introduced in new financial year.

64. The company's pending bills as of 30th April 2025 amounted to **Kshs. 267,496,024** Aging is as per table 1 below:

Period	Trade Suppliers	Medical Providers	Total Amount	%
1-30 Days	34,901,933	655,001	35,556,934	13.29%
31-60 Days	120,936,811	4,153,541	125,090,351	46.76%
61-90 Days	15,514,182	1,211,001	16,725,183	6.25%
91-120 Days	2,241,814	515,274	2,757,089	1.03%
121-150 Days	2,550,369	11,642	2,562,011	0.96%
151-180 Days	52,163,785	6,042	52,169,827	19.50%
6-12 months	12,591,382	1,319,370	13,910,752	5.20%
1-2 years	3,314,311	371,551	3,685,862	1.38%
> 2 years	14,605,843	432,172	15,038,015	5.62%
Total	258,820,431	8,675,593	267,496,024	100%

3.1.5 Nuclear Power and Energy Agency (NuPEA)

65. Nuclear Power and Energy Agency (NuPEA) was allocated a total budget of **Kshs. 698 Million** in the FY 2025/2026 Budget Policy Statement being **Kshs. 546 Million** Recurrent and **Kshs. 152 Million** Development. This has been reduced to **Kshs. 613.8 million**, being **Kshs. 491.4 Million** Recurrent and **Kshs. 122.4 million** Development, translating to an overall budget reduction of 12%.

Table 16: Revenue Allocation

	2025 Budget Policy Statement Ceiling	2025 Budget Allocation	Variance	% Variance
Recurrent	546,000,000	491,400,000	(54,600,000)	(10%)
Development	152,000,000	122,425,381	(29,574,619)	(19%)
Total Revenue	698,000,000	613,825,381	(84,174,619)	(12%)

66. Nuclear Power and Energy Agency (NuPEA) contributes to the Bottom-Up Economic Transformation Agenda (BETA) by advancing the development of nuclear power as a reliable and sustainable energy source. This aligns with key BETA pillars, particularly energy and infrastructure development, manufacturing, and environmental sustainability. Reliable electricity is essential for driving industrial growth, supporting small businesses, and enabling long-term economic transformation.
67. The Agency’s ongoing activities such as feasibility studies, capacity building, public awareness, and development of regulatory frameworks, create a foundation for introducing nuclear energy into the national grid. These initiatives help establish the infrastructure needed to support value chain development in energy-intensive sectors, while also generating skilled employment and fostering local expertise in nuclear science and engineering.
68. The entire Development Budget of **Kshs. 122.4 million** has been earmarked for the implementation of initiatives under the Bottom-Up Economic Transformation Agenda (BETA).
69. The Agency has pending bills amounting to **Kshs. 177 Million** as shown in Table 2 below:

Table 17: Pending Bills FY2024/2025

Description	Amount	Resolution Strategy
Medical Expenses	15,000,000	Appeal for allocation of additional funding
Gratuity	22,000,000	
Legal Fees	120,000,000	
Enterprise Resource Planning (ERP)	20,000,000	
Total	177,000,000	

70. In terms of Recurrent Budget, the Agency has been allocated **Kshs. 491.4 Million** against a total funding requirement of **Kshs. 603 Million**. Of this, the projected employee cost alone stands at Kshs. 470 Million based on the actual cost of **Kshs. 444.6 Million** in FY2024/2025 and factoring in the recruitment of critical staff already approved for hiring at **Kshs. 25 Million**.

This leaves a balance of only **Kshs. 21 Million** to cover all other recurrent operational and administrative expenditures, including critical services such as contractual obligations and board activities, which require an estimated **Kshs. 133 million**. This funding gap severely limits the Agency's ability to implement key functions and meet its set targets. As a result, essential activities may face delays or suspension, directly impeding progress in strategic programme areas.

71. In terms of Development Budget, the primary issue affecting the Agency's ability to attain its performance targets is the significant reduction in budgetary allocation from **Kshs. 152 Million** to **Kshs. 122.4 Million** in the FY 2025/2026. Since the Agency is heavily reliant on government grants, the funding shortfall will constrain the execution of planned development activities under the Nuclear Power Program. This is in regards to delays in critical preparatory work, capacity building, and stakeholder coordination efforts, all of which are essential for progressing through the program's development phases.
72. The Agency is therefore appealing for additional funding of **Kshs. 65 Million** under Recurrent Budget & **Kshs. 78 Million** under Development Budget. This support is critical to enable the Agency to achieve its set targets and milestones within the expected timelines, in accordance with its mandate.

3.1.6 Energy and Petroleum Regulatory Authority (EPRA)

73. There are no deviations between EPRA budget and approved 2025 budget policy statement ceilings.
74. To support the agenda on job creation and uplifting living standards, EPRA will develop guidelines for LPG reticulation, LPG installers, LPG smart meters and auto-gas, undertake stakeholder consultation for the draft guidelines and publish the finalised guidelines.
75. The Authority is implementing a multiyear ERP system" SAP S/4 Hana ERP system." The project will be phased across three years and will be financed from the Authority's resources. The project is at inception stage and will cover EPRA HQ and the regional offices.

3.2 State Department for Petroleum - Vote 1193

The Principal Secretary for the State Department of Petroleum, Mr. Mohamed Liban, accompanied by the Chief Executive Officers/Managing Directors of the SAGAs under the State Department appeared before the Committee on Wednesday, 14th May 2025 and submitted as follows on the FY 2025/2026 Budget Estimates: That;

76. The Budget for the State Department for Petroleum as contained in the Approved 2025 Budget Policy Statement was **Kshs.31,059 million**. This comprised of **Kshs.25,998 million** under the Recurrent Budget and **Kshs.5,061 million** under the Development Budget.

77. The Budget Estimate for the 2025/26 financial year is **Kshs.30,939.4 million**. This comprises of Kshs.25,878.4 million under the Recurrent Budget and **Kshs. 5,061 million** under the Development Budget.

78. The variation of the Budget Estimates submitted to Parliament from the Approved 2025 Budget Policy is therefore **Kshs.119.6million**. Details of the same are as contained in the table 18 and 19 below:

Table 18: Total Budget for the FY 2025/26 – (Kshs. Million)

Description	Approved FY 2025/26 BPS Ceilings	Budget Estimates for the FY 205/26	Variance
Recurrent	25,998.0	25,878.4	119.6
Development	5,061.0	5,061.0	0
Total	31,059	30,939.4	119.6

Table 19: Total Budget for FY 2025/26 in Detail

Description	Approved FY 2025/26 BPS Ceilings	Budget Estimates for the FY 205/26	Variance
Recurrent Budget	25,998	25,878.4	119.6
Net Recurrent (GoK)	295	295	0
Recurrent A.I.A	25,703	25,583.4	119.6
Development Budget	5,061	5,061	0
Net Development (GoK)	100	100	0
Loans	0	0	0
Grants	0	0	0
Local AIA	4,961	4,961	0
Gross Budget (R& D)	31,059	30,939.4	119.6

79. The reduction of AIA of **Kshs. 119.6 million** in table 18 above was to cater for oil market price stabilization (**Kshs. 100 million**) and operations and maintenance expenses (**Kshs. 19.6 Million**). The rationalization of the AIA was informed by actual expenditure trends on fuel market price stabilization and expected collections from surface fee on oil explorations.

80. The projected Appropriation-in-Aid collection of **Kshs. 25,583.4 million** is in line with actual collection trends. The amount comprises of **Kshs. 25,500 million** from the Petroleum Development Levy (PDL) and **Kshs. 83.4 million** being surface fee from oil exploration activities.

81. The State Department has an allocation of **Kshs. 140.4 million** to cater for operations and maintenance expenses. The Department is in the process of finalizing the development of various policies and Regulations for the Downstream and Upstream activities. Further, the Department's activities are field based. The allocation of **Kshs. 140.4 million** is therefore, not sufficient to carry out planned activities.
82. The State Department will use the Development Budgetary Allocation for the FY 2025/26 to implement on-going projects. Among them is the LPG Distribution and Infrastructure project under Affordable Housing under the Bottom-Up Economic Transformative Agenda (BETA). The project is aimed at providing the necessary LPG infrastructure for the low-cost housing for the Affordable Housing Programme at an estimated cost of **Kshs. 888 million** in the FY 2025/26 Budget Estimates.
83. The State Department will utilize the FY 2025/26 Budget Estimates of **Kshs. 5,061 million** under the Development Budget to implement seven projects which are fully funded by way of Appropriation in Aid.
84. Currently, in the FY 2024/25, the State Department has pending bills amounting to **Kshs.23.3 million** carried over from previous financial year. The amount is in respect to pending bills owed to the Kenya National Trading Company (KNTC) on leased go downs for storage of LPG gas cylinders pending their distribution by the National Oil Corporation of Kenya (NOCK, and contracted Guards and cleaning Services.

3.2.1 Kenya Pipeline Company (KPC)

85. There are no deviations between the entity's budget estimates and the approved 2025 budget policy statement ceilings. As a commercial state corporation, KPC funds its operations fully from internally generated sources.
86. The Company implemented the approved budget in realizing its Corporate Strategic plan. In addition, the Company prioritized projects and operations geared toward the achievement of the Government's Bottom-Up Economic Transformation Agenda (BETA) which were also aligned to its strategic intent. Moreover, KPC is an enabler to the BETA agenda of the Government.
87. There are two (2) new projects which require prefeasibility and feasibility studies:
 - i. ATG System Upgrade Project at PS14, 12, 10, 25, 27, 28 (FY25/26) –Full project Cost is Kshs. 592.4 million. The project was approved by the National Treasury (TNT) on 4th November 2024 and Kshs. 237.2 million budgeted for FY2025/2026.
 - ii. Replacement of near Obsolete ERP System (FY25/26) - Full project Cost is Kshs. 3,039 million (Year 1, FY2025/26 - Kshs. 1,391.6 million) which is pending TNT approval following progression to the pre-feasibility studies.

3.2.2 National Oil Corporation of Kenya (NOCK)

88. The approved BPS ceiling for 2025 for the Corporation was Kshs. 230 million. This has not changed in the proposed Estimates for the FY 2025/2026.

89. **Kshs. 230M** will enable a well prognosis only in preparation for the actual drilling of the well.
90. The Corporation liabilities stand at **Kshs. 8.7 billion** which comprises Bank Loans amounting to **Kshs. 5.9 billion** (KCB bank Kenya: **Kshs. 3 billion** and Stanbic Bank: **Kshs. 2.9 billion**) and **Kshs. 2.8 billion** relating to other creditors.
91. Even though the Corporation was allocated **Kshs. 230 million**, the Corporation now requests for a budgetary allocation of **Kshs. 5.92 billion** to acquire a rig and drill three (3) wells in order to meet it's Block T11 PSC's first additional exploration period deliverables.

PART IV

4. COMMITTEE OBSERVATIONS

92. Based on the written and oral submissions received from the State Department for Energy and the State Department for Petroleum, the Committee made the following observations:

4.1 State Department for Energy

93. That, the State Department for Energy has been allocated **Kshs. 61.58 billion**, which comprises **Kshs. 11.99 billion** for recurrent expenditure and **Kshs. 49.59 billion** for development expenditure in the FY 2025/26 Budget Estimates.

94. That, the government intends to accelerate electricity connectivity in the country to achieve universal access to electricity through enhanced funding to the Electrification in Constituencies project, which has received a budget allocation of **Kshs. 4.35 billion** to accelerate Last Mile and Rural Connectivity; however, the allocation translates to only **Kshs. 15 million** per constituency, which is inadequate to achieve the universal access to electricity goal by 2030, given that the average cost of completing one electrification project, including metering, is approximately **Kshs. 11 million**.

95. That, during the first half of FY 2024/25 i.e. July 2024 to December 2024, a total of 511.72 GWh of geothermal energy was curtailed, accounting for 7.1% of the total energy generated which is more than double the amount curtailed in the same period of the previous financial year; the increase is attributed to a rise in energy imports during the period, with GDC further attributing the low steam uptake to continued curtailment.

96. That, the Geothermal Development Company (GDC) has not maintained separate project accounts for its key projects, including Bogoria Silale and Menengai, with project funds found to be commingled in a single bank account which is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015, which requires that project funds be maintained in distinct accounts at the Central Bank of Kenya unless exempted in writing by the Cabinet Secretary; a similar pattern of commingling was also noted in various KETRACO projects, raising concerns over transparency, accountability, and potential exposure of project funds to financial and legal risks.

97. That, the allocation of **Kshs. 261.8 million** for the Off-Grid Electrification Scheme in FY 2025/26 is significantly below the estimated Kshs. 1.55 billion required for the construction and maintenance of off-grid stations; further, the Committee noted with concern the high electricity tariffs charged to consumers by private mini-grid power providers in off-grid areas, raising questions around affordability, equity, and the need for regulatory and policy interventions to ensure fair access to electricity in underserved regions.

4.2 State Department Petroleum

98. That, the state Department for Petroleum has been allocated **Kshs. 30.94 billion** in the FY 2025/26 budget, which comprises **Kshs. 25.88 billion** for recurrent expenditure and **Kshs. 5.06 billion** for development expenditure.

99. That, the cross-subsidization policy that entails charging higher prices to a group of consumers in order to subsidize lower prices for another group is not clearly anchored in the Energy Act, 2019 (Cap.314), or the Petroleum Act, 2019 (Cap.308), and the attendant regulations.\
100. That, the Committee noted that Tullow Oil plc has commenced the process of exiting Kenya's upstream petroleum sector through a proposed sale of its entire interest in Project Oil Kenya to Gulf Energy Limited. However, the Committee observed that limited information has been provided regarding the terms of the exit, the implications of the transaction on Kenya's commercial oil prospects, and its potential impact on the completion and timely approval of the Field Development Plan (FDP), which remains pending prior to submission for parliamentary ratification. This raises concerns about the continuity, governance, and strategic direction of the country's nascent oil industry.
101. That, the Committee noted with concern that the retail cost of Liquefied Petroleum Gas (LPG) has increased significantly by 55.7%, from **Kshs. 2,047.28** per 13kg cylinder in 2020 to **Kshs. 3,188.34** per 13kg cylinder as of 2024. This sharp rise has occurred despite targeted policy interventions by the Government, including exempting LPG from the Import Declaration Fee (IDF) and Railway Development Levy (RDL) and the zero-rating of LPG, as well as locally manufactured cylinders and storage tanks. The sustained upward trend in LPG prices presents challenges to household affordability, particularly for low-income consumers, and poses a barrier to the widespread adoption of clean cooking energy solutions envisioned under national energy access goals.

PART V

5. RECOMMENDATIONS

102. Having received, scrutinized, and deliberated on the submissions from the various State Departments and the contents of the Budget Estimates for the FY 2025/26, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Energy

103. That, the Cabinet Secretary for the Ministry of Energy and Petroleum, in collaboration with the Managing Director/CEO of KenGen, fast-tracks and ensures the timely completion of the Kenya Green and Resilient Expansion of Energy (GREEN) Phase II Battery Energy Storage System (BESS) Project within eighteen (18) months following the approval of the FY 2025/26 Annual Estimates Report by the National Assembly. The BESS is a critical intervention to mitigate the curtailment of geothermal energy and enhance grid stability by storing surplus energy during low-demand periods and discharging it during peak demand, thereby maintaining system balance and improving the overall efficiency and reliability of electricity supply.

104. That, the Principal Secretary for the State Department for Energy, in conjunction with the Managing Directors/CEOs of the Geothermal Development Company (GDC) and the Kenya Electricity Transmission Company (KETRACO), ensures that separate project accounts are opened and maintained for all ongoing and future projects within six (6) months following the approval of the FY 2025/26 Annual Estimates Report by the National Assembly. This measure is essential in order to fully comply with Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015. It will also enhance transparency, strengthen accountability, and safeguard public resources from risks associated with the commingling of funds.

105. That, within twelve (12) months following the approval of the FY 2025/26 Annual Estimates Report by the National Assembly, the Principal Secretary for the State Department for Energy, in collaboration with the Principal Secretary for the National Treasury, develops a targeted rebate scheme for private mini-grid power providers operating in off-grid areas. The objective of the scheme shall be to cushion consumers against high electricity tariffs, thereby enhancing affordability and promoting equitable access to electricity in underserved regions. The scheme shall only be implemented upon independent verification, approval, and gazettelement by EPRA, confirming that all requisite conditions have been met, which include the existence of clear eligibility criteria, financial sustainability, measurable consumer impact, and enforceable oversight mechanisms to ensure accountability, transparency, and long-term viability of the mini-grid operations.

5.1.2 State Department for Petroleum

106. That, the Cabinet Secretary for the Ministry of Energy and Petroleum, in collaboration with the Director General of the Energy and Petroleum Regulatory Authority (EPRA) submits to the National Assembly the requisite regulations anchoring the cross-subsidy

policy to law within three (3) months upon passage of the 2025-2026 Budget Estimates by the National Assembly.

107. That, within ninety (90) days following the approval of the FY 2025/26 Annual Estimates Report by the National Assembly, the Principal Secretary for the state Department for Petroleum, ensures that comprehensive details regarding the sale of Tullow Oil plc's interest in Project Oil Kenya to Gulf Energy Limited are tabled before the National Assembly. This should include the terms of the transaction, an assessment of its implications on Kenya's commercial oil prospects, and the status and anticipated timeline for completion and approval of the Field Development Plan (FDP). This measure is essential to safeguard the continuity, governance, and strategic oversight of Kenya's upstream petroleum sector and to facilitate informed parliamentary oversight.

108. That, within six (6) months following the approval of the FY 2025/26 Annual Estimates Report by the National Assembly, the Cabinet Secretary for the Ministry of Energy and Petroleum, in collaboration with the Director-General of the Energy and Petroleum Regulatory Authority (EPRA), undertakes a comprehensive review of the Liquefied Petroleum Gas (LPG) value chain to identify pricing inefficiencies and non-competitive practices contributing to the sustained increase in LPG retail prices. As the sector regulator, EPRA should thereafter enforce adherence by Oil Marketing Companies (OMCs) to fair pricing practices and ensure that the benefits of IDF and RDL exemption as well as zero-rating of LPG, cylinders, and storage tanks are transparently and effectively passed on to consumers, particularly low-income households, in order to support the national agenda on access to clean and affordable cooking energy.

5.2 Financial Recommendations/Proposed Reallocations

109. The committee recommends THAT:

- a) a) For the State Department for Energy, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 11.99 billion** and the allocation for development expenditure amounting to **Kshs. 49.59 billion** be approved with the following amendments:

Reductions

- i. Reduce the allocation for the Hydro Dams Water Catchment Reafforestation Project by Kshs. 88 million.
- ii. Reduce the allocation for the installation of wind masts and data loggers Project by Kshs. 20 million.
- iii. Reduce the allocation for the energy efficiency programme (investment grade audits) project by Kshs. 40 million.
- iv. Reduce the allocation for the pilot program on domestic household biogas digesters (Upscaling) Project by Kshs. 20 million.
- v. Reduce the allocation for the Suswa Geothermal Project by Kshs. 30 million.
- vi. Reduce the allocation for the Olkaria Lessos Kisumu Project by Kshs. 100 million.
- vii. Reduce the allocation for the Turkwell-Ortum-Kitale project by Kshs. 100 million.

- ix. Reduce the allocation for the Rural electrification schemes project by Kshs.520 million.
- x. Reduce the allocation for the Dongo Kundu SEZ project by Kshs.20 million.
- xi. Reduce the allocation for the National System Control Centre & Makindu SS project by Kshs. 30 million.
- xii. Reduce the allocation for the Connectivity to Leather Industrial Park – Kenanie project by Kshs.80 million.
- xiii. Reduce the allocation for the Mariakani Substation project by Kshs. 495 million.
- xiv. Reduce the allocation for the KOSAP-SDE Component by Kshs. 30 million.
- xv. Reduce the allocation for the Rabai - Kilifi Transmission Line project by Kshs.50 million.
- xvi. Reduce the allocation for the Power Transmission System Improvement project by Kshs. 100 million.
- xvii. Reduce the allocation for the Multi-National Kenya-TZ Power Interconnection Project by Kshs. 50 million.

Increments

- i. Increase the allocation for the Electrification of Public Facilities by Kshs. 550 million.
- ii. Increase the allocation for the Installation of Transformers in Constituencies project by Kshs. 280 million.
- iii. Increase the allocation for the Kenya Power Street-lighting project by Kshs. 180 million.
- iv. Increase the allocation for the Menengai - Soilo line by Kshs.116 million.
- v. Increase the allocation for the Mombasa - Nairobi transmission line by Kshs.200 million.
- vi. Increase the allocation for the Sondu Homabay Ndhiwa Awendo Project by Kshs.179 million.
- vii. Increase the allocation for the Coal Exploration and Development project by Kshs. 300 million.
- viii. Increase the allocation for the Monitoring and Evaluation of Energy Project by Kshs. 168 million.
- ix. Increase the allocation to the Nuclear Power Plant Siting project by Kshs.10 million.
- x. Increase the allocation to the Strategic Environmental and Social Assessment project by Kshs.30 million.
- xi. Increase the allocation to the Publicity and Advocacy project by Kshs.30 million.
- xii. Increase the allocation to the Resource development for nuclear programme by Kshs.30 million.
- xiii. Increase the allocation to the Nuclear Policy & Legislation by Kshs.30 million.

- b) For the **State Department for Petroleum**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure

amounting to **Kshs. 25.88 billion** and the allocation for development expenditure amounting to **Kshs. 5.06 billion** be approved with the following amendments;

Reductions

- i. Reduce the allocation for the Subsidies to Financial Private Enterprises (Recurrent) by Kshs. 500 million.
- ii. Reduce the allocation for the LPG Distribution and Infrastructure project by Kshs. 50 million.
- iii. Reduce the allocation for the Clean Cooking Gas (CCG) for Public Learning Institutions project by Kshs.50 million.
- iv. Reduce the allocation for the Upstream Oil and Gas Exploration project by Kshs.50 million.

Increments

- i. Increase the allocation for the Lokichar - Lamu Crude Oil Pipeline Project by Kshs. 50 million.
- ii. Increase the allocation for the South-Lokichar Oil Field Development project by Kshs. 350 million.

5.3 Requests for Additional Funding

110. Further, the Committee requests that the Budget and Appropriations Committee consider the following budgetary needs for funding key priority projects in actualizing the Bottom-Up Economic Transformation Agenda (BETA):

- a) Additional allocation of Kshs.10.25 billion for the Electrification in Constituencies project.
- b) Additional allocation of Kshs. 1.2 billion for the installation of transformers project.
- c) Additional allocation of Kshs.1.5 billion for the electrification in public facilities project.
- d) Additional allocation of Kshs.1.5 billion for the off-grid electrification schemes project.
- e) Additional allocation of Kshs. 500 million for the street lighting project.
- f) Additional funding to the Bogoria-Silale project of Kshs.500 million to actualize the presidential directive of providing water to neighbouring communities.
- g) Additional allocation of Kshs.500 million for the Electrification of people in settlement areas project in order to provide legal and safe electricity in informal settlements including slums across the country.

SIGNED

DATE


THE HON. DAVID GIKARIA, CBS, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENERGY)

DEPARTMENTAL
COMMITTEE ON
ENVIRONMENT,
FORESTRY &
MINING



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION 2025

THE DEPARTMENTAL COMMITTEE
ON
ENVIRONMENT, FORESTRY AND MINING

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2025/26 BUDGET
ESTIMATES FOR THE FOLLOWING SPENDING AGENCIES:

Vote 1331 - State Department for Environment and Climate Change
Vote 1332 - State Department for Forestry
Vote 1192 – State Department of Mining

DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERKS CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI

MAY 2025

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PART I

1. Preface

1.1 Introduction

1. This is the Committee's report on its consideration of the FY 2025/26 Budget Estimates which was tabled in the House on **30th April, 2025** following Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.

1.2 Mandate of the Committee

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

3. By the Second Schedule of the Standing Orders, the Committee is mandated to consider the following subjects: *Climate change, environment management and conservation, forestry, mining and natural resources, pollution, and waste management.*
4. In executing its mandate, the Committee oversees the **State Department for Environment and Climate Change, the State Department for Forestry, and the State Department for Mining.**

1.3 Committee Membership

5. The Committee comprises the following Members:

Chairperson

The Hon. Eng. Vincent Musyoka Musau Kawayu, MP
Mwala Constituency

UDA Party

Vice-Chairperson

The Hon. Charles Kamuren, MP
Baringo South Constituency

UDA Party

Members

The Hon. Mbalu Jessica Nduku Kiko, M.P.
Kibwezi East Constituency,
Wiper Democratic Movement

The Hon. Yakub Adow Kuno, M.P.
Bura Constituency
United Party of Independent Alliance (UPIA)

The Hon. Mwanyanje Gertrude Mbeyu, M.P.
Kilifi County,
Orange Democratic Movement (ODM)

The Hon. Salim Feisal Bader, M.P.
Msambweni Constituency
United Democratic Alliance (UDA)

The Hon. Hiribae Said Buyu, M.P.
Galole Constituency
Orange Democratic Movement (ODM)

The Hon. Joseph Wainaina Iraya, M.P.
Nominated,
United Democratic Alliance (UDA)

The Hon. Emathe Joseph Namuah, M.P.
Turkana Central Constituency
United Democratic Party (UDA)

The Hon. Charity Kathambi. M.P.
Njoro Constituency
United Democratic Alliance (UDA)

The Hon. Kemei Beatrice Chepng'eno, M.P.
Kericho County
United Democratic Alliance (UDA)

The Hon. Mohamed Mohamed Ali, M.P.
Nyali Constituency
United Democratic Alliance (UDA)

The Hon. Masito Fatuma Hamisi, M.P.
Kwale County
Orange Democratic Movement (ODM)

The Hon. Mohamed Tubi Bidu, M.P.
Isiolo South Constituency
Jubilee Party (KPP)

The Hon. Titus Lotee, M.P.
Kacheliba Constituency
Kenya Union Party (KUP)

1.4 Committee Secretariat

6. The following Members of Staff serve the Committee:

Ms. Hellen Ekadeli
Senior Clerk Assistant /Head of Secretariat

Ms. Chamunga Nancy
Fiscal Analyst II

Mr. Hamdi Hassan Mohamed
Clerk Assistant III

Dr. Joseph Kuria
Research Officer II

Ms. Mercy Wanyonyi
Legal Counsel II

Mr. Stephen Otieno,
Sergeant-At-Arms

Mr. Kevin Obilo Ojiambo
Media Relations Officer III

1.5 Overview of the Examination of the FY 2025/26 Budget Estimates

7. The FY 2025/26 Budget Estimates were submitted to the National Assembly under Article 221 of the Constitution of Kenya, Section 37 (2) of the Public Finance Management Act, 2012 and the Standing Order 235 of the National Assembly Standing Orders and subsequently tabled on the floor of the House on **30th April, 2025**. Consequently, the Estimates were committed to the relevant Departmental Committees for consideration and to make recommendations to the Budget and Appropriations Committee under Standing Order 235(4).
8. The Committee held a total of four consultative meetings, preceded by a briefing from the Parliamentary Budget Office. The Committee held meetings with the spending agencies under its purview on **Thursday, 15th May 2025, at Bunge Tower**.

1.6 Acknowledgment

9. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honorable Members of the Committee for their patience, sacrifice, endurance, and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
10. Finally, the Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the **FY 2025/26 Budget Estimates**.
11. It is, therefore, my pleasant duty and privilege, on behalf of the Departmental Committee on Environment, Forestry and Mining, to submit its Report on the consideration of the FY 2025/26 Budget Estimates.

The Hon. Eng. Vincent Musyoka Musau, M.P,

Chairperson, Departmental Committee on Environment, Forestry and Mining

Report on Annual Estimates FY 2025/26: DC, Environment, Forestry, and Mining

PART II

2. BROAD OVERVIEW OF THE FY 2025/26 BUDGET ESTIMATES

2.1 Overall Fiscal Framework for FY 2025/26

12. The total expenditures for the FY 2025/26 amount to **Kshs. 4.3 trillion**, which comprises **Kshs. 2.5 trillion** for the National Government, **Kshs. 1.3 billion** for Consolidated Fund Services (CFS) and **Kshs. 405.1 million** for County Government Equitable Share.
13. Compared to Supplementary Estimates 2 for FY 2024/25, the total budget has **increased by 6 percent**, with the largest change being witnessed on the CFS of **an 8 percent increase**. The allocation for the National Government has a **7 percent increase**, while the County Government Equitable Share has a **decrease of 3 percent**.
14. A breakdown of the allocations for the National Government shows that the Executive will spend **Kshs. 2.4 trillion**, Parliament has **Kshs. 49.5 billion**, while the Judiciary has **Kshs. 26.8 billion**. Compared to Supplementary Estimates 2 for FY 2024/25, the allocation for the Executive has a **7 percent decrease**, while that of the Judiciary has a **15 percent increase**. The allocation for Parliament has an **increment of 16 percent**.

Table 1: Summary of the Proposed Expenditure Estimates for FY 2025/26

Details	Supplementary Estimates 1 FY 2023/24	Proposed Estimates FY 2024/25	% Change
National Government (MDAs)	2,346.6	2,504.8	6.7
<i>Executive</i>	2,280.6	2,428.4	6.5
<i>Parliament</i>	42.6	49.5	16.2
<i>Judiciary</i>	23.4	26.8	14.5
Consolidated Fund Services	1,242.7	1,337.0	7.6
County Government Equitable Share	418.3	405.1	(3.2)
Total	4,007.6	4,247.3	6.3

Source: Budget Summary for FY 2025/26

2.2 Proposed FY 2025/26 Estimates of Expenditure

15. Compared to the Approved Estimates for FY 2024/25, the proposed estimates for the votes under the Committee's purview have been revised downwards. **Kshs. 1.78 billion (27 percent reduction)** for the State Department for Environment and Climate Change, **Kshs. 1.92 billion (13 percent reduction)** for the State Department for Forestry, and **Kshs. 2.22 billion (59 percent reduction)** for the State Department for Mining.
16. On the other hand, when compared to the BPS ceilings for FY 2024/25, the proposed estimates for the votes under the Committee's purview have been revised downwards. **Kshs. 1.63 billion (25 percent reduction)** for the State Department for Environment and Climate Change, **Kshs. 2.47 billion (16 percent reduction)** for the State Department for

Report on Annual Estimates FY 2025/26: DC, Environment, Forestry, and Mining

Forestry, and Kshs. 3.54 billion (69 percent reduction) for the State Department for Mining.

Table 2: Summary of Approved Estimates vs BPS & Proposed Estimates FY 2025/25 (Kshs. Millions)

MDA	Category	Approved Estimates FY 2024/25	BPS Estimates FY 2025/26	Proposed Estimates FY 2025/26	% Change (Proposed/BPS)	% Change (Proposed/Approved)
State Department for Environment and Climate Change	Recurrent	3,335.54	3,693.00	3,894.89		
	Development	1,744.80	2,712.00	1,734.70		
	Total	5,080.34	6,405.00	5,629.59	(12.11)	10.8
State Department for Forestry	Recurrent	9,200.88	9,260.40	8,932.17		
	Development	2,576.00	7,071.00	4,057.04		
	Total	11,776.88	16,331.40	12,989.21	(20.46)	10.3
State Department for Mining	Recurrent	1,429.07	1,034.60	1,363.41		
	Development	160.00	632.00	267.17		
	Total	1,589.07	1,666.60	1,630.58	(2.16)	2.61

Source: National Treasury

PART III

3. SUBMISSIONS BY MINISTRIES, DEPARTMENTS, AND AGENCIES

3.1 State Department for Environment and Climate Change - Vote 1331

17. The State Department for Environment and Climate Change prepared its FY 2025/26 Estimates in line with the guidelines provided by the National Treasury Circular No. 02/2025 dated 18th March 2025.
18. The State Department's allocation for FY 2025/26 is **Kshs 5.63 billion**, being **Kshs 3.90 billion** and **Kshs. 1.74 billion** for recurrent and development, respectively.

Table 3: Summary of the Budget – Vote 1331 (Kshs. Million)

VOTE	APPROVED BPS CEILINGS FY 2025/26	BUDGET ESTIMATES FY 2025/26	INCREASE/DECREASE
RECURRENT	3,693	3,895	202
DEVELOPMENT	2,712	1,735	(977)
TOTAL	6,405	5,630	(775)

Source: Committee Reports

19. Despite the net increase in budgetary allocation of Kshs. 202 million indicated above, the State Department has had a decrease of Kshs. 110 million under the Environment Management and Protection Programme.
20. This reduction will hinder key activities, including preparations for the Seventh Session of the United Nations Environment Assembly (UNEA-7), scheduled for 8th – 12th December 2025 at the UNEP Headquarters in Nairobi; Preceded by the Open-ended Committee of Permanent Representatives (OECPR-7) from 1st – 5th December 2025.
21. UNEA-7 will focus on the theme "Advancing Sustainable Solutions for a Resilient Planet."

Table 4: Deviation between the Proposed Budget vs BPS Ceilings – Vote 1331 (Recurrent)

PROGRAMME	BPS CEILINGS FY 2025/26 (Kshs. Million)	PROPOSED ESTIMATES FY 2025/26 (Kshs. Million)	CHANGE (Kshs. Million)
General Administration, Planning and Support Services	1,789	2,036	247
Environment Management and Protection	596	486	(110)
Meteorological Services	1,308	1,373	65
Total	3,693	3,895	202

Source: Committee Reports

22. The State Department is implementing key projects that are in line with the **Bottom-up Economic Transformation Agenda (BETA)** and the **Medium-Term IV Plan of Vision 2030**, which include;

Table 4: Alignment of the Annual Estimates to the MTP IV of Vision 2030 and BETA

No	Project Name	Allocation FY 2025/26			Source of funds	BETA priority area	MTP IV
		GOK	Donor	Total Allocation			
1.	Phasing Out Ozone Depleting Substances Project Operationalized.	0	20	20	GOK, UNEP	Sustainable Waste Management	Social
2.	Green Innovation Awards	8.5	0	8.5	GOK	Natural Resource Conservation	Social
3.	Purchase of Digital Equipment	30	0	30	GOK	Climate Change	Social
4.	High Performance Computing platform	20	0	20	GOK	Climate Change	Social
5.	Acquisition of CAT 3 Airport weather observing systems(AWOS)- Phase III	70	0	70	GOK	Climate Change	Social
6.	Acquisition of CAT 3 Automatic Weather Stations(AWS)- Phase IV	15	0	15	GoK	Climate Change	Social
7.	Weather Radar Surveillance Network	94	0	94	GoK	Climate Change	Social
8.	Construction of Centers of Excellence and Innovation on Environment	8.5	0	8.5	GoK	Natural Resource Conservation,	Social
9.	National Solid Waste Management	20	0	20	GoK	Sustainable Waste Management	Social
10	Community Livelihood Improvement Program(CLIP)	10	0	10	GoK	Natural Resource Conservation	Social
11	Plastic Waste management and Pollution Control	15	0	15	GoK	Sustainable Waste Management	Social
12	Sound Chemicals and Waste Management Kenya	0	12	12	GoK, UNEP	Sustainable Waste Management	Social
13	Implementation of National Climate Change Action Plan	35	0	35	GoK	Climate Change	Social
14	Africa Environmental Health and Pollution Management- Kenya	0	173	173	World Bank	Sustainable Waste Management	Social
15	Strengthening Drought Resilience for Farmer and Pastoralists	0	132	132	IGAD	Livelihood and Job Creation	Social
16	Strategic Sector Support Phase II	0	10	10	GoK, DANIDA	Natural Resource Conservation	Social
17	L Victoria Climate Resilience & Environmental Management Project (LVCREMP).	10	0	10	GoK	Natural Resource Conservation	Social

No	Project Name	Allocation FY 2025/26			Source of funds	BETA priority area	MTP IV
		GOK	Donor	Total Allocation			
18	Kenya Gold Mercury-Free ASGM Project.	0	150	150	GoK, UNDP	Sustainable Waste Management	Social
19	Kenya Enhanced Transparency Programme (ETF) Reporting to the UNFCCC Project	0	100	100	GoK, UNEP	Natural Resource Conservation	Social
20	The Global Development, Review and Update of National Implementation Plans (NIPs)	0	23	23	GoK, UNEP	Climate Change	Social
21	Strengthening Forest Management for Improved Biodiversity Conservation & Climate Resilience in the Southern Rangelands of Kenya	0	130	130	IUCN	Natural Resource Conservation	Social
22	UNEP - Early Action Support	0	13	13	GoK, UNEP	Climate Change	Social
23	Agroforestry and Commercial Forestry (Restoration of Cherangany Water Towers)	0	171	171	GoK, Government of Italy	Natural Resource Conservation	Social
24	Increasing Global Implementation of GHS	0	10	10	GoK, UNEP	Natural Resource Conservation	Social
25	Lake Naivasha Ecosystem Based Management Project	0	70	70	GoK, World Wildlife Fund (GEF)	Natural Resource Conservation	Social
26	Enhancing Community Resilience and Water Security in the Upper Athi River Catchment Area, Kenya	0	300	300	GoK, Green Climate Fund	Natural Resource Conservation	Social
TOTAL		421	1,314	1,735			

Source: Committee Reports

23. In the 2025/26 Financial and Medium Term, the State Department will be implementing **2 new projects**. Information regarding the budgetary allocations in the Financial Year 2025/26 is included in Table 5.

Table 5: List of New Projects and Justification

No	Project Name	Start Date	End Date	Total Project Cost	PROPOSED ALLOCATION FY 2024/25	IMPLEMENTING AGENCY	PROJECT OBJECTIVES/ JUSTIFICATION
1.	Restoration of Wetlands and Degraded Ecosystems	July 2025	August 2030	1,500M	75M	Multilateral Environmental Agreements (MEAS)	The project aims rehabilitate and conserve wetlands and degraded ecosystems in order to enhance biodiversity, improve water quality and availability
2.	Environment Complaints Management System	July 2025	June 2030	450M	10M	National Environmental Trust Fund (NETFUND)	enable the public to report environmental violations, ensures timely investigation and resolution of complaints
Total				1,950	85M		

Source: Committee Reports

24. The State Department for Environment and Climate Change currently has no budgetary provision in the Approved FY 2024/25 Supplementary Estimates No. 2 to cater for the settlement of carry-over pending bills amounting to Kshs. 440.5 million. This situation has arisen due to budget cuts and inadequate exchequer funding during FY 2023/24.

25. To date, the State Department has settled Kshs. 127 million of these pending bills, leaving an outstanding balance of Kshs. 313 million.

3.2 State Department for Forestry - Vote 1332

26. In line with its mandate, the structure of the program and sub-programs has been revised for the FY 2025/26 to improve service delivery as follows:

Table 6: Approved Programmes and Sub-Programmes in the FY 2025/26

S/No.	Programme	Sub Programme
1.	Forestry Development, Management and Conservation	Forest Conservation and Management
		Forestry Research and Development
		Ecological Restoration and Management
2.	Agroforestry and Commercial Forestry Development	Agroforestry
		Commercial Forestry
3.	General Administration, Planning and Support Services	General Administration, Planning and Support Services

Source: Committee Reports

27. The State Department budgetary allocation has been rationalized by Kshs. 3,342 million with Kshs. 328 million, being a decline in recurrent allocation and Kshs. 3,014 million, which is a decline in development allocation.

Table 7: Summary of the Proposed Budget FY 2025/26 vs Ceilings – Vote 1332

	BPS CEILING "Kshs. Million"	APPROVED ESTIMATE "Kshs. Million"	DEVIATION "Kshs. Million"
RECURRENT	9,260	8,932	(328)
DEVELOPMENT	7,071	4,057	(3,014)
TOTAL	16,331	12,989	(3,342)

Source: Committee Reports

28. KFS AIA has been adjusted upwards by Kshs 400 million. The Service will only be able to realize an amount of Kshs. 3,500 million as AIA for the period. In view of the above, the Service is requesting additional budgetary support of Kshs.1,374 million.

Table 8: Deviation Between Proposed Budget Estimates and 2025 BPS - Kshs. Million

ITEM	BPS CEILING	APPROVED ESTIMATE	DIFFERENCE
PERSONAL EMOLUMENTS	163	138	(25)
O& M (HQ)	94	87	(7)
NET TRANSFERS			
KFS	2,968	2,379	(589)

ITEM	BPS CEILING	APPROVED ESTIMATE	DIFFERENCE
KEFRI	1,485	1,378	(107)
AIA			
KFS	4,474	4,874	400
KEFRI	76	76	0
TOTAL (GROSS)	9,260	8,932	(328)

Source: Committee Reports

29. The reduction of Kshs 3,014 million will adversely affect the implementation of BETA projects and key value chains, including the Tree Growing Campaign and Rangeland Restoration project.
30. Construction and equipping of seed processing centres, which are enablers of the 15 Billion tree growing campaign, have not been funded for the current FY 2024/25 and the FY 2025/26.
31. Reduction of Kshs 374 million for the Green Zone Development Support Project Phase II will affect its scheduled completion timelines.

Table 8: List of Projects to be Undertaken in FY 2025/26 (Kshs. Millions)

Project Name (a)	Project Start Date (b)	End Date (c)	BPS Allocation	Allocation FY 2025/26	Deviation
1332101900-Tree Growing Campaign and Rangeland Restoration	01-Jul-2019	30-Jun-2032	3,700	1,698	(2,002)
1332100100 Suswa Lake Magadi-Migori Environment Restoration Project	01-Jul-2014	30-Jun-2028	118	50	(68)
1332100400 Forest Irrigation Climate and Green Energy Project (FICaGE)	01-Jul-2016	31-Dec-2032	15	0	(15)
1332101000 Natural Forest Conservation Project	01-Jul-2016	30-Jun-2032	45	0	(45)
1332101100 Forest Plantations Management Project	01-Jul-2016	30-Jun-2032	120	65	(55)
1332101200 Farm and Dry land Forest Management	01-Jul-2016	30-Jun-2032	50	30	(20)
1332101400 Forest Roads and Bridges Improvements	01-Jul-2014	30-Jun-2032	50	30	(20)
1332101300 Construction of Forest Rangers Temporary Camps	01-Jul-2014	31-Dec-2032	51	61	10
1332101600 Forest Fire Prevention and Management Project	01-Jul-2017	30-Jun-2032	60	0	(60)
1332101800 Green Zones Development Support Project Phase II	01-Mar-2019	30-Jun-2025	1,650	1,276	(374)
1332102200 Capacity Development project for Technologies in Forest Fire Management in Kenya	01-Jul-2022	31-Dec-2025	898	800	(98)
1332100700 Installation of Water hydrants in Muguga and Kitui Centre	01-Jan-2014	30-Jun-2030	2	2	0

1332102000 Construction of Glass Houses-Regional centers (Green houses)	07-Jan-2016	30-Jun-2030	5	0	(5)
1332100600 Construction of Farmer's Resource Centers in TaitaTaveta	01-Jan-2014	30-Jun-2030	5	5	0
1332100500 Construction of Farmer's Resource Centers in Migori	01-Jan-2014	30-Jun-2030	5	5	0
1332100800 Development of TIVA Forest as a center of excellence for Dryland	01-Jan-2014	30-Jun-2030	10	10	0
1332100900 Development of Forest Research Technologies	01-Jan-2014	Continuous	50	0	(50)
1332102400 Establishment of Nurseries, Water Supply systems and Water Desalination to support Seedlings	01-Jul-2022	30-Jun-2032	30	0	(30)
1332101700 Construction of tree seed processing units	01-Jan-2017	30-Jun-2030	197	0	(197)
Completion of Ugenya Forestry College workshop				25	25
International Union of Forest Research Organizations (IUFRO 2029)			10	0	(10)
Total			7,071	4,057	(3,014)

Source: Committee Reports

32. The State Department had pending bills amounting to Kshs 1,907 million as at 31st December, 2024. An amount of Kshs 1,295 million is in respect of debt owed to KRA. KFS and KRA agreed to pay Kshs. 36 million every month. Below is a summary of the pending bills.

33. As of 31st March, 2025, KFS had reduced its balance to KRA by Kshs 105 million.

Table 9: Pending Bills as at 31st December 2024

Institution	Invoiced Amount	Cumulative Payment as at 31st December 2024	Outstanding Amount as at 31st December 2024
Kshs. Millions			
Headquarters	33	0	33
KFS	1,755	107	1,648
KEFRI	264	38	226
Total	2,052	145	1,907

Source: Committee Reports

3.3 State Department for Mining - Vote 1192

34. The State Department for Mining's FY 2025/26 Budget Estimates amount to **Kshs. 1,630.59 Million** against the approved 2025 Budget Policy Statement's ceiling of **Kshs. 1,666.81 Million** as indicated below.

Table 10: Comparison between 2025 BPS & the FY 2025/26 Budget Estimates by Programme
a) Expenditure by Programmes

Name of the Programme	BPS Allocation FY 2025/26 (Ksh M)	FY 2025/26 (Ksh. M)	Change (Ksh. M)	% Increase/ Decrease
1007000 General Administration Planning and Support Services	405.57	375.10	(30.47)	(8%)
1009000 Mineral Resources Management	639.45	688.95	49.50	8%
1021000 Geological Survey and Geo- information Management	621.79	566.54	(55.25)	(9%)
Total	1,666.81	1,630.59	(36.22)	(2%)

Source: Committee Reports

Table 11: Comparison between 2025 BPS & the FY 2025/26 Budget Estimates - Recurrent
b) Recurrent Budget

	2025 BPS	FY 2025/26	Change	% Change
Gross	1,034.81	1,363.41	328.60	32%
AIA	100.00	750.00	650.00	650%
Net	934.81	613.41	(321.40)	(34%)
Compensation to Employees	501.36	501.00	(0.36)	0%
Transfers	89.00	80.10	(8.90)	(10%)
Other Recurrent	444.45	782.31	337.86	76%

Source: Committee Reports

Table 12: Comparison between 2025 BPS & the FY 2025/26 Budget Estimates - Development
c) Development Budget

	2025 BPS	FY 2025/26	Change	% Change
Gross	632.00	267.17	(364.83)	(58%)
AIA	0.00	0.00	0.00	-
Net	632.00	267.17	(364.83)	(58%)
Use of Goods and Services	250.50	30.00	(220.50)	(88%)
Non-Financial Assets	381.50	237.17	(144.33)	(38%)

Source: Committee Reports

Table 15: Key Projects to be Undertaken in FY 2025/26 – Kshs. Millions

Name of the Project	% Completion as at 30-06-24	Approved Budget FY 2024/25	2025 BPS Allocation	Proposed Budget FY 2025/26
Geological Data Bank Project - BETA	51%	0.0	50.0	27.17
Online Transactional Mining Cadaster Portal - BETA	38%	14.0	110.0	35
Mineral Audit Support - BETA	53%	26.0	75.0	30
Rehabilitation of Madini House	34%	16.00	46.19	6.19
Mineral Certification Laboratory	27%	75.0	125	65
Geological Mapping and Mineral Exploration	30%	29.00	165.00	73
Geo Technical Site Investigations	3%	0.0	50.0	20
Gemstone Value Addition Centre - Taita Taveta	91%	0.0	10.8	10.81
Total		160.00	631.99	267.17

Source: Committee Reports

35. The State Department for Mining has requested Authority from the National Treasury to spend the increased realized Appropriation in Aid to settle both recurrent and development pending bills.

Table 16: Pending Bills – Kshs. Millions

		Historical Pending Bills	FY 2022/23	FY 2023/24)	Total
Approved for Payment	Recurrent	17.55	1.73	12.47	31.75
	Development	0.00	0.96	97.68	98.64
Referred to Pending Bill Verification Committee	Recurrent	24.69	0.00	8.83	33.52
	Development	30.31	0.00	0.00	30.31
Total		72.55	2.68	118.99	194.22

Source: Committee Reports

PART IV

4. COMMITTEE OBSERVATIONS

36. Having scrutinized the FY 2025/26 Budget Estimates, the Committee made the following observations:

4.1 State Department for Environment and Climate Change

37. In FY 2025/26, the State Department has been allocated **Kshs 5.63 billion**, out of which **Kshs. 3.89 billion** is in respect of recurrent votes, while **Kshs. 1.73 billion** is under development for the vote. However, it was noted that **Kshs 775.41 million (a 12 percent reduction)** has been deducted from the BPS ceiling.

38. The Development vote of **Kshs. 1.73 billion** constitutes **Kshs. 421 million** funded by the GOK exchequer and **Kshs. 1.31 billion** funded through Appropriation in Aid. The key allocations to thematic areas in FY 2025/26 are **Kshs. 2.04 billion** under **General Administration, Planning and Support Services**; **Kshs. 1.37 billion** under the **Meteorological Service**; and **Kshs. 486 million** under the **Environment Management and Protection program**.

39. On the other hand, the Recurrent vote of **Kshs. 3.89 billion** constitutes **Kshs. 2.55 billion** funded by the GOK exchequer and **Kshs. 1.34 billion** funded by **Appropriation in Aid**. **Kshs. 1.59 billion** for the National Environment Management Authority (NEMA); **Kshs. 27 million** for the National Environment Tribunal (NET); **Kshs. 141.5 million** for the National Environmental Trust Fund (NETFUND); **Kshs. 112.5 million** for the National Environmental Complaints Committee (NECC); and **Kshs. 2.03 billion** under Headquarters.

40. The Committee noted that there are fifteen (15) capital projects for which borrowing will be undertaken in FY 2025/26 at a cost of **Kshs. 1.31 billion**. In the 2025/26 Financial Year, the State Department will be implementing **2 new projects**, namely: **Restoration of Wetlands and Degraded Ecosystems** at a cost of **Kshs. 170 million** and the Environment Complaints Management System at a cost of **Kshs. 10 million**.

41. The State Department will be **implementing 28 BETA projects** out of the **35 ongoing** projects, with the **Enhancing Community Resilience and Water Security** project having the highest allocation at **Kshs. 300 million**. Two (2) projects have been moved to the State Department for Forestry in the FY 2025/26 Budget Estimates due to the dissolution of Kenya Water Towers Agency, namely, such as the Mitigation & Management of Soil Loss and Securing and Protection of Water Towers.

42. The Committee observed that the State Department has carry-over pending bills amounting to **Kshs. 313 million**. This situation has arisen due to budget cuts and inadequate exchequer funding.
43. The Committee noted that the National Environment Management Authority (NEMA) has the potential to raise adequate revenue if the regulations under the Environment Management and Coordination Act, CAP 387, are enacted. The court injunction on the National Environment Management Authority's (NEMA) Extended Producer Responsibility (EPR) regulations has hindered the agency's ability to enforce producer accountability in waste management. This not only weakens environmental oversight but also results in significant revenue loss from uncollected compliance fees and levies, limiting NEMA's operational capacity and financial sustainability.
44. The Committee further noted that although the State Department acknowledges the financing challenges facing the government, as well as emerging expenditure pressures that require reprioritization of expenditure to be within a sustainable fiscal framework, the budget cuts affect implementation of the agreed performance contracts and implementation of the Fourth Medium Term Plan.

4.2 State Department Forestry

45. In FY 2025/26, the State Department has been allocated **Kshs 12.99 billion**, out of which **Kshs. 8.93 billion** is in respect of recurrent votes, while **Kshs. 4.06 billion** is under development for the vote. However, it was noted that **Kshs 3.34 billion (a 20 percent reduction)** has been deducted from the overall BPS ceiling of the State Department.
46. The Recurrent vote of **Kshs. 8.93 billion** constitutes **Kshs. 3.98 billion** funded by the GOK exchequer and **Kshs. 4.95 billion** funded from the Appropriation-in-Aid through Kenya Forest Service (**Kshs. 4.87 billion**) and Kenya Forestry Research Institute (**Kshs. 76 million**). Out of the total recurrent vote, **Kshs. 7.25 billion** for the Kenya Forest Service (KFS); **Kshs. 1.45 billion** for the Kenya Forestry Research Institute (KEFRI); and **Kshs. 224.7 million** under Headquarters.
47. On the other hand, the Development vote of **Kshs. 4.06 billion** constitutes **Kshs. 1.28 billion** funded by the GOK exchequer and **Kshs. 2.78 billion** funded through Appropriation in Aid. The key allocations to thematic areas in FY 2025/26 are **Kshs. 12.82 billion** under Forest Development, Management and Conservation, **Kshs. 155.13 million** under General Administration, Planning and Support Services, and **Kshs. 15.30 million** under Agroforestry and Commercial Forestry Development.

48. The Committee noted that there are two (2) capital projects for which borrowing will be undertaken in FY 2025/26, namely, the Green Zones Development Support Project Phase II at a cost of **Kshs. 1.28 billion** funded by the **Intergovernmental Authority on Development**, and the Capacity Development for Modern Technology in Forest Fire Management at a cost of **Kshs. 800 million** to be funded by the **Government of Italy**.
49. The State Department will be implementing **21 BETA projects**, with the **Tree Growing Campaign and Rangeland Restoration** having the highest allocation at **Kshs. 1.70 billion**, fully funded by the GoK, followed by the two foreign-financed projects: **Green Zones Development Support Project Phase II** at **Kshs. 1.28 billion**, and the **Capacity Development for Modern Technology in Forest Fire Management project** at **Kshs. 800 million**.
50. The Committee noted that the State Department has prioritized key projects in the FY 2025/26 and the medium-term estimates namely: the National Tree Growing and Restoration Campaigns targeting growing 1.5 billion tree seedlings annually to reach 15 billion trees by 2032, raising the Country tree cover from the current 12.13 percent to 30 percent, and reducing the degraded landscapes by 10.6million Ha; Agroforestry and Commercial Forestry development; Forest protection and management; Forest research and development; Policy, legal and Institutional reforms; Forest product revenue; and Livelihood and Job creation.
51. The Committee further noted that the State Department has aligned the estimates to the MTP IV of Vision 2030, which implements the BETA commitments through mainstreaming issues of forestry management, conservation, climate change mitigation and adaptation, halting and reversal of deforestation and land degradation in all its programmes and projects.
52. The Committee observed that the State Department has pending bills amounting to **Kshs. 1.91 billion** as at 31st December 2024. An amount of **Kshs.1.295 billion** is in respect of debt owed to KRA. KFS and KRA agreed to pay **Kshs. 36 million** every month. This situation has arisen due to budget cuts and inadequate exchequer funding.
53. The Committee further observed that the Forest sector has the potential to generate more revenue if the State Department embraces the Carbon Markets after the formulation of the regulations under the Climate Change Act.
54. The Committee noted that the newly recruited forest rangers lack adequate housing facilities, which is a basic human right. Limited budgetary allocation of financial resources significantly affects the pace of implementation of programmes/projects. Additionally, delayed disbursement of funds affects activities such as seed and seedlings production, which are tied to the rainy seasons.

55. The Committee further noted that poor road networks and limited infrastructure for the production of high-quality tree seed, germplasm, harvesting, and processing have affected the sustainability of forest ecosystems. Further, poor accessibility to remote forest areas has hindered effective monitoring, management, and enforcement activities, e.g, roads in the forest hampering the harvesting of plantation.
56. The Committee noted that considering the expectations placed upon this State Department by the State on growing 15 billion trees by 2030 for the restoration of 10.6 million hectares of degraded landscapes, which will involve the recruitment of 100,000 green armies of youth to raise seedlings, rehabilitation of degraded forests and rangelands, and establishment of protection of green spaces in cities and urban centers, more financing is needed from the National Treasury to enable the State Department to establish and coordinate multi-stakeholder actions that mobilize additional financing from other multi-lateral, bilateral and private sectors, including climate and carbon trading financing.

4.3 State Department for Mining

57. In FY 2025/26, the State Department has been allocated **Kshs 1.63 billion**, out of which **Kshs. 1.36 billion** is in respect of recurrent vote, while **Kshs. 267.17 million** is under development vote. However, it was noted that **Kshs 36.02 million (a 2 percent reduction)** has been deducted from the overall BPS ceiling.
58. The Recurrent vote of **Kshs. 1.36 billion** constitutes **Kshs. 613.41 million** funded by the GOK exchequer and **Kshs. 750 million** funding from the Appropriation-in-Aid. Out of the total recurrent vote, **Kshs. 80.1 million** is for the National Mining Corporation (NaMiCo).
59. On the other hand, the Development vote of **Kshs. 267.17 million** is funded entirely by the GOK exchequer. The State Department will be implementing **3 BETA projects**, out of the 8 ongoing projects, with the **Geological Mapping and Mineral Exploration** having the highest allocation at **Kshs. 73 million**, followed by the **Mineral Certification Laboratory** at **Kshs. 65 million**.
60. The Committee noted that the Recurrent Budget reduction of **Kshs 21.2 million** under General Administration will hamper mining sector regulation, compliance management, artisanal mining activities, operations of the Mineral Rights Board, and revamping of the legal and institutional entities to streamline the Mining Sector.

61. The Committee observed that the reduction of **Kshs 109.1 Million** for the National Mining Corporation (NAMICO) in the FY 2025/26 Budget from the Approved Estimates for FY 2024/25 will highly affect its operations. Whereas the Agency is just setting up and building the base for internal revenue generation to reduce reliance on the exchequer, this will affect contractual obligations and halt operations, besides payments of personnel emoluments to the staff of the Agency.
62. The Committee noted that the allocation for the Geological Mapping and Mineral Exploration project, which is meant for undertaking the ground truthing activities around the country to ascertain the outcome of the National Airborne Geophysical Survey project, is not sufficient for the State Department to effectively carry out the exercise and enable exploration to start.
63. The Committee further noted that the State Department has pending bills amounting to **Kshs. 181.29 million** as of 31st December 2024. **Kshs. 63.90 million** and **Kshs. 117.39 million** for recurrent and development expenditures, respectively, arising from pending payments for works done by contractors, budgetary constraints, and litigations.
64. The Committee noted that the focus of the State Department in the medium term will be:
- i. Geological ground truthing to ascertain the economic viability of the country's mineral resources and delineate mineralization;
 - ii. Formalization of the Artisanal and small-scale miners into Mining Marketing Co-operatives, operationalization of the Artisanal Mining Committees, issuance of mining permits to ASM, as well as delineation of ASM mining areas;
 - iii. Enhancing mineral testing capabilities through ISO Certification of the Mining Laboratories;
 - iv. Automation of services through implementation of the online Cadastre, development of the Royalty Management System (RMS), Online Artisanal Mining Register, Explosive Management System, Library Management Information System (LIMIS), and Laboratory Management Information System;
 - v. Legal and institutional reforms. This will entail the review of the Mining Policy, Act, and attendant regulations.
 - vi. Operationalization of the National Mining Corporation (NAMICO) to explore strategic minerals (Radio Active Minerals (Uranium, Thorium), Cobalt, Lithium, Coltan (Tantalum and Niobium), Copper, Nickel, Graphite, Tin, Tsavorite, Chromite and Rare Earth Elements); and Generation of Kshs 12 billion revenue in the Medium Term.

65. The Committee further noted that the State Department recruited an additional 169 technical officers (38 geologists, 19 drillers, 14 chemists/laboratory, 76 inspectors of mines, 22 inspectors of explosives) to effectively implement the mandate of SDM. These officers have not been fully equipped with the necessary equipment and tools for the Acquisition of data, Rock drilling and coring, Core logs, and sample shipment & analysis, leading to paid idle human capital.
66. The Committee observed that geological mapping and mineral exploration is a field-based exercise that requires facilitation for the daily operations and logistical running to enable the officers to conduct and develop geological maps, geo-hazard maps, geodata, to attract investments in the sector. However, this programme has been underfunded, leading to under-exploitation of the Country's mining potential.
67. The Committee noted that the State Department has challenges in the operations and maintenance of the nineteen (19) Regional Mining Offices, which are meant to cover a wide territorial range due to insufficient funding.
68. The Committee observed that the National Mining Corporation (NAMICO) is responsible for the commercialization of Strategic Mineral Resources and requires a budget provision of **Kshs. 360 million** in FY 2025/26 against an allocation of **Kshs. 80.10 million** resulting in a shortfall of **Kshs. 280 million**. This shortfall will hinder its operations and delay the rollout of key initiatives in strategic mineral exploitation and the engagement of Technical Expertise in Geology and Mining.
69. The Committee further observed that the testing of minerals to ascertain their grade and value for the determination of royalties payable is key to enhancing revenue collection and identification of viable minerals for commercialization. Modernization of the Laboratory to ISO standards is critical in assessing the correct value of the extract and avoiding exploitation by mineral dealers.
70. The Committee noted that all the projects in the State Department are highly underfunded, and there is a need for more financing from the National Treasury to effectively manage the minerals in the country. Minerals management requires prior investments in exploration, identification, evaluation, and management for the country to benefit commensurately from the mineral values.
71. The Committee further noted that digitization of Mining Information Management Systems is critical to mineral rights administration, enhancing efficiency in minerals management and revenue generation from the Sector; low-level and unstructured budget provision is counter-productive for the Country's funds sources' diversification.
72. The Committee noted that the mining sector requires adequate investment to support exploration, mapping, ground truthing, development of the minerals cadaster, mineral exploitation, inspections, and enforcement of various regulations under the Mining Act,

CAP 306, to attract investors. Thus, underfunding the sector will be counterproductive to the gains achieved in the Financial Year 2024/25.

73. The Committee further noted that the current cadaster, which was acquired in 2017 and is outdated hindering the renewal of prospective licenses that are supposed to be applied for online. This leads to a loss of revenue streams and inefficient service delivery.
74. The Committee observed that the Mining Act 2016 demands regular monitoring and compliance inspections at the mining sites, dealers' premises, and collaborating agencies' offices by authorized officers. This demands facilitation in operational and logistics activities, which are currently highly underfunded. The Government thus does not have the correct scenarios of Minerals operations leading to loss of Revenues.

PART V

5. RECOMMENDATIONS

1. Having scrutinized the FY 2025/26 Budget Estimates, the Committee recommends the following:

5.1 Non-Financial Recommendations

5.1.1 State Department for Environment and Climate Change

2. The State Department should fast-track the installation of airport weather observing systems in Mombasa, Malindi, Wajir, Isiolo, Meru, Laikipia, and Moi Airbases and install a new generation weather surveillance radar system by 31st December 2025.

5.1.2 State Department of Forestry

3. The Cabinet Secretary, Ministry of Environment, Climate Change, and Forestry, should ensure the integration of afforestation and reforestation in the design of carbon pricing by 31st December 2025. This should be done by taking into account the potential for businesses to lower their tax obligations by acquiring offsets from forestry projects as part of the design suggestions for a carbon tax program.
4. The Cabinet Secretary, Ministry of Environment, Climate Change, and Forestry should fast-track the amendment of the Forest Conservation and Management Act, 2016 by 31st December 2025, to introduce a clause on the sharing of revenues earned from the sale of forest products to increase the incentive to collect all forest money and boost efficiency. A percentage of the money earned from the sale of forest products can be invested in forest management, while the logging and plantation revenues can be used to raise bonds for the restoration of arid and semi-arid lands. These funds can also support a credit guarantee scheme to incentivize farmers to grow high-value trees (fruits) for the growth of the green value chain.

5.2 Financial Recommendations/ Proposed Reallocations

5. The committee recommends THAT:
 - a) The proposed expenditure allocation for the State Department for Environment and Climate Change of **Kshs. 5.630 billion**, comprising **Kshs. 3.895 billion** for recurrent expenditure and **Kshs. 1.735 billion** for development expenditure, as provided in the FY 2025/26 Budget Estimates, be **approved with the following amendment:**

Increases

Increase allocation to the Restoration of Wetlands and Degraded Ecosystems Project by **Kshs. 200 million**.

- b) The proposed expenditure allocation for the State Department for Forestry of **Kshs. 12.989 billion**, comprising **Kshs. 8.932 billion** for recurrent expenditure and **Kshs. 4.057 billion** for development expenditure, as provided in the FY 2025/26 Budget Estimates, be **approved with the following amendments:**

Increases

Increase the allocation to the Forest Roads Project by **Kshs 200 million**.

Decreases

Decrease the allocation to the Tree Growing Campaign and Rangeland Restoration Project by **Kshs 400 million**.

- c) The proposed expenditure allocation for the State Department for Mining of **Kshs. 1.631 billion**, comprising **Kshs. 1.363 billion** for recurrent expenditure and **Kshs. 267.17 million** for development expenditure, as provided in the FY 2025/26 Budget Estimates, be **approved**.

5.3 WISH LIST

6. The Committee further recommends that the ceilings for the State Department for Mining be enhanced with the additional funding of **Kshs. 1.197 billion** comprising **Kshs. 857.5 million** for recurrent expenditure and **Kshs. 339.9 million** for development expenditure.

SIGNED  DATE 23/05/2025

THE HON. ENG. VINCENT MUSYOKA MUSAU, M.P.
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON ENVIRONMENT, FORESTRY AND
MINING)

DEPARTMENTAL
COMMITTEE ON
FINANCE
& NATIONAL
PLANNING



THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – THIRD SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING

**REPORT ON:
THE SCRUTINY OF THE BUDGET ESTIMATES FOR THE 2025/26
FINANCIAL YEAR
FOR THE FOLLOWING VOTES**

**VOTE 1071: STATE DEPARTMENT OF THE TREASURY
VOTE 1072: STATE DEPARTMENT OF ECONOMIC PLANNING
VOTE 1073: STATE DEPARTMENT OF PUBLIC INVESTMENT AND ASSET
MANAGEMENT
VOTE 2061: COMMISSION OF REVENUE ALLOCATION
VOTE 2121: OFFICE OF CONTROLLER OF BUDGET**

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MAY, 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

KRA	-	Kenya Revenue Authority
CRA	-	Commission of Revenue Allocations
OCOB	-	Office of the Controller of Budget
MDAs	-	Ministries, Departments, and Agencies
NGCDF	-	National Government Constituencies Development Fund
KIPPRA	-	Kenya Institute of Public Policy Research Analysis
MTP	-	Medium-Term Plan
KNBS	-	Kenya National Bureau of Statistics

ANNEXURES

- Annexure 1: Adoption List
- Annexure 2: Minutes
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I.0 PREFACE

I.1 INTRODUCTION

1. The Budget Estimates for FY 2025/26, presented to the National Assembly on April 30th, 2025, are guided by a clear legal and procedural framework that ensures transparency, accountability, and timely fiscal planning. Anchored in Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act, 2012, Regulation 32 of the PFM (National Government) Regulations, 2015, and Standing Orders No. 235, the process mandates the Cabinet Secretary for Finance to submit detailed revenue and expenditure projections, along with supporting documents and relevant Bills, to the National Assembly no later than two months before the end of the current financial year. These provisions also require the timely consolidation and submission of budget estimates from all national government entities, including the Judiciary and Parliament, to ensure a coordinated and complete national budgeting process.
2. This brief informs the Committee about the contents of the FY 2025/26 Budget Estimates, focusing on the priorities of the Bottom-up Economic Transformation Agenda (BETA) and key sector issues. It assists the Committee in reviewing and approving proposals from the National Treasury, the State Department for Planning, the Commission on Revenue Allocation, and the Office of the Controller of Budget. The estimates are based on important policy documents, including the 2025 Budget Policy Statement, MDAs' Strategic Plans, Kenya Vision 2030, MTP IV, and BETA.

I.2 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

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

1.3 COMMITTEE MEMBERSHIP

2. The Committee comprises the following Members.

Chairperson

Hon. CPA Kuria Kimani, CBS MP

Molo Constituency

UDA Party

Vice-Chairperson

Hon. (Amb.) Langat Benjamin Kipkirui, CBS, MP

Ainamoi Constituency

UDA Party

Members

Hon. Peter Kaluma, CBS, MP
Homa Bay Town Constituency

ODM Party

Hon. CPA Oyula, Joseph H. Maero, MP
Butula Constituency

ODM Party

Hon. Mboni, David Mwalika, MP
Kitui Rural Constituency

WDM Party

Hon. Okuome Adipo Andrew, MP
Karachuonyo Constituency

ODM Party

Hon. Chiforomodo, Munga, MP
Lunga Lunga Constituency

UDM Party

Hon. CPA Rutto Julius Kipletting, MP
Kesses Constituency

UDA Party

Hon. Paul Biego, MP
Chesumei Constituency

UDA Party

Hon. Sunkuyia, R. George, MP
Kajiado West Constituency

UDA Party

Hon. Betty N. Maina, MP
Murang'a County

UDA Party

Hon. Sheikh Umul Sheikh, MP
Mandera County

UDM Party

Hon. (Dr.) Shadrack Mwiti, MP
South Imenti Constituency

Jubilee Party

Hon. (Dr.) Ariko John Namoit, MP
Turkana South Constituency

ODM Party

Hon. Machele M. Soud, MP
Mvita Constituency

ODM Party



1.4 COMMITTEE SECRETARIAT

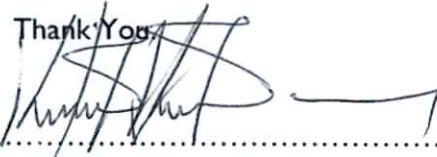
3. The following staff facilitates the Committee.

	Mr. Benjamin Magut Principal Clerk Assistant II /Head of Secretariat	
Ms. Jennifer Ndeto Deputy Director Legal Services		Mr. Benson Kamande Clerk Assistant III
Mr. Salem Lorot Senior Legal Counsel		Ms. Winfred Kambua Clerk Assistant III
Mr. George Ndenjeshe Fiscal Analyst II		Mr. James Macharia Media Relations Office
Mr. Andrew Jumanne Shangarai Principal Serjeant-At-Arms		Ms. Joyce Wachera Hansard Reporter II
Mr. Benson Muthuri Assistant Serjeant-At-Arms		Ms. Nelly W. Ondieki Research Officer III
Mr. Mwangi Muchiri Audio Officer III		Mr. Allan Ngugi Committee Intern

1.5 ACKNOWLEDGMENTS

4. The Committee wishes to sincerely thank the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it in the execution of its mandate. I take this opportunity to thank all the Members of the Committee for their input.
5. The Committee wishes to record its appreciation for the services rendered by the staff attached to the Committee. Finally, it is now my pleasant duty, on behalf of the Departmental Committee on Finance and National Planning, to present this Committee Report on the Scrutiny of the Budget Estimates for FY 2025/26 to the Budget and Appropriations Committee under the provisions of Section 44 of the Public Finance Management Act, 2012 and Standing Order 199.

Thank You



SIGNED.....

HON. CPA KURIA KIMANI, CBS, MP
CHAIRPERSON DEPARTMENTAL COMMITTEE ON FINANCE &
NATIONAL PLANNING

2 BROAD OVERVIEW OF THE FY 2024/25 BUDGET ESTIMATES

6. The Budget Estimates for FY 2025/26, presented to the National Assembly on April 30th, 2025, are guided by a clear legal and procedural framework that ensures transparency, accountability, and timely fiscal planning. Anchored in Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act, 2012, Regulation 32 of the PFM (National Government) Regulations, 2015, and Standing Orders No. 235, the process mandates the Cabinet Secretary for Finance to submit detailed revenue and expenditure projections, along with supporting documents and relevant Bills, to the National Assembly no later than two months before the end of the current financial year. These provisions also require the timely consolidation and submission of budget estimates from all national government entities, including the Judiciary and Parliament, to ensure a coordinated and complete national budgeting process.
7. This brief informs the Committee about the contents of the FY 2025/26 Budget Estimates, focusing on the priorities of the Bottom-up Economic Transformation Agenda (BETA) and key sector issues. It assists the Committee in reviewing and approving proposals from the National Treasury, the State Department for Planning, the Commission on Revenue Allocation, and the Office of the Controller of Budget. The estimates are based on important policy documents, including the 2025 Budget Policy Statement, MDAs' Strategic Plans, Kenya Vision 2030, MTP IV, and BETA.

2.1 Highlights of Proposed FY2024/25 Estimates

8. **Revenue Projection:** Total projected revenues have been revised downward to KSh. 3,316.9 billion (17.2% of GDP) from KSh. 3,383 billion (17.6% of GDP) in the 2025 BPS. This includes ordinary revenue of KSh. 2,757 billion (14.3% of GDP) and Appropriations-in-Aid (AiA) of KSh. 559.9 billion (2.9% of GDP), reflecting an upward revision of KSh. 11.1 billion in AiA.
9. **Expenditure:** The FY 2025/26 budget is Kshs. 4,247.16 billion, which comprises Kshs. 2,504.77 billion for the Executive, Kshs. 49.48 billion for Parliament, and Kshs. 26.88 billion for the Judiciary. The allocation to County Governments of Kshs. 405.07 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion.
10. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.32 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.
11. Recurrent expenditure is projected at KSh. 3,119.2 billion, while development expenditure stands at KSh. 643 billion (3.3% of GDP). Additionally, KSh. 2 billion has been allocated to the Contingency Fund. County governments are set to receive a total allocation of KSh. 474.9 billion, comprising KSh. 405.1 billion in equitable share and KSh. 69.8 billion in conditional grants. Table I summarizes the budget outturn, highlighting the key expenditure estimates.
12. **Fiscal Deficit:** The fiscal deficit for FY2025/26, including grants, is projected at KSh. 876.1 billion (4.5% of GDP), down from KSh. 887.2 billion (5.1% of GDP) in the FY2024/25 Supplementary Budget II, and slightly above the KSh. 867.4 billion projected

in BPS 2025. This deficit will be financed through net external borrowing of KSh. 284.2 billion (1.5% of GDP) and net domestic financing of KSh. 591.9 billion (3.1% of GDP).

2.2 Analysis of Proposed Changes for MDAs under Committee's Purview

2.2.1 Vote 1071: The National Treasury

13. The National Treasury has proposed a total budget of KSh. 118.380 billion for FY2025/26, comprising KSh. 71.215 billion for recurrent expenditure and KSh. 47.165 billion for development.

14. **Table I: Summary of Expenditure by Sources of Funding for the National Treasury**

Category	Sources of Funding	Est. 2025/26
		Kshs. Millions
Recurrent Expenditure	GoK Exchequer	54,995
	AiA	16,220
	Sub-Total	71,215
Development Expenditure	GoK Exchequer	21,200
	Local AiA	9,439
	Donor Funding	16,526
	Sub-Total	47,165
Total		118,380

Source: The National Treasury

15. This reflects an overall increase of KSh. 1.33 billion compared to the current FY2024/25 allocation. Notably, the proposed allocation is slightly below the BPS 2025 ceiling, which had set a limit of KSh. 123.433 billion.

16. It is worth noting that the allocation for the General Administration and Planning Services program is proposed to decrease by KSh. 16.974 billion compared to Supplementary Estimates II, mainly due to the following reductions:

- ✓ Insurance for Civil Servants: reduced from KSh. 3.2 billion to KSh. 1.2 billion
- ✓ Economic Stimulus Programme: reduced from KSh. 2.57 billion to zero allocation
- ✓ Kenya Affordable Housing Project: reduced from KSh. 8 billion to KSh. 10 million
- ✓ Operationalization of the Kenya Mortgage Refinance Company: reduced from KSh. 2.755 billion to zero allocation.

17. Furthermore, the allocation for the Public Financial Management program is proposed to increase by KSh. 7.854 billion in the 2025/26 budget compared to Supplementary Estimates II, primarily due to the following adjustments:

- ✓ Special Global Fund – HIV NFM: increased from KSh. 894 million to KSh. 8 billion (foreign funding)
- ✓ Special Global Fund – TB NFM 4: increased from KSh. 282 million to KSh. 2.144 billion (foreign funding)
- ✓ Special Global Fund – Malaria NFM 4: increased from KSh. 316 million to KSh. 2.078 billion (foreign funding)
- ✓ Implementation of e-Procurement System for the Government of Kenya: increased from KSh. 560 million to KSh. 1 billion (GoK funding)
- ✓ Equalization Fund Transfers: increased from KSh. 6.2 billion to KSh. 10.59 billion

- ✓ Contingency Fund Transfers: introduced with a new allocation of KSh. 2 billion, up from zero allocation in Supplementary Estimates II

18. Significantly, the allocation for the Economic and Financial Policy Formulation and Management program is proposed to increase by KSh. 10.439 billion, primarily due to the enhanced funding for the Kenya Financing Locally Led Climate Action Programme (FLLCoA), which rises from KSh. 2.586 billion to KSh. 11.5 billion.

2.2.2 Vote 1072: State Department for Planning

19. The State Department for Economic Planning has proposed a budget totaling KSh. 63.189 billion, with KSh. 3.429 billion allocated for recurrent expenditure and KSh. 59.760 billion for development.

Table 2: Summary of Expenditure by Sources of Funding for the Economic Planning

Category	Sources of Funding	Est. 2025/26
		Kshs. Millions
Recurrent Expenditure	GoK Exchequer	3,143
	AiA	286
	Sub-Total	3,429
Development Expenditure	GoK Exchequer	59,484
	Local AiA	60
	Donor Funding	216
	Sub-Total	59,760
Total		63,189

Source: The National Treasury

20. The proposed allocation for the State Department shows a nominal decrease of KSh. 11.32 billion, primarily due to the reduction in the NG-CDF allocation from KSh. 68.232 billion, which included KSh. 13.8 billion in carryovers from the FY 2023/24, to KSh. 58.797 billion. However, after excluding the carryover, the actual allocation has increased from KSh. 54.77 billion to KSh. 58.797 billion in the proposed budget.

2.2.3 Commission on Revenue Allocation

21. The Commission on Revenue Allocation (CRA) is established under Article 215 of the Constitution of Kenya. The principal function of the Commission is to make recommendations concerning the basis for the equitable sharing of revenue raised by the national government between the national and county governments and among the county governments.

22. The Commission on Revenue Allocation (CRA) faces a budgetary adjustment in the proposed estimates for FY2025/26, particularly in the category of Inter-Governmental Transfers and Financial Matters. The proposed budget for this program in FY2025/26 is KSh 390 million, showing a decrease of KSh 17 million from the BPS 2025 ceilings of KSh 407 million.

2.2.4 Office of the Controller of Budget

23. The mandate of the Office of the Controller of Budget (OCOB) is to oversee the implementation of budgets of the national and county governments by authorizing withdrawals from public funds, publishing and publicizing statutory reports, and submitting them to Parliament every four months.
24. The 2025/26 Budget Estimates propose an allocation of KSh. 834 million to the Office of the Controller of Budget, representing an increase of KSh. 130 million compared to the current FY 2024/25 allocation of KSh. 704 million.

3 SUBMISSIONS FROM MINISTRIES, DEPARTMENTS, AND AGENCIES

3.1 THE NATIONAL TREASURY AND STATE DEPARTMENT FOR PUBLIC INVESTMENT AND ASSET INVESTMENT

25. During the scrutiny of the budget estimates for FY 25/26, the Commission submitted that:
26. The National Treasury had a ceiling of Kshs. 130,708.4 million for FY 2025/26, while the Annual Estimates allocation is Kshs. 118,381.1 million. This represents a total variation of Kshs. 12,327.3 million as illustrated in Table 2 below:

Table 3: Variation Between Annual Estimates of FY 2025/26 Vs BPS ceiling

Vote	Supplementary II Estimates FY 2024/25	Requirements FY 2025/26	BPS Allocation FY 2025/26	Annual Estimates FY 2025/26	Variation
Kshs. million					
Rec.	78,013.0	94,890.3	71,707.1	71,215.5	(491.6)
Dev.	39,038.7	85,048.0	59,001.3	47,165.6	(11,835.7)
Total	117,051.8	179,938.3	130,708.4	118,381.1	(12,327.3)

27. The following reasons and highlighted figures explain the material difference between the FY 2025/26 Estimates and BPS allocations of Kshs. 12,327.3million.
- ✓ Recurrent Decline by Kshs. 491.6 million is as a result of austerity measures across some budget items.
 - ✓ Development Decline by Kshs. 11,0835.7 million was occasioned by rationalization of the Kenya Affordable Housing Project, Global Fund and Contingency Fund Transfers due to the tight fiscal framework.

28. The total Annual Estimates amounting to Kshs. 118,381.1 million comprises Kshs. 71,215.5 million allocated to the Recurrent Budget and Kshs. 47,165.6 million for Development Budget. Table 3 provides a summary of the total budget for FY 2025/26 and the Medium Term.

Table 4 . Summary of Total Budget in Kshs. Millions

Vote	Supp. II Estimates FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26	Allocation FY 2026/27	Allocation FY 2027/28
Kshs. million					
Rec	78,013.0	94,890.3	71,215.5	89,299.1	108,801.7
Devel	39,038.7	85,048.0	47,165.6	37,966.7	36,867.8
Total	117,051.8	179,938.3	118,381.1	127,265.8	145,669.5

3.1.1 Recurrent Budget

29. Total recurrent budget of Kshs. 71,215.5 million will be financed by Exchequer of Kshs. 54,995.4 million and Kshs. 16,220.6 million AIA as indicated in Table 4 below.

Table 5: Summary of recurrent Budget in Kshs. Millions

Item Description	Supplementary II Estimates FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26	Allocation FY 2026/27	Allocation FY 2027/28
(Kshs. Million)					
Gross	78,013.0	94,890.3	71,215.5	89,299.1	108,801.7
AIA	15,052.6	15,896.1	16,220.1	16,222.6	16,633.9
NET	62,960.5	78,994.2	54,995.4	73,076.5	92,167.8
Personal Emoluments	3,938.6	9,521.7	5,680.0	10,294.3	12,711.4
Grants and Transfers	58,310.7	68,583.4	52,184.1	66,002.1	83,021.1
Operations and Maintenance	15,763.7	16,785.2	13,351.5	13,002.7	13,069.1

3.1.2 Development Budget

30. The National Treasury has been allocated a gross Development Budget of Kshs. 47,165.6 million for the FY 2025/26. The sources of financing for this budget are as follows: Kshs. 21,199.8 million from Government of Kenya (GoK), Kshs. 10,803.8 million in Grants and Kshs. 15,162.0 million in loans.

Table 6: Summary of Development Budget in Kshs. Millions

Item Description	Supplementary II Estimates FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26	Allocation FY 2026/27	Allocation FY 2027/28
(Kshs. Million)					
Gross	39,038.7	85,048.0	47,165.6	37,966.7	36,867.8
GOK	11,153.3	54,796.7	21,199.8	14,653.6	22,247.8
Grants	11,169.2	18,806.3	10,803.8	14,243.8	8,932.5
Loans	16,716.3	11,445.0	15,162.0	9,069.3	5,687.5
Local AIA	-	-	-	-	-

Table 7: Economic Classification of the Budget in Kshs. Millions

Item Description	Suppl. II Est. FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26
	Kshs. million		
Current Expenditure	78,013.0	94,890.3	71,215.5
Compensation to employees	3,938.6	9,521.7	5,680.0

Item Description	Suppl. II Est. FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26
	Kshs. million		
Use of goods and services	15,722.9	16,725.7	13,322.3
Current Transfers to Govt. Agencies	58,310.7	68,583.4	52,184.1
Other Recurrent	40.8	59.5	29.2
Capital Expenditure	39,038.7	85,048.0	47,165.6
Acquisition of Non-Financial Assets	1,594.8	31.0	707.9
Capital Grants to Government Agencies	24,407.1	52,440.0	31,087.7
Other Developments	13,036.8	32,577.0	15,370.0
Total Expenditure	117,051.8	179,938.3	118,381.1

Table 8: Budget Allocation to Programmes in Kshs. Millions

Programme	Suppl. II Est. FY 2024/25	Requirements FY 2025/26	FY 2025/26
(Kshs. Million)			
1. General Administration, Planning and Support Services	78,019.2	103,105.4	61,045.1
Administration Services	36,349.6	51,005.1	25,552.9
Human Resource Management Services	114.8	125.9	126.5
Financial Services	41,008.5	50,617.3	34,815.1
ICT Services	546.3	1,357.0	550.7
2. Public Financial Management	31,699.2	57,368.8	39,553.1
Resource Mobilization	13,088.9	15,528.7	12,812.5
Budget formulation, Coordination and Management	9,231.9	8,343.9	16,441.8
Audit Services	861.2	1,010.2	927.0
Accounting Services	3,150.0	3,276.8	3,579.3
Supply Chain Management	2,089.2	2,436.5	2,127.3
Public Financial Management	594.4	1,480.0	852.6
Government Investment and Assets	2,683.6	25,292.7	2,812.6
3. Economic and Financial Policy Formulation and Management	6,715.3	18,759.1	17,154.7
Policy Formulation and Management	5,536.1	14,004.9	15,518.8
Debt Management	148.4	161.7	155.5
Micro Finance Sector Support and Development	1,030.9	4,592.6	1,480.4
4. Market Competition	618.0	705.0	628.2
Elimination of Restrictive Trade	618.0	705.0	628.2
Grand Total	117,051.8	179,938.3	118,381.1

Table 9: Recurrent Budget Gross Allocation to SAGAs in Kshs. Millions

SAGA	Suppl. II Est. FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26
Kshs. million			

	SAGA	Suppl. II Est.FY 2024/25	Requirements FY 2025/26	Allocation FY 2025/26
1	Kenya Revenue Authority (KRA)	35,812.9	46,481.0	32,084.3
2	Financial Reporting Centre	570.3	2,126.7	720.3
3	Competition Authority of Kenya	371.1	606.4	587.2
4	Public Sector Accounting Standards Board (PSASB)	640.1	1,036.2	640.6
5	Registration of Certified Public Secretaries Board	15.8	39.6	5.6
6	Public Procurement Regulatory Authority (PPRA)	1,372.1	1,114.3	897.4
7	Privatization Authority	354.7	2,046.0	354.7
8	Kenya Trade Network Agency	993.7	1,066.8	993.6
9	Nairobi International Financial Centre (NIFCA)	70.4	235.8	70.4
10	Unclaimed Financial Assets Authority (UFAA)	934.0	973.8	973.8
11	KASNEB Foundation	100.0	1,295.6	-
12	State Corporations Appeal Tribunal	77.1	87.4	64.5
13	Competition Tribunal	36.0	96.2	41.0
14	Institute of Certified Investment and Financial Analysts (ICIFA)	50.7	100.0	50.7
15	International Organizations Subscriptions Fund	9,657.4	9,657.9	9,657.9
16	Kenya Institute of Supplies Examination Board (KISEB)	40.0	13 4.8	50.9
17	Public Procurement Administration Review Board	39.2	50.0	39.2
18	Kenya National Entrepreneurs Savings Trust	196.8	2,197.0	196.8
	Total for SAGAs	51,332.3	69,345.5	47,429.0

Kenya Revenue Authority

Revenue Performance 2024/25

31. In the period July 2024, 22nd May 2025, KRA recorded total revenue collection of Kshs. 2,263.3 billion and registered a growth of 6.5%, over the collection recorded in a similar period last FY. During the same period, Exchequer revenue totalled Kshs. 2,043.6 billion, which translates to a growth of 4.0%.
32. The primary challenge remains in mobilizing domestic revenue, with significant risks concentrated in key tax categories such as Corporation Tax, Withholding Tax, PAYE, Domestic VAT, and Domestic Excise. Despite these challenges, revenue collection has shown a positive trend, with Kshs 151.6 billion collected between 1st and 22nd May 2025, reflecting a commendable growth of 11.4% compared to the same period last year.

Table 10: Overall Revenue Performance in July 2024 – 22nd May 2025 (Kshs. Billion).

Dept.	Actual July- May 2024/25	Target (July- May 2024/25)	Balance	Perf. rate	Actual July – May 2023/24	Growth 2024/25
C&BC						
Oil taxes	299,248	311,378	(12,129)	96.1%	267,084	12.0%
Non-Oil taxes	476,556	498,263	(21,706)	95.6%	440,621	8.2%
Total C&BC	775,805	809,641	(33,836)	95.8%	707,705	9.6%
LMT						
Domestic VAT	230,927	241,083	(10,156)	95.8%	229,953	0.4%
PAYE	426,746	450,295	(23,548)	94.8%	416,202	2.5%
Corporation Tax	224,017	246,295	(22,278)	91.0%	205,350	9.1%
Withholding Tax	157,426	176,881	(19,456)	89.0%	148,936	5.7%
Domestic Excise	62,625	68,150	(5,525)	91.9%	65,356	-4.2%
Other Exchequer	117,346	116,457	890	100.8%	111,179	5.5%
Agency	55,152	50,119	5,033	110.0%	42,040	31.2%
Total LMT	1,274,240	1,349,280	(75,041)	94.4%	1,219,017	4.5%
MST						
Domestic VAT	60,958	66,762	(5,804)	91.3%	54,159	12.6%
PAYE	74,281	78,944	(4,663)	94.1%	68,989	7.7%
Corporation Tax	25,750	29,007	(3,257)	88.8%	20,280	27.0%
Withholding Tax	14,237	18,290	(4,052)	77.8%	14,906	-4.5%
Domestic Excise	1,492	1,275	217	117.0%	1,575	-5.3%
Other Exchequer	20,944	25,722	(4,779)	81.4%	23,290	-10.1%
Agency	11,884	10,184	1,699	116.7%	6,618	79.6%
Total MST	209,546	230,185	(20,639)	91.0%	189,817	10.4%
TRD	3,602	3,929	(326)	91.7%	4,227	-14.8%
Total	2,263,330	2,393,035	(129,705)	94.6%	2,125,850	6.5%
o/w Exchequer	2,043,574	2,189,078	(145,504)	93.4%	1,964,187	4.0%

Source: KRA

33. The factors contributing to this performance mainly emanate from various economic indicators that influence revenue performance, generally moving contrary to expectations and policy-related challenges. In particular:

34. **Mixed Performance of the Economic Environment:** While a number of economic parameters (drop in exemptions, increased fuel consumption, easing of inflation, increased bank profits, stabilized fuel prices, appreciation of exchange rate, etc) are

moving in line to support a favourable operating environment, others have deviated from expectation thus negatively impacting on revenue performance. Some of the key underperforming indicators are:

- ✓ Central Bank of Kenya (CBK) reduced its benchmark interest rate to 10.00% in April 2025 from 10.75% (between February and March 2025). However, most banks are yet to effect reductions in their lending rates which currently average at 17.11% in April 2025, thus making credit advancement to private sector expensive.
- ✓ While the exchange rate of the shilling to the dollar has experienced appreciation over time, overall import values declined by 1.6% in July – April 2024/2025, with a rapid decline in oil values by 10.2% exacerbated further by drop in international oil prices by 11.1%. This implies that import quantities (driven by demand) should grow fast enough to compensate for the loss emanating from the dip in value.
- ✓ Export values have also dipped by 3.6% despite being favoured by appreciation of the exchange rate. Particularly, declines were noted from Tea (18.6% decline) and Horticulture (6.2% decline).

35. Corporation Tax good performance was noted from a number of sectors (Electricity, Information & Communication, Manufacturing, Finance & Insurance, Real Estate and Wholesale & Retail) driven by enhanced profitability. In particular, good performance from the banking sector attributed to overall pre-tax profit growth of 14.4% in 2024. However, taxpayers utilized Instalment Adjustment Vouchers amounting to Kshs. 42.146 Billion to offset current Corporation Tax liabilities, thus negatively affecting overall CIT collections.
36. Pay As You Earn performance mainly affected by policy changes: (i.) Utilization of refunds amounting to Kshs. 7.33 Billion to offset current PAYE tax liabilities, and (ii.) Adjustment of SHIF and Affordable Housing Levy contributions from a relief regime to allowable deductions in computing PAYE resulting to a loss of Kshs. 8.554 Billion.
37. Further, there was a drop in payment of bonuses from Kshs. 6.62 Billion in July - April 2023/2024 down to Kshs. 2.7 Billion in July - April 2024/2025, mainly attributed to declines from various sectors (Agriculture, Wholesale, Finance, construction, Professional, etc.).
38. Domestic VAT performance affected by a number of large private businesses that utilized credits accrued from previous periods to settle current tax liabilities. In particular, Adjustment Vouchers (Overpayment Adjustment Voucher (OAV)/Refund Adjustment Voucher (RAV)) totalling Kshs. 3.698 Billion were utilized in July – April 2024/25 thus affecting VAT performance.
39. Further, sector specific challenges continue to weigh down performance arising mainly from: Government austerity measures on expenditure; Weakened consumer purchasing power; and High cost of credit that negatively impacted private sector borrowing and investment.
40. Withholding Income Tax performance mainly affected by: dip in Government spending on development projects and accumulating pending bills amounting to Kshs. 207.9 Billion owed to suppliers of government in the year, with a revenue implication of Kshs. 34.4 Billion.

41. Domestic Excise: Slightly over 60% of the cumulative deficit to end April 2025 on Domestic Excise was accrued in January 2025, attributed to the policy change requiring excisable manufacturers to remit Excise Duty by the 5th day of the following month, effective 27th December 2024. Thus, a significant portion of revenues due in January 2025 (under the new policy dispensation) had already been collected by 27th December 2024 under the previous 24-hour policy regime.

Implementation of the Tax Laws (Amendment) Act, 2024.

42. In December 2024, three sets of legislation affecting tax administration were enacted by Parliament. The legislations include – the Tax Laws (Amendment) Act, 2024, the Tax Procedures (Amendment) Act 2024, and KRA (Amendment) Act 2024. The Tax Laws (Amendment) Act, 2024 introduced amendments to the following tax laws – the Income Tax Act, Cap. 470; the Excise Duty Act, Cap. 472; the Value Added Tax Act, Cap. 476; and the Miscellaneous Fees and Levies Act, Cap. 469C. On the other hand, the Tax Procedures (Amendment) Act 2024 and KRA (Amendment) Act 2024 amended the Tax Procedures Act, Cap. 469B and KRA Act, Cap. 469 respectively.
43. In the period January – April 2025, Kshs 14,643 million was realized through the implementation of the Tax Law (Amendment) Act, 2024.

Table 11: Revenue Impact of The Tax Laws (Amendment) Act, 2024 (Kshs million)

REVENUE ESTIMATES OF THE MEASURES IN THE TAX LAWS (AMENDMENT) ACT, 2024			
Estimate by Tax Head	Estimated Half Year Impact (Kshs Mns)	Target Jan - April 2025 (mns)	Jan-April 2025 Outturn (mns)
a). Income Tax	(2,456)	(1,684)	(7,771)
<i>Changing SHIF and AHL from relief to allowable deductions</i>	(5,275)	(3,525)	(8,589)
b). Excise	5,186	3,399	4,374
c). Miscellaneous Fees & Levies Act	5,575	3,621	4,632
<i>Out of which RDL</i>	5,337	3,463	4,466
d). Tax Procedures Act	29,896	19,868	13,217
<i>Out of which Amnesty</i>	30,000	19,934	13,404
e). VAT	6,625	4,377	190
Total Impact	44,826	29,582	14,643

FY 2025/26 KRA Budget Funding Requirements

Treasury Funding	Kshs '000'
Recurrent Expenditure	44,742,247.00
Capital & Development Budget	5,466,516.00
EGMS Debt Instalment	1,817,473.00
Total Required Treasury funding	52,026,236.00
Appropriation in Aid	4,766,109.00
Donor Project Funding	419,520.00
Total Required Funding	57,211,865.00

(Recurrent % Rate – 1.66% and Total 1.93%)

Table I2: Expenditure Budget Submitted

Expenditure Budget	Kshs '000'
Staff Costs	31,922,714.00
Contracted Services	11,136,403.00
Other Recurrent & Costs	2,999,239.00
Total Revenue Cost	46,058,356.00
Capital & Development	5,466,516.00
Legal Claims/ Fees	2,000,000.00
Mortgage Back-up Fund	1,350,000.00
Car Loan Backup Fund	100,000.00
Donor Projects	419,520.00
EGMS Debt	1,817,473.00
Total	57,211,865.00

Table 8: Provisional KRA FY 2025/26 Budget Funding allocation advised by NT

Budget Funding Allocation	Kshs '000'
Recurrent Budget Funding	27,899,346
Development Projects	0
Total	27,899,346

44. The Provisional allocated funding works out to a funding rate of 1.04%, which is lower than the total National Treasury funding in FY 2024/25 of Kshs. 32.18 billion or 1.29%, and the required Budget funding of 1.93%.
45. The total deficit against the budget submitted in January 2025 is Kshs. 24.13 billion (Recurrent 18.66 billion, Capital & Dev, 5.47 billion). The reduction against the FY 2024/25 revised Budget is Kshs. 4.28 billion.

3.2 THE STATE DEPARTMENT FOR ECONOMIC PLANNING

46. The State Department for Economic Planning (SDEP) is one of the sub-sectors under the Public Administration and International Relations Sector Working Group. The role of the State Department cuts across the entire government and focuses on providing overall policy direction on matters pertaining to economic planning and development. The basis for planning and development is the long-term plans, Medium Term Plans (MTPs), and the Bottom-up Economic Transformation Agenda (BETA).
47. For the Financial Year 2025/26, the State Department for Economic Planning (SDEP) submitted a total budget requirement of KSh. 74.062 billion. This comprised KSh. 5.683 billion for Recurrent Expenditure and KSh. 68.379 billion for Development Expenditure.
48. However, the approved 2025 Budget Policy Statement (BPS) allocated SDEP a total budget ceiling of KSh. 31.768 billion—of which KSh. 3.488 billion was earmarked for Recurrent Expenditure and KSh. 28.280 billion for Development Expenditure.
49. In the FY 2025/26 Budget Estimates, SDEP has been allocated a total of KSh. 63.189 billion, comprising KSh. 3.429 billion for Recurrent Budget and KSh. 59.760 billion for Development Budget.

50. The tables below present a comparison of the approved FY 2025/26 budget against the allocations provided in the 2025 BPS, along with the resulting deviations.

Table 13: Breakdown on Recurrent Allocation

Economic Classification	Approved Budget	Requirements	Annual Estimates	BPS Ceiling	Difference
	FY 2024/25	FY 2025/26	FY 2025/26	FY 2025/26	
(KSh Million)					
Gross	3,680.73	5,682.95	3,429.52	3,487.70	-58.18
Compensation to Employees	476.23	600.13	473.9	473.9	-
O&M	800	1,713.00	412.34	569.7	-157.36
Sub-Total HQs	1,276.23	2,313.13	886.24	1,043.60	-157.36
Transfers to SAGAs	2,404.50	3,369.82	2,543.28	2,444.10	99.18
KNBS	867.85	1,343.80	1,058.21	867.9	190.31
KIPPRA	549.55	835.55	639.39	687.1	-47.71
NCPD	311.66	431.18	352.53	341.7	10.83
APRM/NEPAD	359.3	480.7	323.86	359.3	-35.44
VDS	166.14	343.59	169.29	188.1	-18.81
NG-CDF	150	-	-	-	-

Table 14: Breakdown on Development Allocation

Economic Classification	Approved Budget	Requirements	Annual Estimates	BPS Ceiling	Difference
	FY 2024/25	FY 2025/26	FY 2025/26	FY 2025/26	
(KSh Million)					
Gross	70,830.42	68,379.02	59,760.11	28,280.52	31,479.59
GoK	68,278.92	68,103.80	59,484.59	28,005.00	31,479.59
SDEP-HQs	-	870	-	113	-113
NCPD	46	60	20	46	-26
KIPPRA	-	227.4	16.86	36	-19.14
KNBS	2,300.00	3,921.00	650	1,525.00	-875
NG-CDF	68,232.90	63,025.10	58,797.73	26,285.00	32,512.73
Donor Funds	251.52	275.52	275.52	275.52	-

Table 15: Summary of the unfunded/underfunded priority areas and their funding requirements.

No.	Institution	Priority Area	Requirements FY2025/26 (KSh M)
1	SDEP HQs	P/E	35.5
		Core Mandate	156
2	KNBS	Core Mandate	392
		EASPR	850
4	KIPPRA	Core Mandate	96.4
		Young Professionals Program	51.1
5	NCPD	Core Mandate	78.65
		ICPD-POA Program	26

No.	Institution	Priority Area	Requirements FY2025/26 (KSh M)
6	NEPAD/APRM	Core Mandate	136
7	VDS	Purchase of vehicles	30
		Core Mandate	69.37
	TOTALS		1,921.02

3.3 THE OFFICE OF THE CONTROLLER OF BUDGET

51. The mandate of the Office of the Controller of Budget (OCOB) is to oversee the implementation of budgets of the national and county governments by authorizing withdrawals from public funds, publishing and publicizing statutory reports, and submitting them to Parliament every four months.
52. The 2025/26 Budget Estimates propose an allocation of KSh. 834 million to the Office of the Controller of Budget, representing an increase of KSh. 130 million compared to the current FY 2024/25 allocation of KSh. 704 million.

List Of Medium-Term Expenditure (Mtef) Programmes, Projects and Activities Earmarked For Implementation In the Fy 2025/26

2110100~2120100~ Personnel Emoluments Kshs. 529,700,000

53. To cater for staff salaries, allowances, gratuity, and employer's contribution to the pension scheme. The office has developed a new staff grading structure. This will require additional funding of Kshs. 188.8 million and Kshs.22.8 to implement the approved new staff grading structure and gratuity for staff whose contract will expire in the FY 2025/26 respectively.

2210200~ Communication, Supplies and Services. Kshs. 3,895,720

54. To cater to telephone costs, Internet costs, and courier services for the office at both headquarters and the 47 county offices. We require additional funding of Kshs. 15.2 million

2210300 ~ Domestic Travel, Subsistence and Other Transportation Costs. Kshs. 23,752,798

55. To accommodate public participation sensitisation, attending stakeholder engagements, public forums and County supervision, parliamentary activities, Internal audits, County visits, regional visits, monitoring of the Budgeting cycle, and maintenance of exchequer records, we require additional funding of Kshs. 152.8 million.

2210400~ Foreign Travel and Subsistence, and Other Transport costs. Kshs. 3,450,000

56. To cater for benchmarking to enable OCoB to learn from countries with robust oversight mechanisms on budget implementation processes, and attend specialised training and international conferences. We require additional funding of Kshs. 11.9 million

2210500~ Printing, Advertising and Information Supplies and Services. Kshs. 38,692,686

57. To cater for printing of Quarterly National Government Budget Implementation Review reports, Quarterly County Budget Implementation Review reports, Annual reports and financial statements in accordance with Article 228(6) of the Constitution of Kenya,

2010 and PFM Act, 2012 Section 68(4) and to cater for public participation forums on budget implementation. We require additional funding of Kshs. 130.0 million

2210700~ Training Expenses Kshs. 9,582,000

58. To cater for staff training and capacity building through continuous professional development. Team building and other group trainings. We require additional funding of Kshs. 45.9 million

2210800~ Hospitality Supplies and Services Kshs. 10,390,517

59. The OCOB provides drinking water and tea to staff at headquarters and the County offices and visitors during official consultative meetings, especially from the County governments. The economic item also caters for local and international continuous professional education conferences for the staff. We, therefore, require additional funding of Kshs. 32.4 million.

2211000~ Specialised Materials and Supplies Kshs. 712,500

60. To cater for the purchase of education and library supplies and uniforms for staff. We require additional funding of Kshs. 2.8 million.

2211100~ Office and General Supplies and Services Kshs. 5,215,480

61. To purchase general office supplies at both headquarters and the 47 County offices, we require additional funding of Kshs. 8.3 million to cover the shortfall and hire new staff.

2211200~ Fuel Oil and Lubricants Kshs. 10,383,600

62. To provide fuel for the vehicles during monitoring and evaluation, county visits, public participation sensitisation, and regular office operations.

2211300 - Other Operating Expenses Kshs. 88,945,461

63. To cover monitoring and evaluation expenses, bank charges, staff membership subscriptions to professional bodies, legal fees, and contracted professional services, we require additional funding of Kshs 39.9 million.

2220100 - Routine Maintenance -Vehicles and Other Transport Equipment Kshs. 2,618,000

64. The office has an ageing fleet of vehicles, most of which have been used for over ten years. These funds are for motor vehicle repairs and maintenance. We require additional funding of Kshs. 2.1 million.

2220200~ Routine Maintenance - Other Assets Kshs. 1,767,600

65. To maintain office furniture, buildings, computers, and equipment, we require additional funding of Kshs 6.0 million.

2710100 - Government Pension and Retirement Benefits. Kshs 0

66. To cater for gratuity for senior staff whose contracts will end in FY 2025/26. The budgeted amount of Kshs.22.8 million is catered for under PE.

3110300~ Refurbishment of Buildings Ksh. 0

To cater to office partitioning and painting the new office space at National Bank, we require additional funding of Kshs. 12.3 million.

3110700~ Purchase of Vehicles and Other Transport Equipment Ksh 0

67. The office has an ageing fleet of vehicles over 13 years old. They are very expensive to maintain for the vehicles to carry out operations effectively. We therefore need Kshs. 56 million to purchase 3 vehicles to replace 2 vehicles earmarked for disposal.

3111000~ Purchase of Office Furniture and General Equipment Kshs. 3,871,540

68. To cater for the purchase of furniture and general office equipment, including computers, for new staff who are being recruited, and to replace the old and worn-out office equipment. We require additional funding of Kshs. 23.8 million.

3111000~ Purchase of ICT Networking and Communication Equipment and software Kshs. 1,475,000

69. An additional Kshs. 51.4 million is needed in this area to purchase ICT equipment for staff to automate systems, develop and deploy the Controller of Budget Management Information System (COBMIS), and manage Exchequer Requisitions efficiently.

4110400~ Domestic Loans to individuals and Households Kshs 0

70. To mortgage for staff, a mortgage and car loan scheme. We require additional funding of Kshs. 50 million

3.4 Commission On Revenue Allocation

71. The Commission's Budget Estimates for FY 2025/26 stand at Ksh. 390 million, a drop of Ksh. 19 million and Ksh. 17.1 million from the Sector Allocation (Ksh 409 million) and BPS (Ksh. 407.1 million), respectively.

72. The reduction from the BPS allocation mainly affects the operations and maintenance by Kshs. 9.2 million and core mandate sub-programmes by Kshs. 7.9 million. This will adversely affect the Commission's operations and execution of its mandate

Table 16: Summary of proposed Allocations

	Revised Budget	BPS Resource Allocation	Budget Estimate	% Budget Estimates
Salaries and Allowances	193.2	227.7	227.7	58.40%
Operation and maintenance	131.6	138.6	129.4	33.20%
Capital Expenditure	2.5	8.9		2.30%
Core mandate (Technical sub-Programs)	29.8	31.9	24.0	6.20%

73. The following are the underfunded areas:

Table 17: Under funded areas

No.	Item/Activity	Justification for Requirement	Shortfall (Million)
I	Vertical recommendation	Stakeholder consultations on the vertical recommendation on equitable sharing of revenue with: The National Treasury, Council of Governors, non-state actors, National Assembly, Senate and publish the recommendation.	21.1

No.	Item/Activity	Justification for Requirement	Shortfall (Million)
2	Horizontal recommendation	Publishing and dissemination of the popular version of the fourth basis, assessment of impact of devolution and development of a report, developing of a framework (policy & bill) for financing cities and urban areas	37.2
3	Transitional Equalisation	Assessment of the implementation of the first & second policy of marginalization to inform the development of the third policy. Stakeholder engagement on the Third Policy identifying marginalized areas with the public, Senate, governors, and National Assembly;	23.5
4	Financial management of County governments	Review and make recommendations on county planning documents, budgets implementation, and financial statements; develop E-learning platform and build capacity of CBEF members; and develop an online portal for statutory reporting by county and national governments.	138.06
5	Revenue enhancement	Undertake a study on cost of county OSR collection; prepare revenue mapping guidelines; develop a framework for cleaning tax registers; support county governments to update valuation rolls; develop a framework on market-based county borrowing; undertake a study on unlocking the revenue opportunities from natural resources and build	207.05
6	General Administration	a) Salaries and Allowances Ksh. 2.9	294.0
		b) Operations and maintenance Ksh. 64.1	
		i. Fuel Ksh.16.9	
		ii. HR Surveys and Training Ksh.24.9	
		iii. Communication Ksh. 22.3	

4 COMMITTEE OBSERVATIONS

Having held deliberations with the MDAs under its purview, the Committee observed that:

The State Department of the National Treasury

74. The National Treasury had a ceiling of Kshs. 130,708.4 million for FY 2025/26, while the Annual Estimates allocation is Kshs. 118,381.1 million. This represents a total variation of Kshs. 12,327.3 million as illustrated in Table 2 below:

Table 18: Variation Between Annual Estimates of FY 2025/26 Vs BPS ceiling

Vote	Supplementary II Estimates FY 2024/25	Requirements FY 2025/26	BPS Allocation FY 2025/26	Annual Estimates FY 2025/26	Variation
Kshs. million					
Rec.	78,013.0	94,890.3	71,707.1	71,215.5	(491.6)
Dev.	39,038.7	85,048.0	59,001.3	47,165.6	(11,835.7)
Total	117,051.8	179,938.3	130,708.4	118,381.1	(12,327.3)

75. The following reasons and highlighted figures explain the material difference between the FY 2025/26 Estimates and BPS allocations of Kshs. 12,327.3million.

- ✓ Recurrent decline by Kshs. 491.6 million is as a result of austerity measures across some budget items.
- ✓ Development decline by Kshs. 11,0835.7 million was occasioned by rationalization of the Kenya Affordable Housing Project, Global Fund and Contingency Fund Transfers due to the tight fiscal framework.

76. The total Annual Estimates amounting to Kshs. 118,381.1 million comprises Kshs. 71,215.5 million allocated to the Recurrent Budget and Kshs. 47,165.6 million for Development Budget.

Revenue Performance for the Period July 2024- May 2025

77. In the period July 2024- 22nd May 2025, KRA recorded total revenue collection of Kshs. 2,263.3 billion and registered a growth of 6.5%, over the collection recorded in a similar period last FY. During the same period, Exchequer revenue totalled Kshs. 2,043.6 billion, which translates to a growth of 4.0%.

Implementation of the Tax Laws (Amendment) Act, 2024.

78. In December 2024, three sets of legislation affecting tax administration were enacted by Parliament. The legislations include – the Tax Laws (Amendment) Act, 2024, the Tax Procedures (Amendment) Act 2024, and KRA (Amendment) Act 2024. The Tax Laws (Amendment) Act, 2024 introduced amendments to the following tax laws – the Income Tax Act, Cap. 470; the Excise Duty Act, Cap. 472; the Value Added Tax Act, Cap. 476; and the Miscellaneous Fees and Levies Act, Cap. 469C. On the other hand, the Tax Procedures (Amendment) Act 2024 and KRA (Amendment) Act 2024 amended the Tax Procedures Act, Cap. 469B and KRA Act, Cap. 469 respectively.

79. In the period January – April 2025, Kshs 14,643 million was realized through the implementation of the Tax Law (Amendment) Act, 2024.

Table 19: Revenue Impact of The Tax Laws (Amendment) Act, 2024 (Kshs million)

REVENUE ESTIMATES OF THE MEASURES IN THE TAX LAWS (AMENDMENT) ACT, 2024			
Estimate by Tax Head	Estimated Half Year Impact (Kshs Mns)	Target Jan - April 2025 (mns)	Jan-April 2025 Outturn (mns)
a). Income Tax	(2,456)	(1,684)	(7,771)
<i>Changing SHIF and AHL from relief to allowable deductions</i>	(5,275)	(3,525)	(8,589)
b). Excise	5,186	3,399	4,374
c). Miscellaneous Fees & Levies Act	5,575	3,621	4,632
<i>Out of which RDL</i>	5,337	3,463	4,466
d). Tax Procedures Act	29,896	19,868	13,217
<i>Out of which Amnesty</i>	30,000	19,934	13,404
e). VAT	6,625	4,377	190
Total Impact	44,826	29,582	14,643

Source: KRA

The State Department of Economic Planning

80. The State Department for Economic Planning has proposed a budget totaling KSh. 63.189 billion, with KSh. 3.429 billion allocated for recurrent expenditure and KSh. 59.760 billion for development.
81. The proposed allocation for the State Department reflects a nominal decrease of KSh. 11.32 billion, largely attributed to a reduction in the National Government Constituencies Development Fund (NG-CDF) allocation, from KSh. 68.232 billion in FY2024/25 (which included KSh. 13.8 billion in carryovers from FY 2023/24) to KSh. 58.797 billion. However, excluding the carryover amount, the actual allocation has increased from KSh. 54.77 billion to KSh. 58.797 billion in the proposed budget.
82. It was also observed that the Semi-Autonomous Government Agencies (SAGAs) under the State Department of Economic Planning collectively spend over KSh. 300 million annually on rental expenses. This continued expenditure persists even though some of these institutions have held significant unutilized funds for several years, funds that could be directed toward the acquisition or construction of permanent office premises. For instance, the Kenya Institute for Public Policy Research and Analysis (KIPRA) has maintained a balance of approximately KSh. 500 million, while the Kenya National Bureau of Statistics (KNBS) holds about KSh. 800 million in their accounts. These amounts continue to earn interest over time, yet both agencies still rely on their regular budgetary allocations to cover rental costs. This situation raises concerns about the efficiency of resource utilization and long-term financial planning within the department.

Office of the Controller of Budget

83. The 2025/26 Budget Estimates propose an allocation of KSh. 834 million to the Office of the Controller of Budget, representing an increase of KSh. 130 million compared to the current FY 2024/25 allocation of KSh. 704 million.

Commission on Revenue Allocation (CRA)

84. The Commission on Revenue Allocation (CRA) faces a budgetary adjustment in the proposed estimates for FY2025/26, particularly in the category of Inter-Governmental Transfers and Financial Matters. The proposed budget for this program in FY2025/26 is KSh 390 million, showing a decrease of KSh 17 million from the BPS 2025 ceilings of KSh 407 million.

5 RECOMMENDATIONS

Having held deliberations with the MDAs under its purview, the Committee recommends that –

85. THAT, the proposed overall allocation of KSh 118 billion under Vote Head 1071 for The National Treasury, KSh. 63.189 billion under Vote 1072 for the State Department of Economic Planning, KSh 390 million for the Commission of Revenue Allocation (CRA), and KSh 834 million for the Office of the Controller of Budget, be approved subject to the amendments:

5.1.1 Reductions

Under Vote 1071, the State Department of the National Treasury

Recurrent Expenditure

1. Kshs 900 million from 1071000111 Strategic Interventions (2630100 Current Grants to Government Agencies and other Levels of Government).
2. Kshs 300 million from 1071000204 National Government Budget Process (Budget reserve).
3. KSh. 350 million from the Public Sector Account Standard Board

Development Expenditure

4. KSh. 300 million from the Contingency Fund.
5. KSh. 100 million from 1071104000- Renewal of Oracle licenses, Annual Support for IFMIS Apps, and Hardware.
6. KSh. 500 million Equalization Fund
7. KSh. 200 million from 1071100100- Support to Public Financial Management (PFM-R).
8. KSh. 50 million from 1071102600 Equity and Subscriptions in International Financial Institutions.

Under Vote 1072, State Department Economic Planning

Development Expenditure

1. KSh. 300 million for the East Africa Regional Statistics Program

INCREASES

The National Treasury

1. KSh 800 million to support the migration from the current cash-based accounting system to an accrual-based system across both national and county governments. Currently, financial transactions are recorded only when cash is received or paid, which limits the ability of government entities to reflect their full financial position. This cash-based approach, while easier to implement, fails to account for outstanding commitments, liabilities, and receivables, critical elements in understanding the true fiscal health of public institutions.

In contrast, the accrual accounting system, as stipulated under Sections 81 and 164 of the Public Finance Management Act, 2012, recognizes financial transactions at the

point they are incurred, regardless of when the cash is actually exchanged. This transition aligns Kenya's public financial management with international best practices and fosters a more accurate, comprehensive, and timely reflection of government finances.

The move to accrual accounting is expected to significantly enhance transparency and accountability by ensuring that all financial obligations and resources are properly recorded and reported. It will also strengthen the government's ability to monitor and manage pending bills, address delays in tax remittances, and maintain up-to-date and accurate records of public assets and liabilities. These improvements are vital for effective fiscal oversight and long-term financial sustainability.

Furthermore, the adoption of this system will help curb the common end-of-year rush to exhaust budgeted funds, a practice often associated with wasteful or inefficient spending. By recognizing expenditures when they are committed rather than when they are paid, accrual accounting encourages more disciplined budget planning and execution throughout the fiscal year. The allocated KSh 800 million will go toward building the necessary infrastructure, training personnel, upgrading financial systems, and developing guidelines to ensure a smooth and effective transition.

2. KSh 600 million to support the Kenya Revenue Authority (KRA) in enhancing its capacity through sustained systems modernization and the strengthening of its digital infrastructure. This funding is aimed at advancing KRA's long-term vision of becoming a fully technology-driven tax administration that is efficient, transparent, and responsive to the needs of a dynamic economy.

The modernization initiative will involve upgrading core tax administration systems, enhancing cybersecurity frameworks, and expanding digital service delivery platforms to improve taxpayer experience and compliance. Strengthening KRA's digital infrastructure will enable real-time data collection, integration, and analysis, facilitating smarter, data-driven enforcement and decision-making processes. This will not only improve revenue collection but also enhance the Authority's ability to detect tax evasion, reduce compliance costs, and increase voluntary tax compliance.

Moreover, the investment will support the deployment of advanced technologies such as artificial intelligence, data analytics, and machine learning in audit selection, risk profiling, and revenue forecasting. These tools will significantly boost operational efficiency, allowing KRA to focus resources where they are most needed and create a fairer, more equitable tax environment.

3. KSh 550 million to support the implementation of the e-Procurement System for the Government. This allocation is aimed at modernizing and digitizing government procurement processes to enhance efficiency, transparency, and accountability across all public sector entities.

The e-Procurement System will automate the entire procurement cycle—from tender advertisement and bid submission to evaluation, contract award, and payment, eliminating manual procedures that are often slow and prone to errors or manipulation. By providing a centralized digital platform, the system will facilitate

open and competitive bidding, ensuring fairness and equal opportunity for all suppliers.

Moreover, the system will enable real-time tracking and monitoring of procurement activities, improving oversight and reducing opportunities for fraud and corruption. It will also generate comprehensive procurement data, enabling better analysis, reporting, and strategic decision-making to optimize resource allocation and cost control.

The funding will be used to develop, deploy, and maintain the e-Procurement platform, as well as to build capacity among procurement officers and stakeholders through extensive training and support. Ultimately, this investment will contribute to a more transparent, efficient, and accountable procurement environment, fostering public trust and supporting the government's commitment to good governance and sustainable development.

4. KSh 350 million to support the implementation of the Single Treasury Account (STA) initiative. This strategic initiative aims to strengthen financial accountability and transparency across all government operations by consolidating all revenues and appropriations collected by Ministries, Departments, and Agencies (MDAs), as well as the National Treasury, into a unified treasury account.

Currently, the management of Appropriations in Aid (AIA) funds, revenues generated by various government entities, is often fragmented across multiple accounts. This fragmentation can lead to inefficiencies, lack of clear oversight, and potential discrepancies in the recording and utilization of public funds. By establishing a Single Treasury Account, the government seeks to centralize the management of all public funds, thereby creating a more streamlined and integrated financial management system.

The consolidation will enable the National Treasury to have real-time visibility and control over all government revenues, ensuring that funds collected are accurately accounted for and promptly reflected in the public accounts. This will significantly reduce the risk of misappropriation, duplication, or delays in fund utilization, thereby improving the overall integrity of public financial management.

Furthermore, the STA will facilitate better cash flow management, allowing the government to optimize the use of available resources and align expenditure with national priorities. It will enhance the efficiency of budget execution by reducing idle funds sitting in multiple accounts and improving the predictability of funding for government programs and services.

State Department for Economic Planning

5. KSh. 250 million be allocated for the Super Digitalization of the Economic Plan, marking a significant investment in modernizing Kenya's economic infrastructure. This initiative will leverage advanced digital technologies to enhance data collection, analysis, and dissemination processes, thereby improving the efficiency and accuracy of economic planning and policy-making. Digitizing is a key economic function that

streamlines operations, reduce bureaucratic delays, and foster a more responsive and agile economic management system.

The Super Digitalization of the Economic Plan is expected to have far-reaching impacts, including improved transparency and accountability in economic governance. Enhanced digital tools will enable better monitoring and evaluation of economic activities, facilitating evidence-based decision-making and more effective allocation of resources. This initiative supports Kenya's broader vision of becoming a digitally empowered economy, capable of adapting to global technological trends and driving sustainable economic growth. By investing in digital infrastructure, the government aims to create a more inclusive and efficient economic environment, ultimately benefiting businesses, investors, and the general public

6. KSh. 300 million be allocated to the State Department of Economic Planning under Monitoring and Evaluation Services. This funding is earmarked to support the operationalization of county planning offices, ensuring they have the resources and capabilities needed to coordinate and implement regional development initiatives effectively. Strengthening these local planning offices, the department aims to enhance the efficiency and effectiveness of county-level planning and development efforts.

A significant portion of the funding will be dedicated to tracking the implementation of key priorities outlined in the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium-Term Plan (MTP IV). This involves developing robust monitoring and evaluation frameworks to assess progress, identify challenges, and ensure that objectives are being met. By closely tracking these initiatives, the State Department of Economic Planning can make data-driven decisions and adjustments to improve outcomes and achieve strategic goals.

Additionally, the funds will support the re-engineering of planning systems, as well as various sensitization, surveys, and research activities. These efforts are crucial for modernizing planning processes, enhancing stakeholder awareness, and gathering critical data to inform policy-making. Through these comprehensive measures, the department aims to foster a more responsive and dynamic planning environment that can adapt to emerging needs and drive sustainable development across Kenya.

Commission on Revenue Allocation

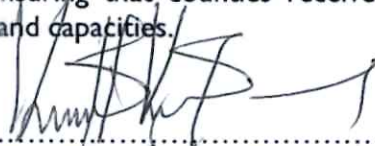
7. KSh 150 million to support key fiscal policy initiatives and institutional strengthening at the county level. This allocation will cater for the relocation of offices, as well as facilitate the implementation of critical reforms aimed at enhancing equity and efficiency in public finance management.

A portion of the funds will go toward supporting the establishment of a model tariff and pricing policy, which is intended to guide county governments in setting fair, transparent, and economically sound charges for public services. This initiative aims to boost Own Source Revenue (OSR) collection, reducing over-reliance on national transfers and promoting greater fiscal autonomy and sustainability at the county level. The development and adoption of standardized tariff frameworks will also help

eliminate arbitrary fee structures, enhance service delivery, and foster public trust in county administrations.

Additionally, the allocation will support the finalization of the Third Policy on Marginalization, a crucial step toward operationalizing the Equalization Fund. This fund is designed to channel additional resources to historically marginalized areas to accelerate their access to basic services such as water, roads, health, and electricity, thereby addressing regional disparities and promoting inclusive development. Finalizing this policy will ensure that the distribution and use of the Equalization Fund is guided by a clear, transparent, and equitable framework.

Lastly, the funds will also facilitate the completion of the Fourth Basis for revenue sharing among county governments. This new formula is intended to guide the equitable distribution of national revenue, taking into account factors such as population, poverty levels, land area, and access to services. A robust and evidence-based revenue sharing framework is critical to promoting balanced regional development and ensuring that counties receive adequate resources aligned with their specific needs and capacities.



SIGNED.....

**HON. CPA KURIA KIMANI, CBS, MP
(CHAIRPERSON)**

DEPARTMENTAL COMMITTEE ON FINANCE & NATIONAL PLANNING

DEPARTMENTAL
COMMITTEE ON
HEALTH



**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

**THE NATIONAL ASSEMBLY
OFFICE OF THE CLERK**

**THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025
DIRECTORATE OF DEPARTMENTAL COMMITTEES**

COMMITTEE ON HEALTH

.....

**REPORT ON THE CONSIDERATION OF THE PROPOSED ANNUAL EXPENDITURE
ESTIMATES FOR THE FINANCIAL YEAR 2025/26 AND THE MEDIUM TERM**

1. State Department for Medical Services (Vote 1082)
2. State Department for Public Health and Professional Standards (Vote 1083)

VOLUME I

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI.**

MAY 2025

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LIST OF ABBREVIATIONS AND ACRONYMS

1. AIA - Appropriations in Aid
2. BETA - Bottom-Up Economic Transformation Agenda
3. BPS - Budget Policy Statement
4. CHP - Community Health Promoters
5. CS - Cabinet Secretary
6. GoK - Government of Kenya
7. FY - Financial Year
8. Kshs. - Kenya Shilling
9. MDAs - Ministries, Departments and Agencies
10. MES - Managed Equipment Services
11. MP - Member of Parliament
12. MTEF - Medium Term Economic Framework
13. MOH - Ministry of Health
14. NESP - National Equipment Services Programme
15. PBO - Parliamentary Budget Office
16. PE - Personnel Emolument
17. PHC - Primary Health Care
18. PFM Act - Public Finance Management Act
19. PLWDs - People Living With Disabilities
20. PS - Principal Secretary
21. SAGAs - Semi-Autonomous Government Agencies
22. SO - Standing Order
23. UHC - Universal Health Coverage

CHAIRPERSON'S FOREWORD

Article 221 of the Constitution of Kenya, 2010 and the Public Finance Management Act 2012 CAP.412A (Sections 38 and 39) give the National Assembly the mandate to review and approve Budget Estimates for the National Government. Section 38(1) of the Public Finance Management Act 2012 directs the Cabinet Secretary for Finance to table to the National Assembly annual Budget Estimates while Standing Order No. 235(4a) provides that upon being laid before the House, the Budget Estimates stand committed to each Departmental Committee to deliberate according to their respective mandates. Section 39(3) of the Public Finance Management Act 2012 empowers the National Assembly to alter the Budget Estimates, provided that an increase in expenditure is balanced by a reduction elsewhere. This provision is also emphasised in Standing Order No. 240(4).

The Annual Budget Estimates for the Financial Year 2025/2026 were tabled in the National Assembly on **Wednesday, 30th April 2025** and subsequently committed to Departmental Committees for consideration in line with Section 38(1) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4a). The Committees are required to consider the Estimates for the Ministries, Departments and Agencies (MDAs) under their purview and thereafter report to the Budget and Appropriations Committee, which will report to the House. The Committee's observations and recommendations regarding the Annual Budget Estimates are captured in this report following fruitful deliberations. The report also contains the submissions put forth by the MDAs under the purview of this Committee.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all MDAs who submitted their views on the Annual Budget Estimates. Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made useful contributions towards the consideration of the Annual Budget Estimates for the Financial Year 2025/2026 and the production of this report.

On behalf of the Departmental Committee on Health and according to the provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to the Budget and Appropriations Committee the Report of the Committee on its consideration of the Annual Budget Estimates for the Financial Year 2025/2026.



HON. (DR.) JAMES WAMBURA NYIKAL, MP.
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

CHAPTER ONE INTRODUCTION

1.0 PREFACE

1.1 ESTABLISHMENT AND MANDATE OF THE COMMITTEE

- 1) The Departmental Committee on Health is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate under the **Standing Order 216 (5)** is as follows: -
 - (i) *investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - (ii) *study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - (iii) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - (iv) *study and review all legislation referred to it;*
 - (v) *study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - (vi) *Investigate and inquire into all matters relating to the assigned Ministries and Departments as they may deem necessary, and as may be referred to them by the House;*
 - (vii) *vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment);*
 - (viii) *examine treaties, agreements and conventions;*
 - (ix) *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - (x) *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - (xi) *examine any questions raised by Members on a matter within its mandate.*

1.2 SUBJECTS UNDER THE COMMITTEE

The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows

- i. Health;
- ii. medical care;
- iii. health insurance, including universal health coverage;

In executing its mandate, the Committee oversees the following government State Departments:

- i. Vote 1082: State Department for Medical Services; and,
- ii. Vote 1083: State Department for Public Health and Professional Standards

1.3 COMMITTEE MEMBERSHIP

The House constituted the Committee on Thursday, 27th October, 2022 and comprises the following Members:

Chairperson

Hon. (Dr.) James Wambura Nyikal, MP
Seme Constituency

Orange Democratic Movement (ODM)

Vice-Chairperson

Hon. Ntwiga, Patrick Munene MP
Chuka/Igambang'ombe Constituency

United Democratic Alliance (UDA)

Hon. Julius Ole Sunkuli Lekakeny, MP
Kilgoris Constituency

KANU

Hon. Kibagendi Antoney, MP
Kitutu Chache South Constituency

Orange Democratic Movement (ODM)

Hon. (Dr.) Robert Pukose, MP
Endebess Constituency

United Democratic Alliance (UDA)

Hon. Owino Martin Peters, MP
Ndhiwa Constituency

Orange Democratic Movement (ODM)

Hon. Mukhwana Titus Khamala, MP
Lurambi Constituency

Orange Democratic Movement (ODM)

Hon. Maingi Mary, MP
Mwea Constituency

United Democratic Alliance (UDA)

Hon. (Prof.) Jaldesa Guyo Waqo, MP
Moyale Constituency

UPIA Party

Hon. Mathenge Duncan Maina, MP
Nyeri Town Constituency

United Democratic Alliance (UDA)

Hon. Wanyonyi Martin Pepela, MP
Webuye East Constituency

Ford Kenya Party

Hon. Lenguris Pauline, MP
Samburu County (CWR)

United Democratic Alliance (UDA)

Hon. Muge Cynthia Jepkosgei, MP
Nandi County

United Democratic Alliance (UDA)

Hon. Oron Joshua Odongo, MP
Kisumu Central Constituency

Orange Democratic Movement (ODM)

Hon. Kipngok Reuben Kiborek, MP
Mogotio Constituency

United Democratic Alliance (UDA)

1.4 COMMITTEE SECRETARIAT

2) The following staff facilitate the Committee:

Mr. Hassan Abdullahi Arale
Clerk Assistant I/Head of Secretariat

Mr. Ellam Omuhinda
Clerk Assistant III

Mr. Hiram Kimuhu
Fiscal Analyst II

Ms. Gladys Jepkoech Kiprotich
Clerk Assistant III

Ms. Abigael Muinde
Research Officer III

Mr. Timothy Kimathi
Clerk Assistant III

Mr. Hillary Mageka
Media Relations Officer II

Ms. Marlene Ayiro
Principal Legal Counsel II

Ms. Rahab Chepkilim
Audio Recording Officer II

Ms. Faith Chepkemoi
Legal Counsel II

Mr. Sheila Chebotibin
Serjeant-At-Arms III

CHAPTER TWO
ANALYSIS OF THE ANNUAL BUDGET ESTIMATES FOR FY 2025/2026

2.0 BROAD OVERVIEW OF THE ANNUAL BUDGET ESTIMATES FOR FY 2025/2026

1. The estimates were referred/committed to the Departmental Committees for scrutiny based on their mandate as provided in the Standing Orders. The Committees are expected to submit a report containing recommendations to the Budget and Appropriations Committee. Thereafter, the Budget and Appropriations Committee will table in the House a report on its consideration of the estimates for approval.
2. Therefore, the brief is intended to apprise the Committee of the contents of the proposed budget estimates, including addressing the Bottom-up Economic Transformation Agenda (BETA) priorities and emerging issues in the sector under which the estimates for the sector have been prepared. It is intended to assist the Committee in decision-making in considering and approving the proposed sector's estimates.
3. In terms of budget oversight, the Departmental Committee on Health covers:
Vote 1082: State Department for Medical Services; and
Vote 1083: State Department for Public Health and Professional Standards
4. Article 221 of the Constitution of Kenya, 2010 and the Public Finance Management Act 2012 (Sections 38 and 39) give the National Assembly the mandate to review and approve budget estimates for the National Government. Standing Order No. 235(4a) provides that upon being laid before the House, the budget estimates stand committed to each Departmental Committee to deliberate according to their respective mandates. Section 39(3) of the Public Finance Management Act 2012 empowers the National Assembly to alter the budget estimates, provided that an increase in expenditure is balanced by a reduction elsewhere. This provision is also emphasised in Standing Order No. 240(4).

2.1 HIGHLIGHTS OF THE ANNUAL BUDGET ESTIMATES FOR FY 2025/2026

5. The overall proposed budget estimates for the financial year 2025/26 for the government are shown in Table 1

Table 1: Overall Outlook of Budget Estimates for FY 2025/26 (Kshs. Millions)

S/No.	Details	Approved Original Budget 2024/25	Supp. No. 2 2024/25	2025 Approved BPS	Budget Estimates 2025/26	Variance btn Budget Estimates and 2025 BPS	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,504.8	(18.7)	59.0%
	o/w Executive	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.2%
	Parliament*	40.9	42.6	49.5	49.5	-	1.2%
	Judiciary*	22.5	23.4	26.8	26.9	0.1	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	County Govt Equitable Share	391.1	418.3	405.1	405.1	-	9.5%
	Total	3,861.1	4,007.6	4,297.5	4,247.2	(50.4)	100.0

Source: The National Treasury

6. The 2025/26 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2025/26

for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are shown in Table 1.

7. The total budget for the FY 2025/26 is Kshs. 4,247.2 billion which comprises Kshs. 2,504.8 billion for the Executive, Kshs. 49.5 billion for Parliament, and Kshs. 26.9 billion for the Judiciary. The allocation to County Governments of Kshs. 405.1 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.

2.2 ALLOCATION TO THEMATIC AREAS IN FY 2025/26

8. The allocation to thematic areas in the proposed FY 2025/26 budget is as shown in the table below.

Table 2: Allocation to Key thematic areas (in Kshs millions)

Rank	Thematic Area	Allocation (Kshs Million)	% of Total Budget
1	Education Sector	659,804.00	32.50%
2	National Security	425,338.00	21.00%
3	Roads	190,309.30	9.40%
4	Health Sector	132,404.90	6.50%
5	Housing & Urban Dev. & Public Works	119,799.60	5.90%
	Others	499,711.50	24.70%

Source: National Treasury

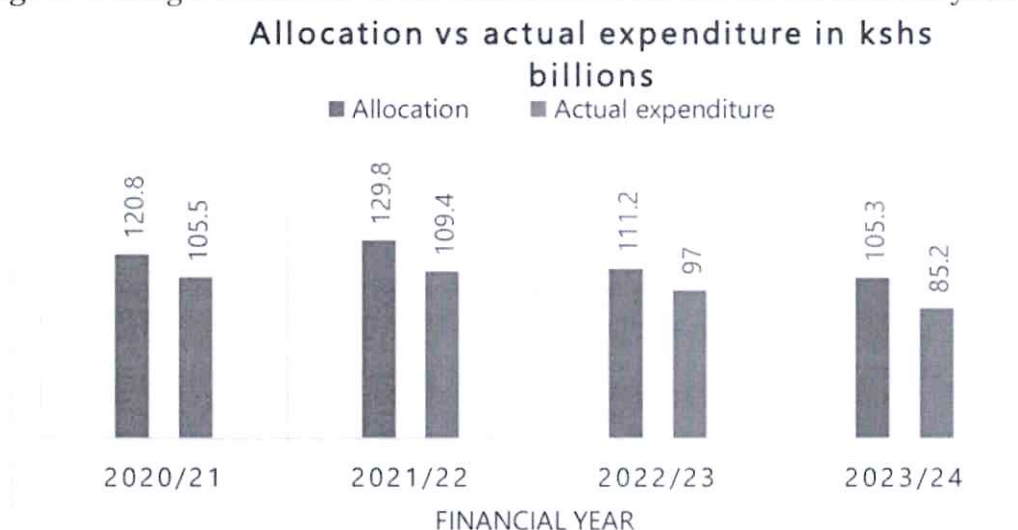
9. The Health Sector is a thematic area under the bottom-up economic agenda, and Kshs 132 billion (6.5% share of the total budget) has been allocated to fund key programmes and SAGAs.

2.3 REVIEW OF RECENT BUDGET ALLOCATIONS AND PERFORMANCE

2.3.1 Past budget performance FY 2021/22-2023/24

10. The allocations to the health sector have been towards the 5 programmes: Preventive, Promotive and RMNCAH, National Referral and specialised services, Health Research and Development, General Administration and Planning, Health Policy, Standards and Regulations being implemented by the health sector. Figure 1 below shows past budgetary allocations to the Health Sector and budget absorption rates.

Figure 1: Budget allocations to the Health Sector for the last six financial years.



Source: National Treasury

11. An analysis of the past financial years (2021/22-2023/24) budget performance indicates that budgetary allocations were: Kshs. 129.8 billion for FY 2021/22; Kshs. 111.2 billion for FY 2022/23 and Kshs. 105.3 billion for FY 2023/24. The actual expenditures were Kshs. 109.4 billion, Kshs. 97.0 billion, and Kshs. 85.2 billion for respective fiscal years. This translates into absorption rates of 94%, 98%, and 95% for recurrent budget during the respective fiscal years. For the development budget, respective absorption rates were 79%, 68% and 74%.

2.3.2 Exchequer Issues

Table 3: Financial year 2024/25, third quarter exchequer issues performance

Vote	Category	Gross Estimates	AIA	Net Estimates	Exchequer Issues as at 31st March 2025	Percentage of Exchequer Issues to Net Estimates
State Dept for Medical Services	Recurrent	76,519	25,546	50,973	29,604	58.08%
	Development	27,048	8,152	18,896	7,247	38.35%
	Total	103,567	33,698	69,869	36,851	52.74%
State Dept for Public Health	Recurrent	27,551	8,244	19,307	13,252	68.64%
	Development	4,959	100	4,859	1,538	31.64%
	Total	32,510	8,344	24,166	14,790	61.20%

Source: National Treasury

12. As at 31st March 2025, the two state departments have received exchequer issues amounting to Kshs 51.6 billion. This comprises Kshs 42.9 billion and Kshs 8.8 billion for recurrent and development expenditures respectively.

2.4 MEDIUM TERM PLAN IV (MTP IV) HEALTH SECTOR PRIORITIES (2023-27)

13. The following are the priorities and interventions in the Health Sector as provided in the approved MTP IV.
- i. **Health financing:** The project aims to increase the number of registered households under the new Social Health Insurance (SHI). The project entails: enrolling 85 per cent (11.2 million) households under the SHI scheme focusing on Afya Bora Mashinani (primary and community-based health care) to ensure indigents have an insurance cover paid for by national and county governments; establishment of the Primary Health Care Fund; and establishment of the Health Emergency and Chronic Disease fund.
 - ii. **Health commodity security:** Will entail incentives to promote local manufacturing of HPTs; holding local manufacturing thus ensuring sustainable access and affordability of quality essential Health Products and Technologies (HPT). Upgrading the National Quality Control Laboratory and Pharmacy and Poisons Board (PPB) towards the attainment of World Health Organization Maturity Level 3 Standards; establishment of Kenya Biovax Institute to enhance local manufacturing capacity of essential HPTs; and establishment of plants through public private partnerships for local manufacturing of HPTs will be prioritized.
 - iii. **Integrated Health Management Information System (IHMIS):** The project entails digitization of healthcare services through end-to-end visibility. KEMSA and SHA will also be part of this digitization.
 - iv. **Human Resource for Health (HRH): Recruitment and payment of the 100,000 CHPs, renewal of contracts for the 8,550 UHC workers,** posting 1,200 medical interns, recruiting 20,000 health personnel (11,621 for primary health facilities and 8,379 for other hospitals).
 - v. **Community health high impact interventions:** operationalization of all 315 primary healthcare networks (PCNs) that will scale up high impact interventions in primary health care by promoting health and wellness, disease prevention.
 - vi. **Health infrastructure:** equipping of selected hospitals through Managed Equipment Services; establishment of the National Public Health Institute; completion of comprehensive cancer management centres in Kisii and Nyeri counties and equipping of Kisumu regional cancer centre; construction of radiotherapy bunkers and equipping of Meru, Kakamega, Machakos and Embu cancer centres; and equipping of National Cancer Reference Laboratory with flow cytometry machine. Construction/upgrading of KEMRI at Kirinyaga, Kwale, Kisumu, Busia and Nairobi and Modernization of level 6 hospitals will also be of priority.

2.5 PROPOSED 2025/26 ESTIMATES OF EXPENDITURE FOR THE HEALTH SECTOR

2.5.1 Overall FY 2025/26 proposed budget for the Health Sector

14. In the 2025/26 financial year, the overall proposed allocation to the Health Sector is Kshs 136.8 billion. This comprises Kshs 110.7 billion and Kshs 26.1 billion allocation to recurrent and development expenditures, respectively. This allocation reflects a Kshs 708 million increase compared to the FY 2023/24 (approved supplementary II allocation of Kshs 136.1 billion).
15. The table below shows the allocation to the two-state department, i.e. the State Department for Medical Services and the State Department for Public Health and Professional Standards.

Table 3: Overall Allocations to Health Sector in the 2025/26 Financial Year

Allocation FY 2025/26			
State Department	Rec	Dev	Total
State Department for Medical Services	84,507	20,936	105,443
State Department for Public Health and Professional Standards	26,201	5,141	31,342
Total MOH	110,708	26,077	136,785

Source: National Treasury

16. As shown in Table 3, Kshs.110.7 billion allocated to the Health sector is towards recurrent expenditure. For instance, Kshs 48.96 billion is allocated to the National Referrals and Specialised Services programme, where the national referral facilities (level 6) recurrent expenditure is funded.
17. In general terms, the proposed budget is geared to achieve the mandate of the Ministry of Health which is derived from the Fourth Schedule to the Constitution that assigns the following functions to the Ministry of Health; Health Policy, Health regulations, management of National referral health facilities and Capacity building; and technical assistance to counties.

2.5.2 VOTE 1082: State Department for Medical Services

18. The State Department for Medical Services is mandated to implement medical services Policies, Medical Research, Curative Health Services and management of National Health Referral Services Cancer Management Policies and E-Health.
19. In the 2025/26 financial year, the state department will be implementing 4 programmes ie; National Referral & Specialized Services, Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH, Health Research and Innovations, General Administration.
20. As outlined in the Budget Policy Statement (BPS 2024 and 2025), the State Department is expected to contribute to rollout and achievement of BETA priorities in the health sector through Providing a fully public financed primary health care system, an emergency care fund and a health insurance fund that will cover all Kenyans; Installing a digital health management information system; Setting up a Fund for improving health facilities; Setting up an Emergency Medical Treatment Fund; Establishing a National Insurance Fund that covers all Kenyans; and Availing medical staff who would deliver Universal Health Coverage. Engage Community Health Promoters (CHPS) to provide direct care in households across the country Develop biomedical, pharmaceutical and medical supplies production industries
21. The table below shows the allocation to the approved ceilings for the State Department and the 2024/25 financial year proposed budget.

Table 4: Summary of Expenditure by Programmes for the State Department for Medical Services

Allocation to MDA's in Kshs. Million					
Vote/ MDA	Details	2025 BPS Ceilings	Proposed Estimates FY 2025/26	Variance	% Change
1082 State Department for Medical Services	Total	99,192	105,443	6,251	6%
	Recurrent	71,697	84,507	12,810	18%
	Development	27,495	20,936	(6,559)	(24%)

Source: National Treasury

22. In terms of adherence to the approved resource ceiling, there is a variance amounting to Kshs 5.7 billion (the BPS 2025 gave a ceiling of Kshs 131.1 billion for the Health Sector, while the proposed 2025/26 proposes an allocation of Kshs 136.8 billion). Notably, the State Department for Medical Services' recurrent resources have increased by 18%.
23. As shown in Table 5, Kshs 105.4 billion has been allocated to the State Department for Medical Services to implement the various programmes under the State Department. This allocation comprises Kshs 84.5 billion and Kshs 20.9 billion allocation to recurrent and development expenditures, respectively.

Table 5: Proposed allocation to State Department for Medical Services 2025/26 Financial Year

Programme	Allocation 2025/26			Key area funded
	Rec	Dev	Total	
National Referral & Specialized Services	48,959	5,529	54,488	The national referral hospitals (Level 6) including elevation of JOOTRH, Construction and equipping of Health Centres, KEMSA, Health Emergency Preparedness programme.
Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	1,534	15,267	16,801	Global fund interventions (TB, Malaria and HIV) procurement of Family planning commodities, vaccines and immunization programmes and vaccines COVID 19 pandemic response

Programme	Allocation 2025/26			Key area funded
	Rec	Dev	Total	
Health Research and Innovations	2,943	140	3,082	Integrated Health Management Information System - BETA, Biovax and Human Vaccine Production, KEMRI
General Administration	31,072	-	31,072	Universal Health Coverage Coordination & Management Unit and other social protection programmes such as health insurance subsidy programme and Headquarters and Administrative Services, Primary Healthcare Fund and The Emergency, Chronic and Critical Illness Fund BETA
Total allocation of Medical Services	84,507	20,936	105,443	

Source: National Treasury

24. At a programme level allocations, National Referral and Specialised Services has been prioritised with an allocation of Kshs 54.5 billion (51.68%) of the proposed allocation to the State Department for Medical Services. This programme relates to the financing of all National referral facilities (level 6) in the country, which is a key national government function, as well as the funding of the Kenya Medical Supplies Agency (KEMSA).
25. The Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH programme has also been prioritised with a proposed expenditure of Kshs 16.8 billion. The programme funds interventions on communicable and non-communicable diseases. The key areas are funding vaccines and immunisation, HIV, COVID-19 interventions, family planning and Global Fund-funded projects among other interventions.
26. The Health Research and Innovations programme has proposed allocation of Kshs 3.1 billion. The proposed allocation is geared towards rolling out BETA priorities which include funding for Health Research at Biovax vaccine plant and Human Vaccine production and health research at KEMRI. Notably, KEMRI intends to upgrade KEMRI laboratories in Kirinyaga and Kombewa to a 60% completion rate. KEMRI seeks to manufacture 242,506 products and diagnostic kits in the financial year 2025/26. Further, to support local manufacturing, Kenya Biovax Institute seeks to ensure human vaccine fill-and-finish facility is 70% complete.
27. The General Administration has a proposed allocation of Kshs 31 Billion. This is the programme that is directly in charge of implementation of the UHC and other social protection programmes such as health insurance subsidy programme for orphans and vulnerable children. Notably, 126,725 indigent households will be funded under this programme. Headquarters and Administrative Services are also funded under this programme. The 2024 BPS and Kenya Kwanza government committed to publicly finance primary healthcare and therefore, Kshs 13.1 billion has been allocated to the Primary HealthCare Fund in the financial year 2025/26. Further,

Kshs 10 billion has been allocated to the Emergency, Chronic and Critical Illness Fund- BETA projects. These projects are critical in the operationalisation of the Social Health Insurance Act 2023 and attendant benefits packages.

2.5.2.1 State Department for Medical Services Proposed 2025/26 Recurrent Estimates

28. The total proposed allocation to recurrent expenditure is Kshs 84.5 billion. This comprises of Kshs 57.7 billion from the exchequer. Kshs 26.8 billion is A-in-A raised by the SAGAS under the State Department for Medical Services.
29. A review of the proposed itemised budget indicates that the major recurrent allocations in the 2025/26 financial year are as follows:

Table 6: Summary of major allocations to recurrent vote (in Kshs Millions)

Head/Item	Net (GoK)	AIA	Gross	Major component Funded
Headquarters Administrative Professional services	1,584	-	1,584	Basic wages for temporary employees(Ksh1.0B)
Mathari Hospital Referral Hospital	1,669	285	1,054	Gok(Kshs 1.7B)
Jaramogi Oginga Odinga Teaching and Referral Hospital (JOOTRH)	1,631	1,200	2,831	Current grants(Kshs 1.6B)
Kenyatta National Hospital	8,826	10,041	18,867	Current grants (8.8B)
Kenya Medical Supplies Authority (KEMSA)	135	5,017	5,153	Current grants(Kshs 135M)
Kenyatta University Teaching Referral & Research Hospital (KUTRRH).	2,281	4,500	5,336	Current grants(Kshs 2.3B)
Moi Teaching and Referral Hospital (MTRH)	6,290	4,580	10,870	Current grants (Kshs 6.2B)
Kenya Medical Research Institute (KEMRI)	2,469	220	2,509	Current grants (2.5B)
Universal Health Coordination and Management Unit	4,062	-	4,062	UHC Health Workers-BETA(Ksh4.1B)
Primary HealthCare Fund	13,100	-	13,100	Current grants Kshs 13.1 B to Social Health Authority (SHA)
The Emergency, Chronic and Critical Illness Fund-BETA	10,000	-	10,000	Current grants Kshs 10B to Social Health Authority(SHA)
Digital Health Authority (DHA)	90	224	314	Current grants to DHA(Kshs 90m)

Source: National Treasury

30. A review of 2025/26 financial year proposed recurrent budget for the State Department for Medical services indicates that 31.7% of the total recurrent budget is funded by AIA collected by the SAGAs and 68.3% is funded by the exchequer. This indicates the overreliance of the SAGAs on GoK to fund their recurrent activities.

2.5.2.2 State Department for Medical Services Proposed 2025/26 Development Estimates

31. The proposed allocation to development expenditure is Kshs 20.9 billion. The State Department will be implementing 24 projects in the 2025/26 financial year. The key areas of funding are indicated below:

Table 7: FY 2025/26 summary of key development expenditures

Project	FY 2024/25	FY 2025/26			Targets 2025/26 FY
		Total	Gok	Foreign	
KNH Burns and Pediatrics Centre	463M	1,263	300	963	1,301 cardio-thoracic surgeries conducted
Construction of a Cancer Centre at Kisii Level 5 Hospital	250	1,000		1,000	80% completion rate
Vaccines Programme	4,627	4,627	2,000	2,627	25% adults fully immunized with COVID-19 vaccine and 92% of health facilities with functional cold chain.
Special Global Fund HIV Grant-NFM4.	949	3,180	1,805	1,375	100% of implementing partners reporting on HIV management and prevention interventions.
Health emergency Preparedness, Response & Resilience Program	200	1,100	-	1,100	70% refurbishment and equipping of National Quality Control Laboratories
Reproductive, Maternal, Neonatal Child & Adolescent Health Project	3,877	3,800		3,800	Susan Thompson Buffet Foundation (Grant)
Renovation/Equipping Buildings-Mathari Teaching & Referral Hospital	50	100	100		63% of Mathari infrastructure modernized
Procurement of Equipment at the National Blood Transfusion Services	300		300		500,000 whole blood units collected and 40 satellite blood transfusion centres with capacity to collect blood
East Africa's Centre of Excellence for Skills & Tertiary Education.	601	600	-	600	70% equipping of nephrology and urology complex
EA's Centres of Excel. for Skills & Tertiary Edu. in Biosciences- II	55	838	-	838	80% completion rate on construction works of phase 1B -of nephrology and urology
Construction and Equipping of Health Centres	400	100	100	-	Kaptumo-50m,Kapsengere 20m,Kaptumek-30m
Construction and Equipping of Level 4 Hospitals.	150		200		Olokurto level 4 Narok-100m and Sogoo level 4 - Narok-100m

Project	FY 2024/25	FY 2025/26			Targets 2025/26 FY
		Total	GoK	Foreign	
Procurement of Family Planning & Reproductive Health Commodities	500		500		56% Women of reproductive age receiving FP commodities
Human Vaccine Production - BETA	-		100		3 partnerships and collaborations established 1 technology transfer agreement

Source: National Treasury

32. The allocations made to development expenditure are geared towards increasing the accessibility to Universal Health Coverage, local manufacturing of human vaccines, support to vaccines programmes and cancer-related projects.

NEW PROJECTS

Table 8: New projects

Project	Allocation Kshs Millions			
	GoK	Foreign	Total	Targets
Construction and Equipping of Health Centres	100	-	100	Kaptumo-50m, Kapsengere 20m, Kaptumek-30m
Construction and Equipping of Level 4 Hospitals.	200	-	200	Olokurto level 4 - Narok-100m and Sogoo level 4 - Narok-100m

Source: National Treasury

33. The 2025/26 financial year proposed budget has introduced 6 new projects in the State Department for Medical Services. The projects involve the construction and equipping of health centres at a subnational level.

2.5.2.3 Summary of Salient Issues: Budgetary and Policy

34. The summary of the salient issues for the State Department is as follows:
- i. Allocations to BETA priorities. The BPS 2024 is committed to publicly financing the primary healthcare in the country as well as funding emergency, chronic and critical illnesses. Towards this end, the financial year 2025/26 estimates propose to allocate Kshs 11.1 billion and Kshs 10 billion to the Primary Health Care Fund and Emergency, Chronic and Critical Illnesses Fund, respectively. These are appropriations (current grants to the Social Health Authority) to fully operationalise the Social Health Insurance Act 2023.
 - ii. The Jaramogi Oginga Odinga Teaching and Referral Hospital has been elevated to a level 6 hospital under the national government. The FY 2025/26 proposed budget allocates Kshs 2.8 billion as the first allocation under the national government. The allocation comprises of Kshs 1.6 billion and Kshs 1.2 billion as GoK and AIA, respectively.

- iii. There is a recurrent budget allocation to headquarters administrative and professional services (basic wages) amounting to Kshs 1 billion for temporary employees. There is a need to ascertain the employees benefiting from this allocation.
- iv. The Universal Health Coverage Coordination Unit & Management Unit has allocated Kshs 4billion towards the remuneration of UHC workers employed during the Covid-19 pandemic. The MoH will transfer the UHC staff and attendant budget/payroll to counties. Further, the Ministry and the County Governments should fast-track the review of the UHC employment terms and their transition of the workers to permanent and pensionable terms and provision of county government additional allocation.
- v. Performance of SAGAs AIA. A review of the proposed 2025/26 financial year estimates and projected AIA collection indicate that the KUTRRH AIA will decrease by Kshs 39 million while the collections by Kenya Medical Research Institute is projected to stagnate at Kshs 220 million for the 2023/24 and 2024/25 financial years. Notably, Digital Health Authority will for the first time generate Kshs 224 million as AIA.
- vi. The 2025/26 financial year budget proposes to allocate Kshs 300 million to new projects. The project involves construction and equipping of health facilities. The Ministry of Health has not provided a need assessment report informing the selection of the facilities.

2.5.3 VOTE 1083: State Department for Public Health and Professional Standards

- 35. The State Department is mandated to ensure quality healthcare services are guaranteed through developing policies on healthcare, standards, health human resource development, public health standards and sanitation management. The State Department is also focused on providing strategic leadership and support to all health professional bodies, developing a framework to ensure sharing of professional experiences, and embedding in future clinical practice.
- 36. Further the State Department will undertake the role of provision of strategic interventions that include malaria, TB and nutrition services among other priorities. The table 9 shows the allocation to the approved ceilings for the State Department and the 2023/24 financial year proposed budget.

Table 9: Summary of Expenditure by Programmes for the State Department for Public Health and Professional Standards (in Kshs millions)

Allocation to State Department for Public Health and Professional Standards in Kshs. Million					
Vote/ MDA	Details	2025 BPS Ceiling	Proposed Estimates FY 2025/26	Variance	% Change
1083 State Department for Public Health and Professional Standards	Total	31,871	31,342	(529)	(2%)
	Recurrent	26,819	26,201	(618)	(2%)
	Development	5,052	5,141	89	2%

Source: National Treasury

- 37. In terms of adherence to the approved resource ceiling, the BPS 2025 gave a ceiling of Kshs. 31.9 billion for the State Department for Public Health and Professional Standards, while the 2025/26

estimates propose an allocation of Kshs 31.3 billion to the sector. Thus, there is a variation of Kshs 529 million (a decrease) between the proposed budget and the approved ceilings.

Proposed Allocations and Programmes Prioritisation

38. The allocations to the State Department for Public Health and Professional Standards are towards the 4 programmes being implemented by the State Department.

Table 10: Allocations to programmes, State Department for Public Health and Professional Standards

Programme	Rec	Dev	Total
Preventive and Promotive Health Services	5,943	4,141	10,084
Health Resources Development and Innovation	13,596	1,000	14,596
Health Policy, Standards and Regulations	4,178	-	4,178
General Administration	2,485	-	2,485
Total	26,201	5,141	31,342

Source: National Treasury

39. In terms of programme prioritisation, Health Resources Development and Innovation has been prioritised with a total allocation of Kshs. 14.6 billion. The key objective of the programme is to enhance human health capacity for quality health services. The regulatory councils are funded under this programme. Key activities/programmes funded under this programme include Kenya Medical Training College (KMTC), Professional Standards Management for interns, snake antivenom processing plant facility among others.

1. In the 2025/26 financial year, Preventive and Promotive Health Services programme activities are geared towards increasing the provision of quality promotive and preventive healthcare. Key areas funded include the Special Global Fund for Malaria and TB, procurement of family planning and reproductive health commodities, establishment of Primary Health Care Networks and Tobacco Control Fund AIA. Building Resilience and Responsive Health System Project seeks to supply essential health products and technologies to level 2 and 3 hospitals in all 47 counties. Notably, there is an additional allocation to the counties amounting to Kshs 3.285 billion for the remuneration of Community Health Promoters (CHPs)
2. Health Policy, Standards, and Regulations proposed budget is on recurrent related expenditures. Key recurrent expenditures funded include Nursing Services, which will facilitate nursing services like examination of 12,500 candidates and registration of 6,600 new nurses. Recurrent expenditures for the Kenya Health Professions Oversight Authority (KHPOA) and Kenya Medical Practitioners & Dentists Councils, Clinical Officers Council, among others, are also funded under this programme.
3. The General Administration proposed that recurrent estimates are earmarked for Headquarters administrative, technical, and professional services.

2.5.3.1 State Department for Public Health and Professional Standards Proposed FY 2025/26 Recurrent Estimates

40. The total allocation to recurrent estimates for the State Department is Kshs 26.2 billion. The allocation comprises Kshs 17.2 billion from the exchequer and Kshs 9 billion is AIA collections

by the professional regulatory authorities under the State Department. A review of the proposed itemized budget indicates that the major recurrent allocations in 2025/26 are on the following.

Table 11: Major allocations to recurrent estimates of expenditure (in Kshs millions)

Head/Item	Net(GoK)	AIA	Gross	Major component Funded
KMTC	4,568	4,288	8,856	Current grants(Kshs4.5B)
Primary Health Care	3,530	-	3,530	CHPs PE(Kshs 3.2B)
Disease Surveillance Unit and Response Unit	309	-	309	Personal allowances(206M)
International Health Exchange Programme	27	-	27	Basic Wages for temporary employees(12M)
Kenya Medical Practitioners & Dentists Council	135	390	525	Current grants
Kenya Nuclear Regulatory Authority (KENRA) -HQ	89	110	199	Current grants
Nursing Council of Kenya	-	651	651	Current grants
Port Health Control	245	175	420	Basic salaries (Kshs 142M)
Headquarters Administrative Services	2,449	-	2,449	Salary arrears for healthcare workers (1.75B)
Professional Standards Management	4,251	-	4,251	Basic Wages-internship (4.0B)
Tobacco Control Fund	-	872	872	Current grants

Source: National Treasury

41. A review of the 2025/26 financial year proposed recurrent budget allocation to professional regulatory councils in the State Department indicates that Kshs 8 billion is AIA collected by the councils and Kshs 17.2 billion is from the exchequer. To curb overreliance on the exchequer funding, the councils need to increase AIA collection through diversification of services offered.

2.5.3.2 State Department for Public Health and Professional Standards 2025/26 financial year Proposed development estimates.

42. The State Department for Public Health and Professional Standards will be implementing 9 projects in the 2025/26 financial year. The proposed allocation to the development vote for State Department is Kshs 5.1 billion. The allocation comprises of Kshs 2.7 billion and Kshs 3.5 billion from donors and GoK respectively. Major allocations to capital projects are shown in the table below.

Table 12: Key allocations to capital projects in the state department for public health and professional standards

Project	Allocation Kshs (Millions)			Targets set
	GoK	Foreign	Total	
Special Global Fund Malaria Grant NFM4	349	866	1,215	100% proportion of Confirmed Malaria Cases treated
Special Global Fund TB Grant NFM4	-	607	607	90% TB cases treated
Procurement of Anti TB Drugs Not covered under Global fund TB Progr	300	-	300	95% of successfully treated TB cases

Project	Allocation Kshs (Millions)			Targets set
	GoK	Foreign	Total	
Department of Health Systems Strengthening NFM4.	-	889	889	100% of Health Facilities submitting reports in the KHIS
Construction of Health Centres.	30		30	Upgrading of Chemelil (potopoto) Health Centre
Building Resilience and Responsive Health System Project.	-	1,100	1,100	100% supply of essential health products and technologies (HPTs) to level 2 and 3 hospitals in all 47 counties.
Construction of Tuition Blocks and Laboratories at KMTC	160	-	160	Ziwa KMTC-100m,Ijara-40m,Sigowett-20m
Equipping of Laboratories and Classrooms at KMTC	590	-	590	Equipping 19 laboratories and classrooms(annex 2)
Snake Anti-Venom Processing Plant Facility	250	-	250	

Source: National Treasury

43. As shown in Table 12, there is an allocation of Kshs 3 billion to strategic intervention programmes, i.e., Malaria and TB-related interventions. However, delayed procurement processes and inadequate procurement plans at KEMSA may lead to sub-optimal budget absorption rates for the strategic programmes.
44. The allocation to KMTC is mainly towards the construction of Tuition blocks and the equipping of laboratories and classrooms.

2.5.3.3 Summary of Salient Issues: Budgetary and Policy

45. The summary of the salient issues for the State Department is as follows:
- i. The 2025/26 financial year proposes to allocate Kshs 63 million to Councils through exchequer funding. These Councils previously funded their activities through AIA only. These councils include the Public Health Officers and Technicians' Council (Kshs 9m), Counsellors and Psychologists Board (Kshs 18m), Occupational Therapy Council (Kshs 9m) and Physiotherapists' Council of Kenya (Kshs 27m). Notably, the Kenya Medical Laboratory Technicians & Technologists Board-KMLTTB projects to increase its AIA collection by Kshs 10 million.
 - ii. The State Department for Public Health and Professional Standards has allocated Kshs 1.75 billion for healthcare workers (under the county government) Return to Work Formula agreed in 2024. There is a need to ascertain the number of health care workers benefiting from this allocation. Further, the total resource requirement for this recurrent expenditure has not been provided.
 - iii. The Primary Healthcare unit funds are earmarked for the 107,861 Community Health Promoters (CHPS) stipend working under the counties. There is a need for the Committee to

ascertain the progress made by the counties in honouring the commitment to match these funds.

- iv. The proposed 2024/25 budget proposes to allocate Kshs 750 million to the construction and equipping of KMTC campuses. There is a need for the committee to ascertain the status of operationalisation of the 21 KMTC campuses and satellites.
- v. The International Health Exchange Programme has allocated Kshs 12 million as basic wages for temporary employees. Cuban Doctors personnel emoluments have previously been funded under this programme/budget line. It's critical for the committee to interrogate this allocation to ascertain, among other things, the healthcare workers working for the Ministry under this programme and other contractual obligations, since the Cuban doctors programme contract expired in 2023.

CHAPTER THREE
SUBMISSIONS BY THE MINISTRY OF HEALTH

46. The Ministry of Health appeared before the Committee on Wednesday, 14th and Thursday, 15th May 2025 to deliberate on the contents of the Annual Budget for FY 2025/2026. The detailed presentations made before the Committee are annexed to this report. The section below outlines a summary of the presentations made by each State Department within the Ministry of Health.

3.1 STATE DEPARTMENT FOR MEDICAL SERVICES

47. The Principal Secretary, State Department for Medical Services submitted as follows:

3.1.1 Programmes and Objectives

48. The State Department for medical services has four programmes within which budget implementation is undertaken. The tables below indicate the programmes for the State Department that are geared towards the achievement of its core mandate.

Table 13: Programmes and Objectives

Programme	Programme objectives	Outcomes
Program 1. Curative and RMNCAH	To increase access to quality Curative and family health care services.	Reduced morbidity and mortality due to preventable and curable causes
Program 2. National Referral and Specialized Health Service	To increase access and range of quality specialized healthcare services	Increased access, Quality and range of specialized health services
Program 3. Health Research and Innovation	To provide evidence for policy formulation and adoption of eHealth innovations and Research.	Increased knowledge and innovation through research, value chain investment
Program 4. General Administration Planning and Support Services.	To strengthen Governance and leadership, in the sector	Effective governance and leadership mechanisms strengthened.

Source: State Department for Medical Services

3.1.2 Financial Achievements in FY 2024/25 for the Period July 2024 – April, 2025

49. In the current financial year 2024/25 the State Department has an approved budget of Ksh.103.5 billion comprising of Kshs.76.5billion and Kshs.27 billion under recurrent and development budget respectively. The absorption rate for the actual expenditures as at the end of the 3rd quarter is at 72.5% for recurrent and 67.8% for Development. The State Department is fast tracking the implementation of the programmes to ensure 100% absorption rate by close of the financial year.

3.1.3 Financial Year 2025/26 Priorities and Budget Estimates

50. The State Department will focus on the priorities drawn from the Medium-Term Plans IV and includes the following priorities;

- i. Health Financing
- ii. Health Commodity Security, and
- iii. Integrated Health Management Information System

3.1.4 Overview of Financial Year 2025/2026 Budget Proposals

51. The State Department prepared the budget for FY 2025/26 as per the guidelines for the finalisation of FY 2025/26 Medium-Term Budget issued by the National Treasury. The State

Department's total budgetary resource requirement for the FY2025/26 was **Kshs. 426.8 billion** comprising **Kshs. 350.6 billion** in recurrent and **Kshs. 76.2 billion** in development. The 2025 BPS Ceiling sets resource allocation to the State Department at **Kshs. 172.6 billion** of which **Kshs. 145.1 billion** was for the recurrent budget and **Kshs. 27.5 billion** for development. The Annual Estimates 2025/26 has, however, proposed a resource allocation of **Kshs.105.4 billion** out of which **Kshs. 84.5 billion** in recurrent and **Kshs. 20.9 billion** in development reflecting a shortfall of Kshs.67.2 billion.

52. The resource allocation in the proposed Annual Estimates shows a significant deviation of the Annual budget estimates allocation from the 2025 Budget Policy Statement ceiling. The details of the overall Vote 1082 deviation are shown in the table below.

Table 14: Deviation of the Annual budget estimates allocation from the 2025 Budget Policy Statement ceiling

Vote 1082	Baseline FY 2024/25	2025	FY 2025/26	Deviation from BPS
		BPS Ceiling	Allocation	
Current Expenditure	76,518.92	145,127.40	84,507.30	(60,620.1)
Capital Expenditure	27,047.89	27,495.00	20,936.07	(6,558.93)
Total	103,566.81	172,622.40	105,443.37	(67,179.03)

Source: The National Treasury

3.1.5 Key Unfunded/Underfunded Areas

53. The Budget Estimates has provided funding towards key strategic interventions in the health sector for service delivery. However, there are key areas that are unfunded/underfunded, and this is expected to affect service delivery. The key areas not fully funded include the historical underfunding of salaries in SAGAs, the Presidential directive projects, Managed Equipment Services, Human Vaccines Production and provision of medical commodities for strategic health programmes e.g., procurement of HIV/AIDS, family planning and vaccines. The details are shown below;

Recurrent

- i. Operations and Maintenance - Kshs. 500 million
- ii. Current Grant Transfers to SAGAs - Kshs. 6.1 billion
- iii. Implementation of the Social Health Insurance Fund – Kshs 145 billion

Development

- i. National Equipment Services Programme – Kshs 16.1 billion
- ii. Procurement of HIV, Family Planning and Vaccines Commodities- Kshs. 4.27 billion
- iii. Request for additional funding for CHP Kits – Kshs. 3 billion
- iv. Comprehensive Health Systems and Process Re-engineering – Kshs. 2.5 billion

3.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

3.2.1 Programmes and Objectives

54. The State Department for Public Health and Professional Standards intends to implement four (4) Programmes and twelve (12) Sub-Programmes in the FY2025/2026 and the medium term as follows:

Table 15: Programmes and Objectives

Programmes and Sub-programmes Programme	Programme objectives
Programme 1: Preventive & promotive health services	Reduced disease burden due to preventable causes
Programme 2: Health resource development & innovation	Enhanced health human resources for quality health care
Programme 3: Health policy standards & regulations	Strengthened quality health standards & regulations

Source: State Department for Public Health and Professional Standards

3.2.2 Overview of Financial Year 2025/2026 Budget Proposals

55. The total Gross Budget for the State Department for 2025/26 Financial Year (Draft estimates) is Kshs. 31,342 million made up of Kshs. 26,201 million in recurrent vote and Kshs. 5,141 million in development vote respectively.
56. As per the 2025 Budget Policy Statement, the total Gross Budget for the State Department for 2025/26 Financial Year was Kshs. 31,373 million made up of Kshs. 26,321 million in recurrent vote and Kshs. 5,052 million in development votes respectively.

3.2.3 Allocation to Semi-Autonomous Government Agencies (SAGAs)

57. There is a huge reduction, totalling Kshs. 1,095,228, 501, in the budgetary allocation to the Semi-Autonomous Government Agencies (SAGAs), deviating from the initial allocation which was presented before this Committee in the 2025 Budget Policy Statement on the Government of Kenya's funding to the Agencies.

CHAPTER FOUR
COMMITTEE OBSERVATIONS

58. Upon consideration of the Budget Estimates for FY 2025/26, the Committee observed that:

4.1 STATE DEPARTMENT FOR MEDICAL SERVICES

- a) The Universal Health Coverage Workers (UHC healthcare workers) contracts expire in May 2026 (Kshs 4 billion has been allocated in the FY2025/26 for stipends). Following deliberations between the Ministry of Health and Council of Governors, the MoH has resolved to transfer the UHC workers' payroll and budget to county governments effective 1st July, 2025. The UHC workers require Kshs 5 billion for gratuity upon contract expiry. Further, additional Kshs 3.8 billion will be required to confirm the UHC staff on permanent and pensionable terms. The national government (through the Ministry of Health) has committed to providing additional resources in the financial year 2026/27.
- b) Following the deliberations between the National Government and the Council of Governors (CoG) in relation to the Managed Equipment Services (MES) Project, it was agreed that the County Governments shall be required to initiate a transparent process for the installation of their equipment under the National Equipment Service Programme (NESP). The MES programme has pending bills amounting to Kshs 6.5 billion for the period May 2022 to July 2023. The bills are hindering the onboarding of the National Equipment Services Programme (NESP), as installed MES equipment cannot be decommissioned.
- c) As at 30th April 2025, Kenya Medical Supplies Agency (KEMSA) had the percentage of order fill rate at 55.55% and turnaround time days at 16.5%. To improve the order fill rate to 100%, the Ministry of Health and KEMSA are in the process of seeking a Letter of Credit (LC) worth Kshs 10 billion from Kenya Commercial Bank (KCB). The Letter of Credit issued by KCB bank will seek to guarantee that KEMSA will pay the suppliers upon delivery of Health Products and Technologies (HPTS). This will ensure that drugs are available in public healthcare facilities. However, KEMSA and MoH were unable to provide information regarding the fees that the Letter of Credit issuing bank (KCB) will earn from this agreement.
- d) The Spinal Injury Hospital is a level 6 hospital and has been classified as a Semi-Autonomous Government Agency (SAGA) by the State Corporation Advisory Committee (SCAC). However, the Ministry of Health has not gazetted the hospital. Therefore, the hospital is unable to independently procure as well as recruit healthcare workers and other administrative staff.
- e) The procurement of strategic commodities under HIV, Family Planning and Vaccines Programmes has undergone perpetual budget rationalization over the years, especially during

supplementary budgets, affecting the achievement of the set targets. This calls for the ring-fencing of the strategic programme funds during budget rationalization in the supplementary budget. Notably, there has been a steady decrease in donor funding of these programmes, necessitating an increase in GoK counterpart funding. In the financial year 2025/26, additional Kshs. 4.27 billion as counterpart funds is required for vaccines and family planning commodities procurement under the GAVI and UNICEF programme.

- f) The State Department for Medical Services has pending bills amounting to Kshs. 3.817 billion. However, the pending bills report does not provide details like when each pending bill was incurred. This information is key in ensuring old pending bills are prioritized during payment. Further, the committee noted that new projects under the state department's purview are tendered towards the end of the financial year, and this increases the pending bills after the closure of the financial year.
- g) The Social Health Authority inherited Kshs. 33 billion accumulated by the defunct NHIF. SHA is currently settling bills below Kshs 10 million while bills over Kshs. 10 million is subject to the NHIF Pending Bills Verification Committee.
- h) All Social Health Authority (SHA) reimbursements are being channelled directly to public health facilities via the Facility Improvement Fund (FIF). This is a departure from the past, when the reimbursement from the defunct NHIF was paid to the County Revenue Fund (CRF). Notably, this arrangement enables the prompt payment of pending bills owed to KEMSA by the county government health facilities.
- i) The postgraduate training program for Registrars has been allocated Kshs. 200 million in the 2025/26 financial year. Notably, there is no clear framework between the national government and county government regarding the posting and financing of government-sponsored and privately sponsored Registrars.
- j) The Committee observed that the Ministry of Health is in the final stages of transitioning Jaramogi Oginga Odinga Hospital and Mwai Kibaki Teaching and Referral Hospital to national referral hospitals. To ensure seamless transition, in the financial year 2025/26, Kshs 2.831 billion and Kshs 1.352 billion have been allocated to Jaramogi Oginga Odinga Referral Hospital and Mwai Kibaki Teaching and Referral Hospital, respectively.

- k) The Kenya healthcare system requires strategic reengineering to enhance efficiency, improve patient experience and optimize service delivery. The nationwide hospital transformation initiative will require approximately Kshs 2.5 billion to modernize hospital operations, improve healthcare worker training and patient care.

4.2 STATE DEPARTMENT FOR PUBLIC HEALTH AND PROFESSIONAL STANDARDS

- a) The State Department is in the process of posting interns. A total of 5,499 interns have undergone the balloting exercise and will be posted as per the CBA Agreement. Notably, the total resource requirement for the internship programme is Kshs 7.68 billion against the Kshs 4 billion allocated in the 2025/26 financial year proposed Budget Estimates. The Ministry of Health has proposed the allocation of the Kshs 3.65 billion shortfall in the FY 2025/26 supplementary budget
- b) The Kenya Medical Practitioners and Dentists Council (KMPDC) is currently undertaking fresh classification and accreditation of health facilities. This will ensure that facilities meet KMPDC quality standards and are contracted by the Social Health Authority at the correct level of care.
- c) The payment of Community Health Promoters' Stipend is a shared responsibility between the national government and county governments. The two levels of government agreed to pay the stipends on a matching basis. The committee noted that the Ministry of Health has also been procuring CHP kits since the inception of the programme. CHPs kits and consumables require Kshs 4.39 billion for replenishments. However, there is no budgetary allocation for the procurement of CHP kits in the financial year 2025/26 and the clearing of pending bills worth Kshs 3 billion.
- d) The Kenya Health Human Resource Advisory Council (KHHRAC) is established under the Health Act 2017, Part V Sections 30-44, and is mandated to review policy and establish uniform norms and standards on the management of interns and medical specialists, intergovernmental transfers (county to county and between the two levels of government), welfare and the scheme of service for health professionals and maintenance of a master register for all health practitioners in the country. The Council has been allocated Kshs 31 million against a requirement of Kshs 500 million in the 2025/26 financial year
- e) The Kenya Medical Training College (KMTC) has been in collaboration with the Higher Education Loans Board to finance the needy students undertaking training in KMTC campuses across the country. Since the inception in the Financial Year 2022/2023, the Programme has

benefited 22,342 students up to 2023/2024. In the current FY2024/25 Supplementary Estimates, the National Treasury provided Kshs. 500 million to support the Students Loans Programme under the HELB Sponsorship Program at KMTC. In the proposed FY2025/26 Draft Estimates, this allocation has been removed.

CHAPTER FIVE COMMITTEE RECOMMENDATIONS

5.1 NON-FINANCIAL RECOMMENDATIONS

59. Upon consideration of the Budget Estimates for FY 2025/26, the Committee makes the following non-financial and financial recommendations:

5.1.1 General Recommendations

In preparation for final budget estimates for the financial year 2025/26, the Cabinet Secretary for the Ministry of Health is to gazette the Spinal Injury Hospital. Further, the National Treasury is to create a separate budget line for the Hospital.

5.1.2 State Department for Medical Services

- a) Within ninety (90) days, after the adoption of this report, the State Department for Medical Services submit a contract copies of the new National Equipment Services Programme (NESP), Managed Equipment Services (MES) project and the Attorney-General's advisory on the Programme. To allow seamless onboarding of the NESP programme, the Ministry of Health and the National Treasury are to expedite payment of the Kshs 6.5 billion pending bills accrued under the MES programme and decommission MES equipment.
- b) In the next thirty (30) days, after the adoption of this report, the Ministry of Health, the Council of Governors, and UHC healthcare workers' unions are to provide a clear roadmap regarding the conversion of UHC healthcare workers into permanent and pensionable terms and payment of gratuity upon expiry of their contract in May 2026. Further, the National Treasury is to provide county governments with the additional Kshs 3.8 billion required for the conversion of UHC staff terms to permanent and pensionable terms and Kshs 5 billion for their gratuity. Further, the Ministry of Health is to provide the Committee of Health with the actual number of UHC staff qualified to be transitioned to counties and those already employed on permanent and pensionable terms by counties.
- c) In the next sixty (60) days after the adoption of this report, the Ministry of Health, the Ministry of Education and the Council of Governors to develop a training framework for the postgraduate trainees (Registrars). The framework should, among others, provide the role of each level of government in training the Registrars and establish the capacities of universities and referral hospitals in training the registrars. Further, the Cabinet Secretary for Health, to operationalize the Kenya Hospital Authority Trust Fund in the FY 2025/ 2026.
- d) Within the next ninety (90) days, after the adoption of this report, the Ministry of Health and the Council of Governors develop a regulatory framework on the elevation of county hospitals to national referral hospitals (level 6).

- e) In the next sixty (60) days after the adoption of this report, the Social Health Authority (SHA) to table a report in the National Assembly on the status of payment of the pending bills owed to healthcare providers under the defunct National Health Insurance Fund (NHIF) and the Social Health Authority (SHA). Further, to develop a framework for the utilisation of the Primary Health Care (PHC) funds and payment by the PHC facilities to KEMSA.
- f) In the next sixty (60) days after the adoption of this report, the Social Health Authority (SHA) to table a report in the National Assembly on utilization of funds under the Primary Health Care Fund and Emergency Critical and Chronic Illnesses Fund.

5.1.3 State Department for Public Health and Professional Standards

- a) Within the next sixty (60) days after the adoption of this report, the Ministry of Health, the Kenya Medical Practitioners and Dentists Council and the Social Health Authority (SHA) undertake accreditation of all health facilities in the country and table a report of the findings.
- b) Within the next sixty (60) days after the adoption of this report, the Ministry of Health and the Council of Governors provide a status report on payment of Community Health Promoters' stipends in the financial year 2024/25. The report should also contain the actual number and distribution of community health promoters in the country. Further, the Community Health Promoters' total resource requirements be funded under the county government's budget.
- c) All Community Health Promoters Kits be procured through the Kenya Medical Supplies Agency(KEMSA)

5.2 FINANCIAL RECOMMENDATIONS

1. The Committee, having reviewed the proposed financial year 2025/26 budget estimates for the two State Departments and having engaged with the sector stakeholders, recommends the following reallocations within the sector:

5.2.1 Proposed reductions (Kshs Millions)

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	1082107400 Construction and Equipping of Health Centres.		100		100			Alignment of Kaptumo, Kaptumek and Kapsengere proposed budget
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082102400 Refurbishment/ Renovation and Replacement of Obsolete Equipment - KNH		200		100	100		Rationalization of development budget in the state department for medical services
0412000 General Administration	0412010 General Administration & Human Resource Management & Development	1082000100 Headquarters Administrative and Technical Services.	957		50		907		Reduction is on non-core areas of expenditures, i.e. operating expenses

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402010 National Referral Services	1082000501 Spinal Injury Hospital	655		50		605		The reduction is from non-core areas of expenditure ie; Purchase of Specialised Plant, Equipment and Machinery
0402010 National Referral Services	0402010 National Referral Services	1082000901 Kenyatta National Hospital	18,86 7		150		18,71 7		KNH is projecting to raise Kshs 10B as AIA and the shortfall will be covered by this revenue.
0412000 General Administrati on	0412030 Social Protection in Health	Health Insurance Subsidy Program for Orphans Vulnerable Children	760		100		660		The State Department for Social Protection is still in the process of identifying the beneficiaries and therefore the entire allocation will not be absorbed in FY2025/26
0406000 Preventive and Promotive Health Services	0406050 Primary Health Care	1083002000 Primary Health Care	3,530		100		3,430		Reduction affects non-core areas of expenditure i.e. :operational expenses

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0406000 Preventive and Promotive Health Services	0406020 Disease Surveillance and Response	1083002100 Disease Surveillance and Response Unit	309		20		289		Budget Rationalization on Emergency Relief and Refugee Assistance fund
0407000 Health Resources Development and Innovation	0407010 Capacity and Building Training	1083100700 Construction of Tuition Blocks and Laboratories at KMTC.		160		70		90	Realignment of funds to cater for ongoing KMTC projects. Reduce the KMTC; Ziwa KMTC(50m) and Ijara KMTC(20m)
0407000 Health Resources Development and Innovation	0407010 Capacity and Building Training	1083100800 Equipping of Laboratories and Classrooms at KMTC.		590		100		490	Realignment of funds to cater for ongoing KMTC projects. Reduce the KMTC;Sindo(20m), Rarieda (20M),Tongaren(20m),Mut omo(20m), Mukurue-ini KMTC - Nyeri(10m)and Awendo(10m)

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0407000 Health Resources Development and Innovation	0407030 Health Profession Services	1083003503 Training for Human Resources for Health	203		100		103		Training of Human Resources for Health is a shared function between the two State Departments(Kshs 200m has been allocated department for medical services)
0412000 General Administrati on	0412030 Social Protection in Health	1082003300 Digital Health Authority			20				Alignment to actual resource requirement for DHA
0406000 Preventive and Promotive Health Services	0406030 Public Health Services	1083001300 Port Health Control	420		20			400	Reduction affects non-core areas of expenditure ie: purchase of furniture and general equipment
Total					610	370			

Programme	Sub-programme	Head/Title	Proposed 2025/26 Estimates		Increased amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083004300 Public Health Officers and Technician's Council	39		30		69		Additional funds to cater for PE shortfalls
0406000 Preventive and Promotive Health Services	0406030 Public Health Services	1083003400 Kenya National Public Health Institute			20		20		Fund for operationalization of the Fund
0407000 Health Resources Development and Innovation	0407030 Health Profession Services	1083002600 Kenya Health Human Resource Advisory Council -HQ			50		50		Fund for operationalization of the Fund
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	0410010 Communicable Disease Control	1082002800 National Syndemic Diseases Control Council	1,107		50		1,157		Additional funds for HIV related operations following USG funding freeze.
Total					440	540			

Programme	Sub-programme	Head/Title	Proposed 2025/26 Estimates		Increased amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0407000 Health Resources Development and Innovation	0407020 Research and Innovation on Health	1083003300 Kenya Institute of Primate Research	430		50		480		Funds to cater for PE shortfalls
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083000500 National Quality Control Laboratories	65		20		85		Funds to operationalize NQCL in line with Maturity Level 3 standards
0410000 Curative & Reproductive Maternal New Born Child Adolescent Health RMNCAH	0410020 Non-Communicable Diseases Prevention and Control	1082001300 National Cancer Institute	243		50		293		Funds to cater for PE shortfalls
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	Kenya Hospital Authority Trust Fund			20		20		Fund for operationalization of the Fund

Programme	Sub-programme	Head/Title	Proposed 2025/26 Estimates		Increased amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0402000 National Referral & Specialized Services	0402060 Health Infrastructure and Equipment	Infrastructure upgrade at Jaramogi Oginga Odinga Teaching and Referral Hospital			30	30	30	30	Infrastructural development at JOOTRH to National Referral Standards
0411000 Health Research and Innovations	0411020 Medical Research	1082101500 Construction and upgrading of KEMRI Laboratories.		40	80			120	Funds for construction of KEMRI Kirinyaga-Kshs 30m and KEMRI Kombewa-Kshs 50m
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083002500 Kenya Health Professions Oversight Authority (KHPOA)	108		100		208		Funds to address regulatory gaps and challenges in the health sector, including quality of care.
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	1083100700 Construction of Tuition Blocks and Laboratories at KMTC.		90	80			170	Ndhiwa KMTC-Kshs 30m, KMTC Nyeri campus(10m), Kisumu Victoria KMTC (10M), Kisii KMTC(10M) and Moyale KMTC-Kshs 20m
0408000 Health Policy, Standards and Regulations	0408010 Health Standards and Quality Assurance	1083002900 Kenya Medical Practitioners & Dentists Council	525		50		575		Funds to cater for PE shortfalls

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0407000 Health Resources Development and Innovation	0407030 Health Profession Services	1083003503 Training for Human Resources for Health	203		100		103		Training of Human Resources for Health is a shared function between the two State Departments(Kshs 200m has been allocated department for medical services)
0412000 General Administration	0412030 Social Protection in Health	1082003300 Digital Health Authority	X 90		20		X 70		Alignment to actual resource requirement for DHA
0406000 Preventive and Promotive Health Services	0406030 Public Health Services	1083001300 Port Health Control	420		20		400		Reduction affects non-core areas of expenditure ie: purchase of furniture and general equipment
Total					610	370			

Programme	Sub-programme	Head/Title	Proposed FY2025/26 Estimates		Reduced amount by the committee		Committee Revised Estimates 2025/26		Justification
			Rec	Dev	Rec	Dev	Rec	Dev	
0406000 Preventive and Promotive Health Services	0406020 Disease Surveillance and Response	1083002100 Disease Surveillance and Response Unit	309		20		289		Budget Rationalization on Emergency Relief and Refugee Assistance fund
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	1083100700 Construction of Tuition Blocks and Laboratories at KMTC.		160		70		90	Realignment of funds to cater for ongoing KMTC projects. Reduce the KMTC; Ziwa KMTC(50m) and Ijara KMTC(20m)
0407000 Health Resources Development and Innovation	0407010 Capacity Building and Training	1083100800 Equipping of Laboratories and Classrooms at KMTC.		590		100		490	Realignment of funds to cater for ongoing KMTC projects. Reduce the KMTC;Sindo(20m), Rarieda (20M),Tongaren(20m),Mut omo(20m), Mukurue-ini KMTC - Nyeri(10m)and Awendo(10m)

5.3.1 Requests for additional funding

1. The Committee recommends that the Budget and Appropriations Committee consider allocating resources towards the following areas:

- i. **State Department for Medical Services**

Programme	SAGA/HEAD	Additional request (Rec) (Millions)	Justification
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	Procurement of HIV, Family Planning and Vaccines Commodities	4,270	Additional funds for GoK counterpart funds under the GAVI and UNICEF programme.
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	United States Government (USG) funding freeze on strategic programs	33,900	Funds to cater for HIV, TB and human resources for health requirements following the United States Government (USG) funding freeze
0410000 Curative & Reproductive Maternal Newborn Child Adolescent Health RMNCAH	CHP Kits pending bills	3,000	Funds for the settlement of pending bills under the CHP kits procurement programme
National Referral Services & Specialized Services	Comprehensive Health Systems and Process Re-engineering	2,500	Funds for modernization of hospitals and improve patient experience
National Referral Services & Specialized Services	Moi Teaching & Referral Hospital	944	To cater for unpaid salary obligation and MRTTH Staff Pensions Scheme.
National Referral Services & Specialized Services	Kenyatta University Teaching, Research and Referral Hospital (KUTRRH)	1,880	To cater for salary shortfalls
National Referral Services & Specialized Services	Kenya Medical Research Institute	1,098	To cater for overall payroll and insurance and rent shortfalls
National Referral Services & Specialized Services	Mwai Kibaki Teaching and Referral Hospital	1,400	To cater for PE affordable housing levy and mortgage scheme.
National Referral Services & Specialized Services	Managed Equipment Service (National Equipment Services Programme)	6,500	To cater for MES pending bills. This will enable seamless onboarding of NESP programme equipment.

Source: State Department for Medical Services

ii. **State Department for Public Health and Professional Standards**


Programme	Description	Additional request	Justification
Preventive and Promotive Health Services	Port Health Services	442 (Rec)	Enhance capacity for cross-border disease detection at the points of entry and establish temporary holding areas.
	Kenya Medical Laboratory Technicians and Technologists Board	20 (Rec)	Funds to cater for personnel emoluments shortfalls
	National Public Health Laboratories	200 (Rec)	Ensure the Labs are better equipped to improve turn-around time.
	Primary Health Care	500 (Rec)	Primary Health Care (PHC) is a fundamental approach used towards achieving UHC. The SDPH&PS is using the Primary Health Care Networks as the model to implement Primary Healthcare. Additional funds are required to fully operationalize the 315 primary health care networks
	Clinical Officers Council of Kenya	100M (Rec)	Funds to cater for personnel emoluments shortfalls
General Administration	Administrative cost on the Implementation of the Community Health Promoters (CHPs) Programme	150 (Rec)	Administrative cost shortfalls. This is to support the SDPH&PS on overseeing, monitoring and evaluation of the engagements and service delivery being offered by the CHPs in the entire Republic of Kenya;
	Provision of CHP kits and Consumables	4,519 (Dev)	Funds for procurement of CHP kits and consumables

Programme	Description	Additional request	Justification
Health Resources Development and Innovation	Operationalization of KMTC campuses	500 (Rec)	Additional funds to fully operationalize the KMTC campuses through recruitment of additional teaching staff.
	KMTC Students loans under HELB sponsorship programme	680 (Rec)	The funds will sponsor over 30,000 KMTC students. FY 2025/26 has zero budget for the HELB sponsorship program
	Internship programme	3,650 (Rec)	Funds to cater for medical interns stipends shortfall.
	Kenya Health Human Resource Advisory Council (KHHRAC)	500 (Rec)	To fully operationalize and carry out its mandate, the Board requires an additional Kshs. 500,000,000.
Health Policy, Standards and Regulations	Kenya Health Professions Oversight Authority	50 (Rec)	To address regulatory gaps and challenges in the health sector, including quality of care.
	Pharmacy and Poisons Board	206 (Rec)	Funds to operationalize Pharmacy and Poisons Board to achieve Maturity Level 3(ML3)
	Kenya Institute of Primate Research(KIPRE)	219 (Rec)	Fund to cater for PE shortfalls.
	Snake Anti-Venom Processing Plant at KIPRE	358 (Dev)	Funds for manufacturing snake-antivenom at KIPRE
	Counselor and Psychologists Board	70m (Rec)	Funds for operationalization of the Board in line with the approved staff establishment

Programme	Description	Additional request	Justification
	Kenya Hospital Authority Trust Fund	100 (Rec)	Funds to issue scholarships to university students
	National Public Health Laboratories	791(Rec)	Fund to support infrastructure improvement, surge capacity and workforce development, reagents and equipment for testing
	Kenya Medical Practitioners and Dentist Council	215	Fund to support salary payments to the staff and other statutory obligations. The shortfall will affect discharge of KMPDC mandate(surveillance)
	Health Records and Information Managers Board	100	Funds required for the Board to commence registration and licensing of all eligible health records and information personnel.
	National Quality Control Laboratories	170 (Rec)	Resources to help NQCL address the facility infrastructure inadequacies identified from World Health Organization (WHO) Global Benchmarking Tool Assessment carried out in 2022, in pursuit of Maturity Level 3(ML3) status. Additionally, NQCL plans to recruit and train key technical staff to address the staff attrition, which will address the ML3 Human resources gaps.
Health Policy, Standards and Regulations	Construction of laboratory at National Quality Control Laboratory(NQCL)	675 (Dev)	The facility will address testing of Health Products and Technologies (HPTS) challenges.

Programme	Description	Additional request	Justification
0406000 Preventive and Promotive Health Services	Kenya National Public Health Institute (NPHI)	760	Fund for operationalization of Kenya National Public Health Institute.
	Kenya Nuclear Regulatory Authority (KENRA)	300	Fund for operationalization of phase 1 of central radioactive waste processing facility.

Source: State Department for Public Health and Professional Standards

SIGNED:  DATE: 21/5/2025

HON. (DR.) JAMES WAMBURA NYIKAL, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HEALTH

Annexures

Annex 1: Adoption List

Annex 2: Submissions from Agencies

Annex 3: Minutes

DEPARTMENTAL
COMMITTEE ON
HOUSING, URBAN
PLANNING AND
PUBLIC WORKS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING AND PUBLIC
WORKS

REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR FY
2025/26 FOR;

- 1) VOTE 1094: STATE DEPARTMENT FOR HOUSING AND URBAN
DEVELOPMENT; AND,
- 2) VOTE 1095: THE STATE DEPARTMENT FOR PUBLIC WORK

DIRECTORATE OF DEPARTMENTAL COMMITTEES

CLERK'S CHAMBERS

PARLIAMENT BUILDINGS

NAIROBI

MAY, 2025

CHAIRPERSON'S FOREWORD

This report details the consideration by the Departmental Committee on Housing, Urban Planning & Public Works of Budget Estimates for the FY 2025/2026 which were submitted to the National Assembly on the 30th April, 2025. The preparation and processing of Expenditure Estimates is anchored in Article 221 of the Constitution, Section 39(2) of the Public Finance Management (PFM) Act 2012 (CAP. 412A), Regulations 32(12) of the PFM (National Government) Regulations 2015, and Standing Orders No. 235(4) of the National Assembly.

The Budget Estimates are informed by various policy documents, such as the Budget Policy Statement FY 2025/26 which are derived from the Strategic Plans of the respective Sub sectors and are aligned with Kenya Vision 2030 Medium Term Plan (MTP IV) and Bottom-Up Transformation Agenda (BETA) Manifesto

The Committee held a total of four (4) sittings scrutinizing the Supplementary Estimates and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Thursday 15th May, 2025 and made their submissions concerning the proposed Budget Estimates for FY 25/26

Acknowledgement

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed Budget Estimates for 2025/2026 successfully. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Housing, Urban Planning and Public Works, it is my privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the Budget Estimates for the FY 2025/2026

Hon. Johana Ng'eno Kipyegon, EGH, MP

Chairperson, Departmental Committee on Housing, Urban Planning and Public Works

CHAPTER ONE

Mandate and establishment of the Committee

- 1) The Departmental Committee on Housing, Urban Planning and Public Works is one of the twenty (20) Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows:
 - i) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
 - ii) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
 - iii) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
 - iv) study and review all legislation referred to it;
 - v) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
 - vi) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment)
 - vii) examine treaties, agreements and conventions;
 - viii) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - ix) Examine any questions raised by Members on a matter within its mandate.

Subjects under the Committee Mandate

- 2) The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows;
 - i) Housing
 - ii) Public works
 - iii) Urban planning
 - iv) Metropolitan affairs
 - v) Housing development
 - vi) Built environment
- 3) The Committee, in executing its mandate, oversees the State Department for Housing & Urban Development and State Department for Public Works

Committee Membership

4) The Departmental Committee on Housing, Urban Planning and Public Works was constituted by the House on 27th October 2022 and comprises of the following Members:

Chairperson

Hon. Johana Ng'eno Kipyegon, CBS, MP
Emurua Dikirr Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon. Mugambi Murwithania Rindikiri, MP
Buuri Constituency
United Democratic Alliance (UDA)

Members

Hon. John Waluke Koyi, MP
Sirisia Constituency
Jubilee Party

Hon. Esther Muthoni Passaris, OGW, MP
Nairobi county
Orange Democratic Movement (ODM)

Hon. Innocent Obiri Momanyi, MP.
Bobasi Constituency
Wiper Democratic Movement–Kenya

Hon. Joshua Kivinda Kimilu, MP
Kaiti Constituency
Wiper Democratic Movement–Kenya

Hon. John Njuguna Wanjiku, MP
Kiambaa Constituency
United Democratic Alliance (UDA)

Hon. Abraham Kipsang Kirwa, MP
Mosop Constituency
United Democratic Alliance (UDA)

Hon. Caleb Mutiso Mule, MP
Machakos Town Constituency
Maendeleo Chap Chap Party

Hon. (Dr.) Daniel Ogwoka Manduku, MP
Nyaribari Masaba Constituency
Orange Democratic Movement (ODM)

Hon. Hiribae Said Buya, MP
Galole Constituency
Orange Democratic Movement (ODM)

Hon. Jane Wangechi Kagiri, MP
Laikipia County
United Democratic Alliance (UDA)

Hon. Joseph Kimutai Cherorot, MP
Kipkelion East Constituency
United Democratic Alliance (UDA)

Hon. Maurice Kakai Bisau, MP
Kiminini Constituency
DAP-Kenya

Hon. Ronald Kamwiko Karauri, MP
Kasarani Constituency
Independent

Committee Secretariat

5) The Committee is facilitated by the following staff:

Ms. Halima Hussein
Clerk Assistant I/Head of Secretariat

Mr. Dickson Mogeni Gekara
Clerk Assistant III

Ms. Natecho R. Kisiang'ani
Clerk Assistant III

Ms. Elzy Cherop
Legal Counsel II

Mr. Nelson Odida
Research Officer III

Mr. Collins Lokitella Namulen
Fiscal Analyst III

Ms. Mercy Mayende
Media Relation Officer III

Ms. Ashley Cheronu
Public Relations Officer III

Mr. Mohamed Said
Sergeant-at-Arms

CHAPTER TWO
INTRODUCTION AND HIGHLIGHTS OF THE 2025/26 BUDGET ESTIMATES

- 6) The Budget Estimates for FY 2025/2026 was tabled in the National Assembly on the 30th April 2025. The preparation and processing of Expenditure Estimates is anchored in Article 221 of the Constitution, Section 39(2) of the Public Finance Management (PFM) Act 2012, Regulations 32(12) of the PFM (National Government) Regulations 2015, and Standing Orders No. S.O 235(4) of the National Assembly.
- 7) The Budget Estimates are informed by various policy documents, such as the Budget Policy Statement FY 2025/26 which are derived from the Strategic Plans of the respective Sub sectors and are aligned with Kenya Vision 2030 Medium Term Plan (MTP IV) and Bottom-Up Transformation Agenda (BETA) Manifesto.
- 8) The 2025/26 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2025/26 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs). The overall proposed budget estimates for the financial year 2025/26 for the government to attain its objectives as shown in Table 1

Table 1: Overall Outlook of Budget Estimates for FY 2025/26 (Kshs. billions)

S/No.	Details	Approved Est FY 24/25	Supp. No. 2	2025 BPS	Est FY 2025/26	% Share
1	National Government	2,232,756.40	2,346,553.70	2,523,474.10	2,497,546.00	58.9%
	Executive	2,169,385.80	2,280,548.50	2,447,236.10	2,428,395.00	57.3%
	Parliament	40,865.50	42,580.40	49,488.20	42,488.20	1.0%
	Judiciary	22,505.10	23,424.80	26,849.80	26,662.80	0.6%
2	Consolidated Fund Services (CFS)	1,237,233.80	1,242,735.50	1,368,994.90	1,337,324.80	31.5%
3	County Government Equitable Share	391,117.10	418,259.00	405,069.40	405,069.40	9.6%
	Total	3,861,107.30	4,007,548.20	4,297,538.40	4,239,940.20	100.0 %

Source: National Treasury

- 9) The total budget for the FY 2025/26 is Kshs. 4,239.9 billion comprises of Kshs. 2,428.39 billion for the Executive, Kshs. 42.49 billion for Parliament, and Kshs. 26.66 billion for the Judiciary. The allocation to County Governments of Kshs. 405 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.

Review of recent Budget Allocation and Performance

State Department for Housing and Urban Development

- 10) During the financial years 2021/22, 2022/23, and 2023/24, the State Department's allocation amounted to **Ksh. 15.5 billion**, **Ksh. 11.8 billion**, and **Ksh. 78.2 billion**, respectively. The actual expenditure for the same period was **Ksh. 11.4 billion**, **Ksh. 10.3 billion**, and **Ksh. 25.5 billion**, respectively, resulting in absorption rates of **73.5%**, **87.3%**, and **32.6%**. The sharp increase in FY 2023/24 allocation was due to the increased allocation in the State Department's development budget following the introduction of the Housing levy.
- 11) In the FY 2024/25, the State Department's Revised Estimates amounted to **Ksh. 74.6 billion**, comprising of **Ksh. 3.3 billion** for recurrent expenditure and **Ksh. 71.2 billion** for development expenditure. As at the end of the first half of FY 2024/25 (December 2024), total expenditure by the State Department amounted to **Ksh. 21.7 billion**, comprising of **Ksh. 0.6 billion** in recurrent expenditure and **Ksh. 21.1 billion** in development expenditure.
- 12) The low absorption of development funds was attributed to the following;
- a) Delays in fund disbursement by the Affordable Housing Board, stemming from prolonged consultations between the Central Bank of Kenya and the National Treasury regarding the onboarding of the Internet Banking System used for payments.
 - b) Delays in the enactment of the County Government Additional Allocations (CGAA) Bill hindered the disbursement of conditional grants to counties under the Second Kenya Informal Settlement Improvement Project (KISIP II) and the Second Kenya Urban Support Programme (KUSP II).
 - c) Protracted procurement processes, including extended tendering, evaluation, and contract award stages, have significantly constrained the timely initiation and execution of projects, creating operational bottlenecks and contributing to low development budget absorption.
- 13) The State Department's Development revised allocation for the 2024/25 FY was funded through Appropriation in Aid (AiA) collected through the Housing Levy, proceeds from government pool housing and Civil servants Housing Scheme amounting to **Ksh. 65,528 million**, **Ksh. 820 million** and **Ksh. 18.5 million** respectively; Donor funds from the World Bank for the KUSP and KISIP programmes amounting to **Ksh. 5,667 million**; and GoK exchequer amounting to **Ksh. 436 million**. The summary of expenditure by as shown in Table 2 below:

Table 2: Summary of expenditure as at 31st December 2024

		Revised Estimates II 2024/25 (Ksh. millions)	Expenditure as at 31st Dec 2024 (Ksh. millions)	Absorption(%)
Recurrent Expenditure	GoK Exchequer	1,284	605	47%
	AiA	2,012.6	-	-
	Sub – total	3,296.6	605	18%
Development Expenditure	GoK Exchequer	436	126	28%
	AiA	65,527.3	18,695	28%
	Grants	-	-	-
	Donor Funds	5,663.5	1,875	33%
	Sub – Total	71,626.8	21,117	29%
Total		74,923.4	21,715	28%

Source: CoB/SDHUD

14) As of December 2024, the State Department reported pending bills totaling to **Ksh. 1,976,449,326**, comprising of **Ksh. 4,042,216** in recurrent expenditures, **Ksh. 1,439,537,109** in development expenditures, and **Ksh. 532,870,000** in court awards. Failure to settle these obligations, which should form a first charge, may impede the achievement of planned priorities.

Ongoing projects

15) As of March 2025, the State Department for Housing and Urban Development (SDHUD) was overseeing approximately **555 ongoing projects** with an estimated total cost of **Ksh. 316.5 billion**. These projects are distributed across **five Agencies** within the State Department, as summarized in the Table 3 below:

Table 3: Summary of Ongoing Projects as of March 2025

Directorate/ Agency	No of Project	Est. Cost of Projects	Allocation FY 2024/25	Financial Requirements (2025/26)
Housing Directorate	109	216,325	42,009	98,092
Slum Upgrading Directorate (SUD)	71	26,758	7,864	14,344
Urban Development Directorate (UDD) - Economic Stimulus Program Markets (ESP)	272	15,000	7,411	7,138
-Modern Markets	78	30,245	3,695	22,598
Civil Servants Housing Scheme	10	21,826	4,421	7,001
National Housing Corporations	15	6,400	2,900	-
Total	555	316,554	68,300	149,173

16) Of the 555 ongoing projects under the State Department, the Housing Directorate oversees **109 projects** valued at approximately **Ksh. 216.33 billion**, which accounts for **68%** of the total portfolio and in FY 2024/25, **Ksh. 42.01 billion** was allocated to the Directorate out of the **Ksh. 63.2 billion** forecasted Housing levy collections.

17) Additionally, the projects have been examined according to the Public Finance Management (Public Investment Management) Regulations, 2022, where capital projects are categorized by their estimated total cost at completion and handover into four tiers to enhance investment planning, oversight, and prioritization. Specifically, “small projects” are defined as those costing less than or equal to Ksh 500 million; “medium projects” range from above Ksh 500 million to Ksh 1.0 billion; “large projects” are those with estimated costs exceeding Ksh 1.0 billion but not more than Ksh 5.0 billion; and “mega projects” are those surpassing Ksh 5.0 billion.

18) Of the **109 projects under the Housing Directorate**, there are **9 mega projects, 31 large projects, 35 medium projects, and 30 small projects**. The **40 ongoing mega and large-scale Affordable Housing projects** account for approximately **Ksh. 132.5 billion** or **61 percent** of the total estimated project cost of **Ksh. 216.3 billion** under the Directorate spanning **18 counties** and with an expected **48,634 units**, the **40 large and mega housing projects** under the Housing Directorate have an estimated cost of **Ksh. 132.5 billion**. However, only **Ksh. 23.2 billion (17.4%)** was allocated for these projects in the FY 2024/25 budget, leaving over 82% to be mobilized in future budgets.

State Department for Public Works

19) During the financial years 2021/22, 2022/23, and 2023/24, the State Department’s allocation amounted to Ksh. 4.0 billion, Ksh. 4.1 billion, and Ksh. 3.8 billion, respectively. The actual expenditure for the same period was Ksh. 3.8 billion, Ksh. 3.3 billion, and Ksh. 3.8 billion, respectively, resulting in absorption rates of 95%, 80.5%, and 100%. Despite

achieving high absorption rates during the period under review, the State Department faced significant in-year budget cuts that led to the accumulation of pending bills, stalling of projects, rising project costs due to interest on delayed payments, and increased risk of litigation arising from unmet contractual obligations.

- 20) In the FY 2024/25, the State Department's Revised Estimates amounted to Ksh. 4.37 billion, comprising of Ksh. 4.05 billion for recurrent expenditure and Ksh. 0.32 billion for development expenditure.
- 21) As at the end of the first half of FY 2024/25 in December 2024, total spending by the State Department amounted to Ksh. 1.83 billion, comprising Ksh. 1.8 billion in recurrent and Ksh. 0.003 billion in development. On the other hand, the State Department had been issued an exchequer totaling Ksh. 1.13 billion, comprising of Ksh. 1.1 billion for recurrent and Ksh. 0.003 billion for Development as shown in the Table 4 below:

Table 4: Summary of Expenditure vis-à-vis Exchequer Issues as at Dec 2024 in Ksh. millions

	Revised Estimates FY 2024/25	Expenditure	Exchequer Issues	% of Exchequer issues to Revised Net Estimate
Recurrent	4,051	1,339	1,110	27%
Development	334	3.6	3.6	1%
Total	4,375	1,343.6	1,113.6	25%

- 22) In Supplementary Estimates II for FY 2024/25, the State Department's budget was reduced from **Ksh. 1,209 million** to **Ksh. 324 million**, impacting 13 completed projects with outstanding bills, 8 ongoing projects with no funding, and 6 ongoing projects with inadequate funding.
- 23) As of December 2024, the State Department had outstanding bills amounting to **Ksh. 1,541,832,047**, including **Ksh. 51,099,889** for recurrent expenses, **Ksh. 733,737,068** for development projects, and **Ksh. 756,995,090** owed to the National Construction Authority (NCA).

**Analysis of the proposed Budget Estimates for FY 25/26
State Department for Housing and Urban Development**

- 24) The State Department has a proposed allocation of Ksh. 119.6 billion, which comprised of Ksh. 2.9 billion for Recurrent expenditure and Ksh. 116.7 billion for Development expenditure. Compared to the Approved Budget Policy Statement (BPS) Ceilings, there was an increase of Ksh. 6.3 billion, representing a 102 percent increase (Ksh. 1.4 billion) in the recurrent ceiling and a 4 percent increase (Ksh. 4.8 billion) in the Development ceiling.
- 25) The increase in the recurrent ceiling for FY 2025/26 was mainly an allocation to the Affordable Housing Board, amounting to Ksh. 1 billion, to operationalize the Board in line with Section 11(4)(b) of the Affordable Housing Act, 2024, which allows up to two percent of the Fund revenues for administrative expenses. It also includes an additional allocation for employee compensation requirements, amounting to Ksh. 337 million, indicating potential new recruitments to support the expanded portfolio of housing projects. Additionally, there was a marginal increase of Ksh. 124 million allocated for operations and maintenance (O&M) costs.

- 26) The Recurrent budget will be funded through GoK exchequer and Appropriation in Aid (AiA) amounting to Ksh. 1.08 billion and Ksh. 1.81 billion respectively.
- 27) The variance in the Development expenditure ceiling for FY 2025/26, compared to the Approved FY 2025/26 BPS ceiling was primarily driven by a Ksh. 6.3 billion rise in the allocation for donor-funded projects.
- 28) The State Department's development expenditure will be financed through three main sources: Appropriations-in-Aid (AiA), amounting to Ksh. 95.8 billion—comprising revenues from the Housing Levy, Government Pool Housing, and the Civil Servants Housing Scheme; donor funding for KUSP and KISIP programs totaling Ksh. 20.6 billion; and exchequer support of Ksh. 234 million.
- 29) The ceiling for AiA from the Housing Levy was projected to rise sharply from Ksh. 66.6 billion in FY 2024/25 to Ksh. 96 billion in FY 2025/26 reflecting significant carryover of unutilized funds from FY 2024/25, largely attributable to delayed absorption caused by the slow establishment of the Affordable Housing Board and protracted procurement processes. The Table 5 below shows summary of allocation for Appropriation in Aid (Housing levy proceeds) under the Development expenditure.

Table 5: Summary of allocation for Appropriation in Aid (Housing levy proceeds) under the Development expenditure

Category	Revised Est FY 24/25	Proposed Est FY25/26	Change	% change
Affordable Housing	40,036	64,500	24,464	61%
Social Housing	7,864	10,500	2,636	34%
Police Housing	2,615	3,500	885	34%
Social and Physical Infrastructure	9,607	16,500	6,893	72%
National Housing Corporation	2,970	-	(2,970)	(100)%
Kenya Slum Upgrading Fund	1,593	-	(1,593)	(100)%
Total	64,685	95,000	30,315	47%

- 30) During FY 2025/26 and the medium term, the State Department plans to construct **215,221** affordable housing units, **80,909** social housing units, and **94,368** student hostels, alongside **23,672** units for Police and Prisons Services and **10,033** units for the Kenya Defense Forces, formulating **50** urban development plans, refurbishing **1,500** government housing units, constructing **650** markets, implementing KUSP II in **79** municipalities, and upgrading informal settlements in Kilifi, Kajiado, and Siaya counties.
- 31) **New project:** In FY 2025/26, the State Department plans to initiate three new projects: the Nairobi River Regeneration, the Urban Governance, Management and Resilience Project, and the Development of the Rural Housing Programme.

State Department for Public Works

- 32) The State Department has a proposed allocation of **Ksh. 4.2 billion**, which comprises of **Ksh. 3.5 billion** for **Recurrent expenditure** and **Ksh. 688 million** for **Development expenditure**. Compared to the Approved Budget Policy Statement (BPS) Ceilings, this allocation is a decrease of **Ksh. 322 million**, comprising of a **6 percent** decrease (**Ksh. 239 million**) in the recurrent ceiling and an **11 percent** decrease (Ksh. 83 million) in the Development ceiling.
- 33) The State Department faced significant **in-year budget cuts**, more so in its development expenditure allocation, resulting in the accumulation of pending bills, stalling of projects, increased project costs due to interest on delayed payments, and heightened litigation risks from unmet contractual obligations. The reduction also impacts the National Construction Authority (NCA), whose allocation has been cut by **Ksh. 212 million** (an 8% decrease).
- 34) The budget reduction will notably affect the State Department's ongoing Pedestrian Access and Coastline Infrastructure projects across the country, as well as technical training initiatives on the building code, critical to its role as an enabler of the Affordable Housing pillar under the BETA Programme. These activities, scheduled for implementation across all 47 counties, require an estimated **Ksh. 1.4 billion** in FY 2025/26.

CHAPTER THREE

SUBMISSIONS BY THE AGENCIES

State Department for Housing and Urban Development

35) Mr. Charles Hinga, Principal Secretary, State Department for Housing and Urban Planning appeared before the Committee on Thursday 15th May, 2025 and submitted on the Budget Estimates for FY 25/26; THAT

- a) The 2025 Budget Policy Statement provided an allocation of **Kshs. 114.301 billion** comprising of **Kshs. 112.861 billion** Development and **Kshs. 1.440 billion** Recurrent however, in the proposed budget estimates, the State Department has a total allocation of **Kshs. 119.603 billion** comprising of **Kshs. 116.704 billion** Development and **Kshs. 2.899 billion** Recurrent with a deviation of **Kshs. 1.459 billion** and **Kshs. 3.843 billion** under both Recurrent and Development budget respectively
- b) The comparative increment under recurrent budget of **Kshs. 1.459 billion**, arose mainly from the allocations to Affordable Housing Board (**Kshs. 1.0 billion**), Nairobi Rivers Commission (**Kshs. 277 million**) and **Kshs. 182 million** (**Kshs. 150 million** for Personnel Emoluments and **Kshs. 32 million** for O&M) for the State Department for Housing and Urban Development.
- c) The comparative increment of **kshs.3.843 billion** under Development budget was mainly attributed to upward adjustment of donor funded projects i.e. KUSP II (**kshs.2.690 billion**) and KISIP II (**Kshs.2.743 billion**) and a reduction to the KISRIP (**Kshs.200 million**) project, Housing Levy Fund (**Kshs.1.0 billion**) and the GOK (**Kshs. 390 million**)
- d) The State Department has no new projects in the FY 2025/26 and the Medium Term
- e) The State Department's pending bills for the FY 2023/24 were **Kshs. 224,153,389**, out of which **Kshs.206,634,937.00** was paid and the remaining bills totalling to **Kshs.17,518,452.34** was in process.
- f) As at beginning of FY 2024/25 the State Department had pending bills amounting to **Kshs.1,443,579,325** out of which Bills amounting to **Kshs.1,219,425,935.55** (being Historical and FY 2022/23 bills) were forwarded to the Pending Bills Verification committee at the National Treasury

Affordable Housing Board

36) The Budget Policy Statement (BPS), 2025, provided a cumulative allocation of **Kshs. 96 billion** to the Affordable Housing Board and in the proposed Budget Estimates, the Board's recurrent budget has a total allocation of **Kshs.1 billion** which was insufficient to support its recurrent operations of **Kshs. 1.925 billion** comprising of **Kshs. 321.1 million** as transfers to Counties and **Kshs. 321.1 million** to KRA as collection fees and **Kshs. 1.283 billion** for administration of the fund.

37) The Principal Secretary requested the Committee to review the budget allocation upwards from **Kshs. 1 billion** to **Kshs. 1.925 billion** for the Board given its critical role in facilitating the implementation and delivery of the Affordable Housing Program and considering that it was still in the process of operationalizing

National Housing Corporation (NHC)

- 38) National Housing Corporation 25/26 proposed Budget Estimates comprised of Kshs. 1.6 billion for recurrent and Kshs.45 billion as development
- 39) The Corporation is a lead implementer of the National Housing Government and has proposed to commence a total of 110 Affordable Housing Projects and 18 University accommodation projects to deliver a total of 31,150 housing units and student hostels.
- 40) The Corporation has budgeted to spend Kshs. 37 billion in 25/26 on the construction of Affordable Housing Projects under the BETA agenda
- 41) The Corporation has no pending bills

Donor Funded Projects FY 2025/26

- 42) The State Department has three donor projects namely Second Kenya Informal Settlements Improvement Project (KISIP 2), the Second Kenya Urban Support Program (KUSP 2) and Kenya Informal Settlement Redevelopment Project (KISRIP).
- 43) The 25/26 Budget Estimates provided Kshs. 34 million counterpart funding comprising of Kshs. 26 million (KUSP II) and Kshs. 8 million (KISIP) which was way below the provision for counterpart funding informed by the financing agreement. The Principal Secretary requested the Committee to increase the counterpart funding to Kshs. 400 million for KUSP II and Kshs. 424 million for KISIP.
- 44) Under KISRIP, the project was allocated Kshs. 300 million as grant revenue in the 2025 BPS. However, the same was reduced to Kshs. 100 million in the 2025/26 Budget Estimates.
- 45) The State Department is scheduled to host the United Cities and Local Government of Africa (UCLG), Eastern Africa Regional Office (EARO) in Nairobi and support the Building Climate Resilience of the Urban Poor (BCRUP) secretariat.
- 46) The project was allocated Kshs. 400 million in the 2025 BPS, however this was reduced to Kshs. 200 million in the budget estimates FY 2025/26. To enable the State Department, achieve this crucial mandate, a budgetary allocation of Kshs. 500 million was required.
- 47) The State Department was required to construct Kangundo Road (Kamulu Shopping Centre) – Ruai Wholesale Market Hub – Ruai Sewerage Link Road at Kshs.1.1 billion to enable the public access the market hub and provide proper drainage infrastructure.

State Department for Public Works

- 48) Mr. Joel Arumony'ang, Principal Secretary, State Department for Public Works appeared before the Committee on Thursday 15th May, 2025 and submitted as follows on the proposed Budget Estimates for FY 25/26; THAT
- a) The State Department Gross BPS allocation was **Kshs.4,601 million** comprising **Kshs.3,830million** in recurrent and **Kshs.771million** in development. This was against a rationalised budget estimate of **Kshs.4,279 million** comprising of **Kshs.3,591million** in recurrent and **Kshs.688million** under development, indicating an overall reduction of **Kshs.322million**. Recurrent expenditure has been reduced by **Kshs.239million** while the development expenditure has been reduced by **Kshs.83million**.

- b) All the programmes implemented by the State Department have been affected since the deduction was done on operation and maintenance of the office as well as the capital projects
- c) In FY 2025/26 the BPS a total gross allocation of **Ksh.2,621 million** was proposed for the National Construction Authority (NCA). NCAs recurrent and Development budget. However, after rationalization, the allocation has been reduced by **Ksh.193.1 million** to a gross of **Ksh. 2,472.3**.
- d) The State Department plays a vital as an enabler and facilitator in actualization of the Government Bottom-Up Economic Transformation Agenda (BETA) by providing technical and consultative services to affordable housing programme, improving connectivity through pedestrian access and construction of jetties as well as protection of agricultural land and structures bordering water masses. In addition, through the Kenya Building Research Institute (KBRC) the department undertakes research on use of Agrowastes (Sugarcane Pulp, Maize and Rice husks, Banana fibres) to create low density panel boards hence contributing to the value chain pillar.
- e) The State Department has developed policies, laws and regulations to streamline the construction sector. On this front, the **National Building Code 2024** was developed through a participatory approach and its dissemination is going country wide.
- f) As at 31st the State Department has a stock of pending bills totalling to **Kshs.1,317.1million** both for the recurrent and development expenditure. Most of the bills have been occasioned by lack of provisions or inadequate provision especially for ongoing projects over the years.
- g) The State Department has an old fleet of vehicles with have a high maintenance cost and fuel consumption and require **Ksh.200Million** in the FY 2025/26 to purchase new fleets
- h) Development budget Estimates has been reduced by **Ksh.322Million** in comparison to the BPS allocation despite the centrality of footbridges in the BETA plan.

Summary of the required funds to enable the State Department operate optimally is as shown in Table 6 below: -

Table 6: Summary of additional requirement in FY 2025/26

No	Item	Amount (Kshs. Million)
Recurrent Budget		
1.	Office Operations and Maintenance	336
2.	Recruitment of Staff	302
3.	Purchase of Motor Vehicles	200
Sub – Total		838
Development		
1.	Construction of footbridges jetties and sea walls	850
Sub-Total		850
TOTAL		1,686

CHAPTER FOUR

COMMITTEE OBSERVATIONS AND RECOMMENDATIONS

Observations

49) The Committee observed the following: THAT

State Department for Housing and Urban Development

- a) In FY 2025/26, the State Department for Housing and Urban Development has been allocated **Ksh. 119,603 million**, comprising of **Ksh. 2,899 million** for recurrent expenditure and **Ksh. 116,704 million** for development expenditure, representing an increase of **Ksh. 6,304 million** from the approved BPS Ceiling, comprising of **Ksh. 1,461 million** for recurrent and **Ksh. 4,304 million** for Development expenditure. The increase in recurrent allocation is mainly to cater to Affordable Housing Board operations, while the increase in the Development allocation is driven by enhanced donor funding for the Second phases of the Kenya Urban Support Project (KUSP II) and the Kenya Informal Settlement Improvement project (KISIP II).
- b) The State Department's recurrent expenditure will be financed through GoK exchequer funding of **Ksh. 1,813 million** and Appropriations-in-Aid (AiA) from the Housing Levy amounting to **Ksh. 1,089 million**. Development expenditure will be funded through local AiA, comprising **Ksh. 95,000 million** from the Housing Levy, **Ksh. 820 million** from Government Pool Housing, and **Ksh. 19 million** from the Civil Servants Housing Scheme, alongside donor support of **Ksh. 20,631 million** for KUSP II and KISIP II, and GoK exchequer funding of **Ksh. 234 million**.
- c) The allocation for Appropriations-in-Aid (AiA) from the Housing Levy is projected to increase by **Ksh. 30.3 billion**, from **Ksh. 65 billion** in FY 2024/25 to **Ksh. 96 billion** in FY 2025/26. This increase is primarily driven by the carryover of unutilized funds from FY 2024/25, largely resulting from delays in fund disbursement and protracted procurement processes. Notably, the State Department reported **Ksh. 4,200 million** in interest income earned from funds invested in Treasury bills. However, this interest income was not incorporated into the FY 2025/26 budget estimates.
- d) The Committee noted that in FY 2025/26, the State Department plans to recruit 4,000 interns to support the implementation of approximately 130,000 housing units and related infrastructure, and requires **Ksh. 1,800 million** for stipends and O&M costs. These interns will enhance project monitoring, evaluation, and reporting. In addition, the Department faces a **Ksh. 1,400 million** shortfall in recurrent expenditure to support monitoring, evaluation, reporting, and logistical needs for technical staff supervising projects nationwide. Further, the Affordable Housing Board faces a **Ksh. 926 million** funding gap to meet its operational requirements. To address these needs, an additional **Ksh. 4,126 million** in recurrent funding is proposed to be financed from the **Ksh. 4,200 million** in interest income earned from invested funds.

- e) The State Department is implementing three donor-funded projects, namely the Kenya Informal Settlements Improvement Project (KISIP II), the Kenya Urban Support Programme (KUSP II), and the Kenya Informal Settlements Redevelopment Project (KISRIP). In the proposed FY 2025/26 estimates, counterpart funding amounts to only **Ksh. 34 million** and falls short of the obligations outlined in the respective financing agreements. To meet the agreed co-financing requirements, additional GoK exchequer allocations of **Ksh. 374 million** for KUSP II, **Ksh. 416 million** for KISIP II, and **Ksh. 100 million** for KISRIP will be required.
- f) The Committee also noted that the State Department will implement the Building Climate Resilience of the Urban Poor (BCRUP) Programme, one of 41 UN Climate Action Summit initiatives which Kenya is co-leading with Brazil. It focuses on the following; flood control and drainage system, solid waste management, green public spaces and institutional capacity building at the county and municipal levels. Targeted cities include these with high urban poverty and exposure to climate risks such as Nairobi, Kisumu, Mombasa and Nakuru. To support the BCRUP secretariat achieve this mandate, the State Department shall require an additional GoK exchequer funding amounting to **Ksh. 300 million**.
- g) The Committee further noted that as at March 2025, the State Department had historical pending bills amounting to **Ksh. 1,219 million**, submitted to the National Treasury's Pending Bills Verification Committee. However, no provision has been given in the FY 2025/26 estimates for their settlement.

State Department for Public Works

- a) In FY 2025/26, the State Department for Public Works has been allocated **Ksh. 4,279 million**, comprising of **Ksh. 3,951 million** for recurrent expenditure and **Ksh. 688 million** for development expenditure. This reflects a total reduction of **Ksh. 322 million** relative to the approved BPS ceiling, with recurrent and development allocations decreasing by **Ksh. 239 million** and **Ksh. 83 million**, respectively.
- b) The State Department's recurrent expenditure will be financed through GoK exchequer funding of **Ksh. 2,053 million** and Appropriations-in-Aid (AiA) from the National Construction Authority (NCA) amounting to **Ksh. 1,538 million**. Development expenditure will be funded through AiA, amounting to **Ksh. 50 million** and GoK exchequer funding of **Ksh. 638 million**.
- c) The Committee noted that the State Department has faced recurring in-year budget cuts, particularly affecting its development expenditure. This has led to the accumulation of pending bills and stalling of key projects, including critical coastal and pedestrian access infrastructure such as jetties and footbridges. As at 31st March 2025, pending bills stood at **Ksh. 1,317 million**, largely attributed to inadequate budgetary provision for ongoing projects, some of which have been completed but remain unpaid.

- d) The Committee further noted that compared to the approved Budget Policy Statement (BPS) ceilings, the Development estimates had been reduced by **Ksh. 88 million**, which will affect the completion of 44 ongoing projects, including 27 footbridges spread across the country. To facilitate the clearance of outstanding pending certificates of works and completion of ongoing projects, the State Department shall require an additional Development expenditure allocation amounting to **Ksh. 850 million** in the FY 2025/26.
- e) The Committee observed that the State Department's operations are generally field-based, entailing project supervision work and implementation. In the FY 2025/26, the State Department faces a shortfall of **Ksh. 838 million** in its recurrent expenditure allocation. The allocation will cover the funding gap in the deployment and operational costs for the 200 officers recruited in the FY 2024/25 in support of the Affordable Housing and other infrastructural projects in the country, in addition to logistical support for technical officers undertaking project supervision.

Financial recommendations

50) The Committee, having scrutinized and reviewed the proposed Estimates for FY 2025/26, recommends the following: THAT

- a) **Vote 1094: State Department for Housing and Urban Development**, the proposed allocation in the FY 2025/26 Expenditure Estimates, comprising **Ksh. 2,899,440,317** for recurrent expenditure and **Ksh. 116,704,355,362** for development expenditure, be approved subject to the following amendments:
- I) Increase the allocation for Recurrent Appropriation in Aid (AiA) Expenditure by **Ksh. 4,200 million**.

	Proposed Estimates 2025/26			Recommended Estimates 2025/26		
	Gross Estimates 2025/26	AIA	Net Estimates	Gross Estimates 2025/26	AIA	Net Estimates
Recurrent	2,899	1,086	1,813	7,099	5,286	1,813
Development Total	116,704	95,839	20,865	116,704	95,839	20,865
Total	119,603	96,925	22,678	123,803	101,125	22,678

- II) The approved increase in Recurrent Appropriation in Aid (AiA) expenditure by **Ksh. 4,200 million** be allocated as follows:

	Programme	Sub - Programme	Delivery Unit/Project	Proposed Estimates 2025/26 in Ksh. millions	Increase	Recommended Estimates FY 2025/26
1	0102000 Housing Development and Human Settlement	0102030 Delivery of Affordable and Social Housing Units	1094002300 Affordable Housing Board	1,000	1,000	2,000
2	0102000 Housing Development and Human Settlement	0102010 Housing Development	2110202 Casual Labour-others	310	1,500	1,810
3	0102000 Housing Development and Human Settlement	0102010 Housing Development	2210700 Capacity Building of Interns	-	300	300
4	0102000 Housing Development and Human Settlement	0102010 Housing Development	1094000400 Slum Upgrading and Housing Development	50	50	100
5	0105000 Urban and Metropolitan Development	0105040 Urban Development and Planning Services	1094002500 Building Climate Resilience of the Urban Poor Program (BCRUP)	18	300	318
6	0105000 Urban and Metropolitan Development	0105040 Urban Development and Planning	1094002600 Urban Governance, Management and	41	400	441

	Programme	Sub - Programme	Delivery Unit/Project	Proposed Estimates 2025/26 in Ksh. millions	Increase	Recommended Estimates FY 2025/26
		Services	Resilience			
7	0105000 Urban and Metropolitan Development	0105020 Metropolitan Planning & Infrastructure Development	1094000800 Central Planning and Project Monitoring Unit	17	500	517
8	0105000 Urban and Metropolitan Development	0105020 Metropolitan Planning & Infrastructure Development	1094000900 Metropolitan Planning and Environment	26	50	76
9	0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	1094000100 Financial and Procurement Services	75	50	125
10	0106000 General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	1094000200 Headquarters Administrative Services	415	50	465
	Total				4,200	

b) **Vote 1095: State Department for Public Works**, the proposed allocation in the **FY 2025/26** Expenditure Estimates, comprising **Ksh. 3,591,723,471** for recurrent expenditure and **Ksh. 688,000,000** for development expenditure, be approved.

Request for Additional Funding

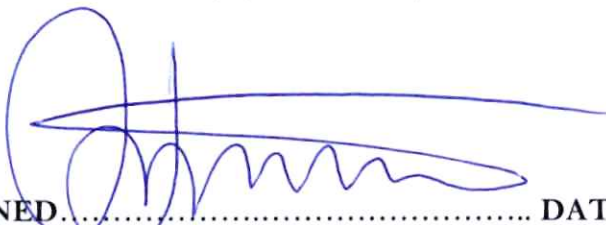
State Department for Housing and Urban Development

- i) **Development Expenditure:** Increase the Development allocation by **Ksh. 1,190 million** to meet the shortfall in counterpart funding requirements for donor-funded projects to meet the co-financing agreements requirement for the second phases of the KISIP and KUSP projects. (schedule 1)

State Department for Public Works

- i) **Recurrent Expenditure:** Increase the recurrent allocation by **Ksh. 838 million** to address the shortfall in operational and maintenance costs and to support the deployment of 200 officers recruited in FY 2024/25. These officers are critical to the implementation of Affordable Housing and other infrastructure projects and are expected to be posted to regional offices. The additional funding will also cater for logistical support to technical personnel engaged in project supervision across the country.

- ii) **Development Expenditure:** Increase the Development allocation by **Ksh. 850 million** to facilitate the clearance of outstanding pending certificates of works and completion of 44 ongoing projects, which include 27 footbridges spread across the country (**schedule 2**)

SIGNED.......... DATE.....*26/5/2025*.....

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN
PLANNING AND PUBLIC WORKS**

Schedule 1: Additional Requests for the State Department for Housing and Urban Development in Ksh. millions

Programme	Sub - Programme	Project/Delivery Unit	Proposed Allocation		increase	Recommended Allocation FY 2025/26	
			Rec	Dev		Rec	Dev
0102000 Housing Development and Human Settlement	0102010 Housing Development	1094109800 Kenya Informal Settlement Improvement Project - Phase II		7,197	416		7,613
	0105040 Urban Development and Planning Services	1094105000 Kenya Urban Programme (KenUP)		13,367	374		13,741
		1094113000 Kenya Informal Settlement Redevelopment Project (KISRIP)		100	100		200
		1094112100 Building Climate Resilience of the Urban Poor Programme (BCRUP)		200	300		500
Total Increase					1,190		

Schedule 2: Additional Requests for the State Department for Public Works in Ksh. millions

Programme	Sub - Programme	Project/Delivery Unit	Proposed Allocation	increase	Recommended Allocation FY
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		e					2025/26	
			Rec	Dev	Rec	DEv	Rec	Dev
General Administration Planning and Support Services	0106010 Administration, Planning & Support Services	Operational and Maintenance Cost, Logistical Support and Projects Supervision	355		838		1,193	
0104000 Coastline Infrastructure and Pedestrian Access	0104020 Pedestrian access	Foot-Bridges		184		850		1,034
Total increase					838	850		

**ADOPTION
MINUTES**

MINUTES OF THE SIXTEENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON HOUSING, URBAN PLANNING & PUBLIC WORKS HELD ON THURSDAY 22ND MAY, 2025 AT 11:00 AM IN COMMITTEE ROOM 17, ON THE 3RD FLOOR, BUNGE TOWER

PRESENT

1. Hon. Johana Ng'eno Kipyegon, M.P. - **Chairperson**
2. Hon. Mugambi Murwithania Rindikiri, M.P. - **Vice – Chairperson**
3. Hon. John Waluke Koyi, M.P.
4. Hon. Esther Muthoni Passaris, M.P.
5. Hon. Innocent Obiri Momanyi, M.P.
6. Hon. Daniel Ogwoka Manduku, M.P.
7. Hon. Hiribae Said Buya, M.P.
8. Hon. Joseph Kimutai Chererot, M.P.
9. Hon. Caleb Mutiso Mule M.P.
10. Hon. Maurice Kakai Bisau, M.P.

APOLOGIES

1. Hon. John Njuguna Wanjiku, M.P.
2. Hon. Joshua Kivinda Kimilu, M.P.
3. Hon. Jane Wangechi Kagiri, OGW, M.P.
4. Hon. Abraham Kipsang Kirwa, M.P.
5. Hon. Ronald Kamwiko Karauri, M.P.

IN ATTENDANCE

- | | | |
|----------------------------|---|----------------------|
| 1. Ms. Natecho Kisiang'ani | - | Assistant Clerk III |
| 2. Mr. Nelson Odida | - | Research Officer III |
| 3. Mr. Collins Namulen | - | Fiscal Analyst III |
| 4. Mr. Mohamed Said | - | Sergeant at Arms |

COMMITTEE SECRETARIAT

AGENDA

1. Prayers
2. Preliminaries
3. Consideration and adoption
4. Any Other Business
5. Adjournment

MIN No. NA/DC-HUPPW/2025/:040: PRELIMINARIES

The meeting was called to order at 11:00 a.m. with a word of prayer from the Chairperson. The agenda was adopted as filed, having been proposed by Hon. John Waluke and seconded by Hon. Hiribae Said Buya.

MIN No. NA/DC-HUPPW/2025/:041 CONSIDERATION AND ADOPTION OF THE REPORT ON THE BUDGET ESTIMATES REPORT FOR FY 2025/26

The Committee considered and unanimously adopted its report on the Budget Estimates for the Financial Estimates for FY 25/26 with the following observations and recommendations:

Observations

State Department for Housing and Urban Development

- a) In the proposed FY 2025/26 budget estimates, the State Department for Housing and Urban Development was allocated Ksh. 119,603 million, comprising Ksh. 2,899 million for recurrent expenditure and Ksh. 116,704 million for development expenditure. The increase represents Ksh—6,304 million from the approved BPS Ceiling.
- b) The State Department's recurrent expenditure will be financed through the GoK exchequer funding of Ksh. 1,813 million and Appropriations-in-Aid (AiA) from the Housing Levy amounting to Ksh. 1,089 million. Development expenditure will be funded through local AiA, comprising of Ksh. 95,839 million from the Housing Levy, the Government Pool Housing, and the Civil Servants Housing Scheme, alongside donor support of Ksh. 20,631 million for KUSP II and KISIP II, and GoK exchequer funding of Ksh. 234 million.
- c) The allocation for Appropriations-in-Aid (AIA) from the Housing Levy is projected to increase by Ksh. 30.3 billion, from approximately Ksh. 65 billion in FY 2024/25 to Ksh. 96 billion in FY 2025/26. This increase was driven by the carryover of unutilized funds from FY 2024/25, mainly due to delays in fund disbursement and lengthy procurement processes.
- d) The State Department reported Ksh. 4,200 million was earned through interest income unutilized funds invested in Treasury bills; however, this interest collected was not included in the FY 2025/26 budget estimates.
- e) The Committee noted that in FY 2025/26, the State Department would recruit 4,000 interns to support implementation oversight for the 130,000 housing units and related infrastructure currently under construction.
- f) The committee noted that the State Department would equip and build the capacity of the 47 County Rural and Urban Affordable Housing Committees established under Section 34 of the Affordable Housing Act, 2024.
- g) The Committee noted that the State Department was implementing three donor-funded projects, namely the Kenya Informal Settlements Improvement Project (KISIP II), the Kenya Urban Support Programme (KUSP II), and the Kenya Informal Settlements Redevelopment Project (KISRIP).
- h) In the proposed FY 2025/26 estimates, counterpart funding amounts to only Ksh. 34 million falls short of the obligations outlined in the respective financing agreements.
- i) The Committee also noted that the State Department would implement the Building Climate Resilience of the Urban Poor (BCRUP) Programme, one of 41 UN Climate Action Summit initiatives Kenya is co-leading with Brazil. Its main objective is to build climate resilience among the urban poor by enhancing their adaptive capacity against adverse climate change effects and disasters, helping them cope and recover from climate shocks and stresses.
- j) The Committee further noted that as of March 2025, the State Department had historical pending bills totaling Ksh—1,219 million, submitted to the National Treasury's Pending Bills Verification Committee. However, no provision has been made in the FY 2025/26 estimates for their settlement.

State Department for Public Works

- a) In FY 2025/26, the State Department for Public Works was allocated **Ksh. 4,279 million**, comprising **Ksh. 3,951 million** for recurrent expenditure and **Ksh. 688 million** for development expenditure reflecting a net reduction of **Ksh. 322 million** relative to the approved BPS ceiling, with recurrent and development allocations decreasing by **Ksh. 239 million** and **Ksh. 83 million**, respectively.
- b) The State Department's recurrent expenditure would be financed through the GoK exchequer funding of **Ksh. 2,053 million** and Appropriations-in-Aid (AiA) from the National Construction Authority (NCA) amounting to **Ksh. 1,538 million**. Development expenditure will be funded through AiA and amount to **Ksh. 50 million** and the GoK exchequer funding of **Ksh. 638 million**.
- c) The Committee noted that the State Department has faced recurring in-year budget cuts, particularly affecting its development expenditures and as of 31 March 2025, pending bills stood at **Ksh. 1,317 million**, attributed to inadequate budgetary provision for ongoing projects.
- d) The Committee further noted that compared to the approved Budget Policy Statement (BPS) ceilings, the State Development estimates has reduced by **Ksh—322 million**, affecting the completion of 44 ongoing projects.
- e) The Committee observed that the State Department's operations are generally field based, entailing project supervision work and implementation and faces a shortfall of Ksh 838 million in its recurrent expenditure allocation.

Recommendations

The Committee recommended THAT;

- a) **Vote 1094: State Department for Housing and Urban Development**, the proposed allocation in the FY 2025/26 Expenditure Estimates, comprising **Ksh. 2,899,440,317** for recurrent expenditure and **Ksh. 116,704,355,362** for development expenditure, be approved with the following amendments:
 - i) Increase the allocation for Recurrent Appropriation in Aid (AiA) Expenditure by **Ksh. 4,200 million**.
- b) **Vote 1095: State Department for Public Works**, the proposed allocation in the FY 2025/26 Expenditure Estimates, comprising **Ksh. 3,591,723,471** for recurrent expenditure and **Ksh. 688,000,000** for development expenditure, be approved.

Request for Additional Funding

State Department for Housing and Urban Development

- i) **Development Expenditure:** Increase the Development allocation by **Ksh. 1,190 million** to meet the shortfall in counterpart funding requirements for donor-funded projects to meet the co-financing agreements requirement for the second phases of the KISIP and KUSP projects.

State Department for Public Works

- i) **Recurrent Expenditure:** Increase the recurrent allocation by **Ksh. 838 million** to address the shortfall in operational and maintenance costs and to support the deployment of 200 officers recruited in FY 2024/25.

- ii) **Development Expenditure:** Increase the Development allocation by **Ksh. 850 million** to facilitate the clearance of outstanding pending certificates of works and completion of 44 ongoing projects, which include 27 footbridges spread across the country

MIN No. NA/DC-HUPPW/2025/:042: ADJOURNMENT

There was no other business to transact; the sitting was adjourned at 12:40 p.m. The next meeting will be held on notice.

SIGNED.......... DATE..........

HON. JOHANA NG'ENO KIPYEGON, EGH, MP

**CHAIRPERSON, DEPARTMENTAL COMMITTEE ON HOUSING, URBAN
PLANNING AND PUBLIC WORKS**

DEPARTMENTAL
COMMITTEE ON
JUSTICE AND LEGAL
AFFAIRS

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
13TH PARLIAMENT – FOURTH SESSION 2025

**THE DEPARTMENTAL COMMITTEE
ON JUSTICE AND LEGAL AFFAIRS**

**REPORT ON THE BUDGET ESTIMATES FOR THE F.Y.
2025/2026 FOR THE AGENCIES UNDER GOVERNANCE,
JUSTICE, LAW AND ORDER SECTOR (GJLOS)**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI**

MAY 2025

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CHAIRPERSON'S FOREWORD

The Budget Estimates for the Financial Year 2025/2026 were tabled in the House on Wednesday, 30th April, 2025 and subsequently referred to the relevant Departmental Committees for consideration and review.

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

Following the referral of the Budget Estimates to the Departmental Committees, the Departmental Committee on Justice and Legal Affairs was briefed by the Parliamentary Budget Office on the contents of the Budget Estimates with regard to the Governance, Justice, Law and Order Sector. Thereafter, the Committee engaged the relevant stakeholders and met with the Accounting Officers of the various agencies under the purview of the Committee and reviewed their Estimates, as proposed under the Budget Estimates for the F.Y. 2025/2026.

Emanating from those discussions and reviews, the Committee made several observations as contained in section 3 of this Report. Subsequently, the Committee made several recommendations, as contained in section 4 of the Report.

The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee wishes to thank all the State Departments under its purview for their participation in scrutinizing the F.Y. 2025/2026 Budget Estimates.

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

It is my pleasant duty and privilege, on behalf of the Departmental Committee on Justice and Legal Affairs to submit its Report on the scrutiny of the F.Y. 2025/2026 Budget Estimates.



HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS COMMITTEE

PART I

I.0 PREFACE

I.1. ESTABLISHMENT AND MANDATE OF THE COMMITTEE

1. The Departmental Committee on Justice and Legal Affairs derives its mandate from Standing Order No. 216(5) which provides for the functions of Departmental Committees as follows-
 - (a) Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
 - (b) Study the programme and policy objectives of ministries and departments and the effectiveness of their implementation;
 - (c) Study and review all legislation referred to it;
 - (d) Study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
 - (e) Investigate and enquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;
 - (f) Vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
 - (g) Examine treaties, agreements and conventions;
 - (h) Make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
 - (i) Consider reports of Commissions and Independent Offices submitted to the House pursuant to provisions of Article 254 of the Constitution; and
 - (j) Examine any questions raised by Members on a matter within its mandate.
2. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows-
 - a. Constitutional affairs;
 - b. The administration of law and Justice
 - c. The Judiciary;
 - d. Public prosecutions;
 - e. Elections;
 - f. Ethics, integrity and anti-corruption; and
 - g. Human rights.

I.2. COMMITTEE MEMBERSHIP

3. The Committee was constituted on Thursday, 27th October, 2022 and comprises of the following Honourable Members-

Chairperson

Hon. Murugara George Gitonga, MP
Tharaka Constituency
UDA Party

Vice-Chairperson

Hon. Mutuse Eckomas Mwengi, OGW, MP
Kibwezi West Constituency
MCCP Party

Members:

Hon. Gladys Boss, MGH, MP
Uasin Gishu Constituency
UDA Party

Hon. Maalim Farah, EGH, MP
Dadaab Constituency
WDM-Kenya

Hon. Onyiego Silvanus Osoro, CBS, MP
South Mugirango Constituency
UDA Party

Hon. Francis Kajwang' Tom Joseph, CBS, MP
Ruaraka Constituency
ODM Party

Hon. Wetang'ula Timothy Wanyoyi, CBS, MP
Westlands Constituency
ODM Party

Hon. (Dr.) Otiende Amollo, SC, EBS, MP
Rarieda Constituency
ODM Party

Hon. Muchira Michael Mwangi, MP
Ol Jorok Constituency
UDA Party

Hon. Eric Muchangi Karemba, MP
Runyenjes Constituency
UDA Party

Hon. Makali John Okwisia, MP
Kanduyi Constituency
FORD-Kenya

Hon. Mogaka Stephen M., MP
West Mugirango Constituency
Jubilee Party

Hon. Aden Daud, EBS, MP
Wajir East Constituency
Jubilee Party

Hon. Siyad Amina Udgoon, MP
Garissa County (CWR)
Jubilee Party

Hon. CPA Zuleka Hulbale Harun, MP
Nominated Member
UDM Party

1.3. COMMITTEE SECRETARIAT

5. The Committee secretariat is as follows–

Mr. Ahmed Salim Abdalla, Adv.
Clerk Assistant I / Head of the Secretariat

Mr. Ronald Walala, Adv.
Senior Legal Counsel

Mr. Abdikafar Abdi
Clerk Assistant III

Ms. Jael Ayiego Kilaka
Clerk Assistant III

Mr. Omar Abdirahim
Fiscal Analyst I

Mr. Isaac Nabiswa, Adv.
Legal Counsel II

Ms. Vivienne Ogega, Adv.
Research Officer III

Mr. Calvin Karungo
Media Relations Officer

Mr. Meldrick Sakani
Audio Officer

Ms. Mary Kamande
Public Communications Officer

Mr. John Nduaci
Serjeant-at-Arms

I.4. COMMITMENT OF THE BUDGET ESTIMATES FOR F.Y. 2025/2026 TO DEPARTMENTAL COMMITTEES

6. The Budget Estimates for the F.Y. 2025/2026 were tabled in the House by the Majority Leader on Wednesday, 30th April 2025 and thereafter referred to the various Departmental Committees for consideration, and subsequently the Departmental Committees are required to submit reports to the Budget and Appropriations Committee.

I.5. COMMITTEE'S EXAMINATION OF THE BUDGET ESTIMATES FOR THE F.Y. 2025/2026

7. The Committee held eleven (11) sittings examining the estimates. The first sitting took place on 12th May, 2025 at 10:00am where the Committee was briefed on the Budget Estimates by the Parliamentary Budget Office before interacting with the State Agencies.
8. The Committee subsequently held sittings with the Accounting Officers from the following State Agencies; the Judiciary and Judicial Service Commission (JSC), the Ethics and Anti-Corruption Commission (EACC), Kenya National Commission on Human Rights (KNCHR), the Independent Electoral and Boundaries Commission (IEBC), the Office of the Attorney General and Department of Justice (OAG&DOJ), Kenya Law Reform Commission (KLRC), the Commission on Administration of Justice (CAJ), Office of the Registrar of Political Parties (ORPP), Witness Protection Agency and the Office of the Directorate of Public Prosecutions (ODPP) and the State Department for Correctional Services.
9. The Committee's examination of the Budget Estimates for F.Y. 2025/2026 was based on a brief from the Parliamentary Budget Office and submissions from the spending Agencies under the Committee purview which is captured in the report. In addition, the submissions received from the Agencies under the purview of the Committee are annexed to the report.

PART 2

2.0 **BACKGROUND**

10. The F.Y. 2025/2026 Budget Estimates are anchored on the “*the Bottom-up Economic Transformation Agenda (BETA)*” that is geared towards economic turnaround and inclusive growth. The objective of BETA is to increase investments in at least five sectors deemed to have the greatest impact on the economy and household welfare. The five sectors include: (i) *Agricultural Transformation and Inclusive Growth*; (ii) *Transforming the Micro, Small and Medium Enterprise (MSME) Economy*; (iii) *Housing and Settlement*; (iv) *Healthcare*; and (v) *Digital Superhighway and Creative Industry*.
11. The Justice and Legal Affairs Committee considers issues under the Governance, Justice Law and Order Sector that play an important role in creating a favorable environment for economic, social, and political development and is a huge contributor towards the achievement of Kenya’s Vision 2030 political pillar.

2.1 **OVERVIEW AND PURPOSE OF THE F.Y. 2025/2026 BUDGET ESTIMATES**

12. The Budget Estimates of Revenue and Expenditure for the National Government were submitted and tabled before the National Assembly on Wednesday 30th April 2025, pursuant to Article 221 of the Constitution and Section 37 of the Public Finance Management Act, 2012.
13. The legislature has made great strides in the oversight of the budget since the enactment of the Constitution in 2010. The Constitution backed by the Public Finance Management Act Section 38 and 39, gives Parliament the mandate to review the Budget Estimates and make recommendations before the budget is approved.
14. The Standing Orders 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committees shall consider, discuss and review the Estimates according to their mandates and make recommendations to the Budget and Appropriations Committee of the National Assembly.
15. Regulation 32 of the PFM (National Government) Regulation 2015 provides that Budget Estimates of the national government entities, or agencies shall be reviewed and consolidated and the annual Budget Estimates submitted to Parliament by 30th April of every financial year.
16. The legislative scrutiny of the Budget Estimates promotes good governance, fiscal transparency and accountability, and is expected to facilitate effective allocation and mobilization of resources and ensure that fiscal policies are unbiased and effectively implemented.

2.2 MANDATE AND SPENDING AGENCIES UNDER THE PURVIEW OF THE COMMITTEE

17. In accordance with the Second Schedule of the National Assembly Standing Orders, the Committee is mandated to oversee all matters pertaining to constitutional affairs, the administration of law and justice, including the Judiciary, public prosecutions, elections, ethics, integrity and anti-corruption and human rights. In executing its mandate, the Committee oversees the following agencies;
- i. State Law Office & Department of Justice
 - ii. The Judiciary
 - iii. State department for Correctional Services
 - iv. Ethics & Anti-Corruption Commission
 - v. Office of the Director of Public Prosecutions
 - vi. Office of the Registrar of Political Parties
 - vii. Witness Protection Agency
 - viii. Kenya National Commission on Human Rights
 - ix. Independent Electoral & Boundaries Commission
 - x. Judicial Service Commission
 - xi. Commission on Administrative Justice

2.3 HIGHLIGHTS OF THE 2025/2026 BUDGET ESTIMATES

18. The 2025/2026 Budget Estimates are anchored on the “***the Bottom-up Economic Transformation Agenda (BETA)***” that is geared towards economic turnaround and inclusive growth. Special focus will be placed on the interventions that: *reduce the cost of living; increase employment; achieve more equitable distribution of income; enhance social security, expand tax base for more revenue; and increase foreign exchange earnings*. The objective of BETA is to increase investments in at least five sectors deemed to have the greatest impact on the economy and household welfare. The five sectors include: (i) *Agricultural Transformation and Inclusive Growth*; (ii) *Transforming the Micro, Small and Medium Enterprise (MSME) Economy*; (iii) *Housing and Settlement*; (iv) *Healthcare*; and (v) *Digital Superhighway and Creative Industry*.
19. Over the medium term, the Government will support the BETA through a growth-friendly fiscal consolidation plan that slows public debt growth and implements an effective liability management strategy without compromising service delivery.

a) Overall Budget

20. The total budget for the F.Y. 2025/2026 is **Kshs. 4,247.97 billion** which comprises **Kshs. 2,428.39 billion** for the Executive, **Kshs. 49.49 billion** for Parliament, and **Kshs. 27.70 billion** for the Judiciary. The allocation to County Governments of **Kshs. 405.1 billion** excludes conditional and unconditional grants amounting to **Kshs. 69.8 billion**. Additionally, the allocation towards Consolidated Fund Services (CFS) is **Kshs. 1,337.3 billion**. This allocation includes **Kshs. 851.4 billion** for domestic interest payments, **Kshs. 246.3 billion** for foreign interest payments and **Kshs. 239.6 billion** for pensions and salary payments.

Table I: Overall Outlook of Budget Estimates for F.Y. 2025/2026 (Kshs. Millions)

S/No.	Details	Approved Estimates FY 2024/25	Supplementary No. 2	2025 BPS	Estimates FY 2025/26	% Share
1	National Government	2,232,756.40	2,346,553.70	2,523,474.10	2,505,579.10	58.98%
	Executive	2,169,385.80	2,280,548.50	2,447,236.10	2,428,395.00	57.2%
	Parliament	40,865.50	42,580.40	49,488.20	49,488.20	1.2%
	Judiciary	22,505.10	23,424.80	26,749.80	27,695.90	0.65%
2	Consolidated Fund Services (CFS)	1,237,233.80	1,242,735.50	1,368,994.90	1,337,324.80	31.5%
3	County Government Equitable Share	391,117.10	418,259.00	405,069.40	405,069.40	9.5%
	Total	3,861,107.30	4,007,548.20	4,297,538.40	4,247,973.30	100.0%

Source: The National Treasury, 2025

*Consolidated Fund Services (CFS) is composed of domestic interest, foreign interest and pension, salaries & allowances.

** County Government Allocation is composed of sharable allocation. This excludes additional allocations (conditional) to CGs.

PART 3

3.0 BUDGET PERFORMANCE REVIEW AND PROPOSED ALLOCATIONS F.Y. 2025/2026

3.1 Judiciary

21. Judiciary is a creation of Article 161 of the Constitution and is one of the arms of Government whose core mandate is the delivery of justice through resolution of disputes. It implements one program called Dispensation of Justice which has two sub-programs namely; Access to Justice and the General Administration, Planning and Support Services.

3.1.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

22. The Judiciary Budgetary allocations in F.Y. 2021/2022 was Kshs 18,560 million which grew by 13.9% to stand at Kshs 21,132.4 million in F.Y. 2022/2023 and increased further by 5.9% to Kshs 22,450 million in F.Y. 2023/2024.

23. In particular, the recurrent vote during the period under review increased by Kshs 5.0 billion translating to an increase of 31.5% which is largely due to enhanced allocation for recruitment of additional judicial officers and staff, and review of salaries for State Officers. However, the development vote has decreased by Kshs 1,142 million (38.2%) when the World Bank funding has ended.

24. The absorption rate for the Judiciary has steadily improved over the years from 93.6% in F.Y. 2020/2021 to 95.8% in the F.Y. 2022/2023. However, the absorption of the development funds is quite low, recording a slight decline from 69.8% in the F.Y. 2021/2022 to 55.9% in the F.Y. 2023/2024.

25. The low absorption of the development budget was as a result of increased cost of building materials due to inflation, causing contractors to abandon site awaiting contract price review, delayed exchequer releases, long and tedious procurement processes, as well as IFMIS related challenges.

Table 2: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote & Vote Details		Approved Allocation			Actual Expenditure			Absorption Rates		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
1261 The Judiciary	Recurrent	15,968	19,232	21,000.0	15,639	18,653	20,200.0	97.9%	97%	96.1%
	Dev't	2,592	1,900	1,450.0	1,809	1,478	810.0	69.8%	77.8%	55.9%
Total	Total	18,560	21,132.4	22,450.0	17,448	20,239.7	21,010.0	94.0%	95.8%	93.4%

Source: National Treasury - Sector Reports 2025

3.1.2 Judiciary's Proposed Budget Estimates 2025/2026

26. The proposed budgetary allocation to the Judiciary in the F.Y. 2025/2026 is Kshs. 26,883.5 million comprised of Kshs. 24,603.5 million for recurrent expenditure and Kshs. 2,279.5 million for development expenditure. The recurrent expenditure has increased by Kshs. 2,709.4 million (12.4%) from an allocation of Kshs. 21,894 million

in F.Y. 2024/2025. The increase is largely due to review of salary for State Officers and promotion of officers who have stagnated in service, as well as leasing of motor vehicles for judges.

27. Under the development vote, the department's budget has increased significantly by Kshs. 1,508.4 million (195.5%) from an allocation of Kshs. 771.6 million in 2024/2025. The proposed allocation under the development vote is largely meant for the following projects;

- (i) Refurbishment of Supreme Court -Headquarters- Kshs. 611.0 million.
- (ii) Modernization of the Judiciary ICT systems as part of its digital strategy - Kshs. 600 million.
- (iii) Acquisition of Office Space – Kshs. 547.1 million.
- (iv) Completion of the construction of Small Claim Court – Kshs. 221 million.
- (v) Construction of Court of Appeal Complex – Kshs. 20 million.
- (vi) Completion of Kwale Law Courts – Kshs. 30 million.
- (vii) Construction of Meru High Court – Kshs. 10 million.
- (viii) Construction of Wajir High Court – Kshs. 20 million.
- (ix) Construction of the Voi Law Courts – Kshs. 31 million.

28. It is important to note that the Judiciary's significant increase in its development budget is largely due to the planned acquisition of Office block in Milimani at a cost of **Kshs. 1.2 billion**. The financing of the project will be through the interest rates generated from the Courts Deposits which currently stands at **Kshs. 6.6 billion** held in trust by the Judiciary on behalf of litigants before the Courts.

29. In the F.Y. 2025/2026, the Judiciary estimates to raise Kshs. 900 million as Appropriation in Aid from the Court Deposits. However, the projected AIA was not approved during the approval of the budget ceiling for the department. Likewise, the National Treasury has also reduced the net estimate of the Judiciary as approved during the Budget Policy Statement by Kshs 1 billion. It should be noted that budget making is a process where each stage informs and sets the basis for the next stage and therefore the non-adherence to the ceilings set at the Budget Policy Statement stage is a violation of section 25(8) and 27(4) of the PFM act and Regulations, respectively.

Table 3: Proposed Allocation for F.Y. 2025/2026 - Kshs. Million

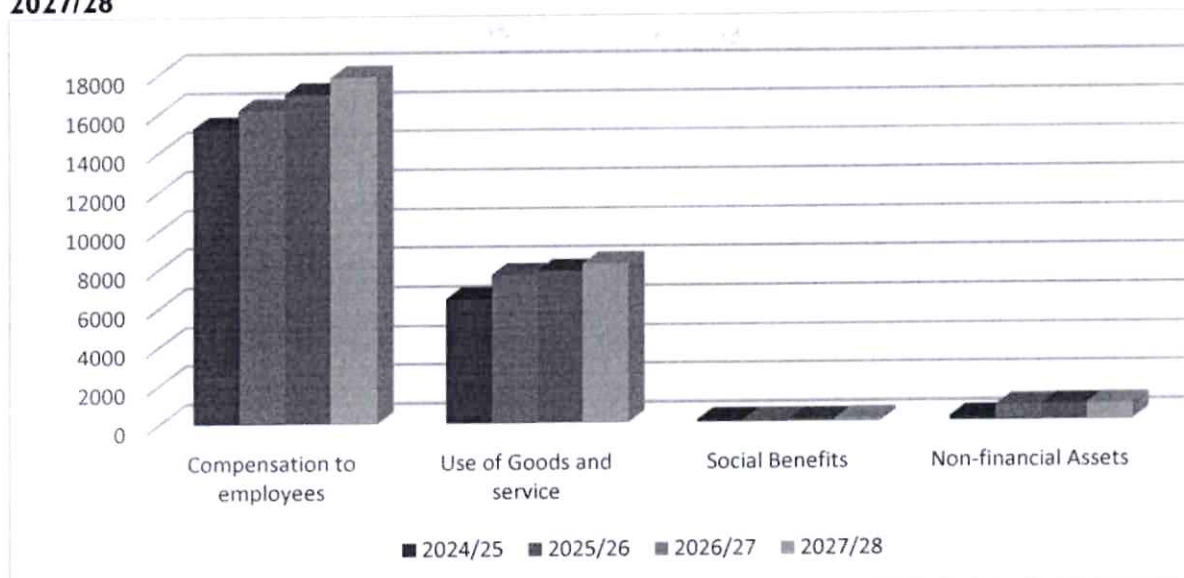
Program me	Votes		Revised Estimate 2024/25	Resouce Requirement 2025/26	Approved BPS Ceiling 2025	Proposed Estimate 2025/26	Deviation
Dispensation of Justice	Recurrent	Net Estimate	21,894.1	31,617.0	24,237.4	24,237.4	22%
		AIA	7.33	-	-	366.1	
		Gross	21,901.4	-	24,237.4	24,603.5	23%
	Development	Net Estimate	771.1	8,479.0	1,700.0	1,700.0	80%
		AIA	44.5	-	-	580.0	
		Gross	815.6	-	1,700.0	2,280.0	73%
Total			22,717.0	40,096	25,937.4	26,883.5	35%

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

30. The trend in allocation shows that compensation to employees has increased significantly from Kshs. 15.21 billion in F.Y. 2024/2025 to Kshs. 16.1 billion in F.Y.

2025/26 which can be attributed to the enhanced allocation availed to the Judiciary by the new administration to improve its workforce capacity and other resource gaps it has faced in the past.

Figure 1: Trends in Recurrent Expenditure allocations (Kshs Millions) – FY 2024/25-2027/28



Source: F.Y. 2025/2026 Estimates, National Treasury

3.1.3 Pending Bills

31. The pending bills for the department as at the end of the F.Y. 2023/2024 was Kshs. 576.6 million comprised of Kshs. 9.2 million under the recurrent vote and Kshs. 567.4 million under the development vote.
32. The pending bills arose due to austerity measures in the middle of the financial year which caused non-payment of most of the existing contracts. This is compounded by frequent down time of IFMIS and delays in presentation of invoices by suppliers.

Table 4: Pending bills FY 2021/22 - 2023/24 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/22	2023/24
Judiciary	Recurrent	95	-	9.2	15.0	266	-
	Development	113	103	567.4	-	245	-
Total		208	103	576.6	15.0	511	-

Source: Sector Report 2025 – Judiciary

3.2 Judicial Service Commission

33. The Judicial Service Commission (JSC) is a constitutional body established under Article 171(1) of the Constitution of Kenya. The Constitution confers upon the JSC an expansive and liberal mandate in the discharge of its functions. The mandate of the Commission as provided for under Article 172 (1) of the Constitution is to promote and facilitate the independence and accountability of the Judiciary and the efficient, effective and transparent administration of justice.

3.2.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

34. The approved allocation for the Commission has grown over the years from Kshs. 618 million in F.Y. 2021/2023 to Kshs. 896.6 million in the F.Y. 2023/2024. The growth is largely due to the new administration's resolve to enhance the budgetary allocation of the Commission to enable it discharge its mandate as provided for under Article 172 (1) of the Constitution.
35. An analysis of the trends in absorption rate of the budget allocated for the Commission shows there is an improvement in absorption of funds from 93.3% in F.Y. 2021/2022 to 98.3% in F.Y. 2023/2024. The reasons why the Commission did not fully absorb the allocated funds include delayed exchequer releases, long and tedious procurement processes, as well as IFMIS related challenges.

Table 5: Analysis of Approved Budget Vs Actual Expenditure in Kshs. Million – F.Y. 2021/2022 – 2023/2024

Vote & Vote Details	Approved Allocation			Actual Expenditure			Absorption Rates		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Judicial Service Commission	618	887	896.6	577.3	841.9	881.2	93.4%	94.9%	98.3%
Total	618	887	896.6	577.3	841.9	881.2	93.4%	94.9%	98.3%

Source: Sector Report 2025 - Judicial service Commission

36. During the period under review, the Commission developed its strategic plan (2022 – 2027), and also advertised and competitively recruited 47 judges which included 7 Court of Appeal Judges, and 40 High Court Judges. Additionally, the commission appointed the Chief Registrar and 158 other judicial officers.
37. In addition, the Judiciary Training Institute facilitated the training of judges and magistrates through holding Annual Judges, Magistrates and Kadhis Colloquium whose target is 100% attendance.
38. The Commission also facilitated the setting up of the small claims' courts in Meru, Kisumu, Siaya, Voi and Garissa law courts, stakeholder engagements and public outreaches, Deployment of ICT, The Commission hosted regional symposium on greening the Judiciaries, and spearheaded the development of a Tribunal Bill.

3.2.2 Proposed Budget Estimates F.Y. 2025/2026

39. The Commission executes this mandate under **General Administration; Planning and Support Services Programme**. The Programme has two sub programmes namely: **Administration and Judicial Services;** and **Judicial Training**.
40. In the F.Y. 2025/2026, the proposed allocation to the Judicial Service Commission is **Kshs. 812 million** which is solely for recurrent expenditure. The Commission recorded a slight increase of **Kshs. 53 million** when compared to its previous year of **Kshs. 759.1 million**. However, the allocation for the Commission is significantly lower than its resource requirement for F.Y. 2025/2026 of **Kshs. 1.93 billion**.

41. The key programmes that would be affected include; developing of a national policy on establishment of Constituency/Sub-county magistrates' courts - Kshs. 100 million; purchase of motor vehicles for the Commission - Kshs. 100 million; recruitment of judicial officers and staff as well as hearing and determination of complaints - Kshs. 90 million; Mortgage and car loan schemes - Kshs. 120 million; and capacity development for judicial officers and staff aimed at ensuring enhanced access to justice - Kshs. 150 million.

Table 6: Proposed Budget Estimate F.Y. 2025/2026 Kshs. Millions

Sector/ Vote/Programme/Details		2024/25 Allocations	Resource Requirement	2024 BPS Ceiling	2025/2026 Estimate
Judicial Service Commission	Current	759.1	1,932.0	812.4	812.4
	Capital	0	0.0	0	0
	Total	759.1	1,932.0	812.4	812.4

Source: F.Y. 2025/2026 Budget Estimates, Judicial Service Commission

3.3 State Law Office and The Department of Justice

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

3.3.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

43. The Department's Budgetary allocation in F.Y. 2021/2022 was Kshs. 5,250 million which grew slightly by 10.8% in F.Y. 2022/2023 and increased by a further 14.7% to Kshs. 6,667 million in F.Y. 2023/2024.
44. In comparison, the actual expenditure attained in F.Y. 2021/2022 was Kshs. 5,087 million translating to an absorption rate of 96.9% of its approved allocation. In the F.Y. 2022/2023, the actual expenditure was Kshs. 5,520 million which was 94.9% of the financial year's allocation and in F.Y. 2023/2024, the actual expenditure was Kshs. 6,561 million translating to 98.4% of the approved allocation.

Table 7A: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
State Law Office & Dep't of Justice	5,250	5,815	6,667	5,087	5,520	6,561	96.9%	94.9%	98.4%
Total	5,250	5,815	6,667	5,087	5,520	6,561	96.9%	94.9%	98.4%

Source: Sector Reports 2025 – National Treasury

45. During the period under review, the Office of Attorney General and Department of Justice (OAG&DOJ) expanded its legal aid services to 32,789 people and resolved 2,344 cases against the government. The Office also developed 50 Bills to harmonize existing laws with the Constitution and drafted 297 subsidiary legislations. The

transformation of public services, including Marriages, Societies, Public Trustee, and College of Arms, was implemented.

46. The Office also developed reports on the international covenant on economic, social, and cultural rights and attended international meetings. The Assets Recovery Agency verified intelligence and traced suspected proceeds of crime in 111 cases. In addition, the Business Registration Service increased the number of registered businesses from 43.5% to 48.6%.

Table 7B: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2020/21	2021/22	2022/23	2020/21	2021/22	2022/23	2020/2021	2021/22	2022/23
State Law Office & Dep't of Justice	4,891	5,250	5,815	4,658	5,087	5,520	95.2%	96.9%	94.9%
Total	4,891	5,250	5,815	4,658	5,087	5,520	95.2%	96.9%	94.9%

Source: Sector Reports – National Treasury

3.3.2 Proposed Budget Estimates F.Y. 2025/2026

47. The proposed allocation for the Office in F.Y. 2025/2026 is **Kshs. 5.30 billion** comprised of Kshs. 5.0 billion for recurrent expenditure and Kshs. 0.3 billion for development expenditure. The allocation has decreased by Kshs. 0.4 billion (7.1%) from the **Kshs. 5.7 billion** allocated in the F.Y. 2024/2025. The decrease is largely due to reorganization of the department's budget following the creation of the new State Department for Justice, Human Rights, and Constitutional Affairs.

Table 8: Allocations per Programme F.Y. 2025/2026 (Kshs. Millions)

	2024/25 Approved Estimates	2025/26 Proposed Estimates	2026/27 Projected Estimates	2027/28 Projected Estimates
Total Programmes	5,669.96	5,304.95	5,971.9	6,405.0
Legal Services	2,942.9	4,304.8	4,749.2	4,856.2
Governance, Legal Training and Constitutional Affairs	1,714.1	-	-	-
General Administration, Planning and Support Services	1,012.9	1000.2	1,222.7	1,548.8

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

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

Table 9: The Semi-Autonomous State Agencies allocations (Kshs. Million)

Agency	Approved Estimate 2024/25			Proposed Estimate 2025/26			Deviation
	AIA	Gov't Grants	Total	AIA	Gov't Grants	Total	
Nairobi Centre for International Arbitration	7.0	145.1	152.1	7.0	158.0	165.0	12.9

Kenya School of Law	377.5	50.0	427.5	377.5	46.8	424.3	(3.2)
Council for Legal Education	170.1	110.0	280.1	170.1	92.7	262.8	(17.3)
Advocates Complaints Commission	-	167.4	167.4	-	153.5	153.5	(13.9)
National Council for Law Reporting	10.0	350.0	360.0	10.0	300.2	310.2	(50.0)
Total	564.6	822.5	1,387.1	564.6	751.2	1,315.4	(54.2)

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

49. The department's development budget of **Kshs. 300 million** will be for the following ongoing projects:

- (i) Refurbishment of Sheria House and Company's Registry - **Kshs. 140 million.**
- (ii) Ultra-Modern Library & Moot Court - Kenya School of Law, Karen - **Kshs. 50 million.**
- (iii) Automation of the State Law Office Services - **Kshs. 110 million.**

50. During the Medium Term 2025/2026 - 2027/2028 the Office will continue to provide timely legal services to support the implementation of the national development priorities; drafting legislations; vetting procurement contracts, providing legal opinions on commercial matters; negotiating, vetting and interpreting commercial and financial agreements.

51. Additionally, the Office will establish Quality Assurance and Compliance Department to sensitize and follow-up with the government entities on legal compliance on advisories issued by AG's Office; sensitize MDAs and other relevant stakeholders on compliance to the laws and advisories issued from AG's Office for proper management of contracts and adherence to legal service policies; modernize, digitize and automate the services. Building capacity of the State Law Office and training of State Counsel to match current development in the legal profession at both the headquarters, regional offices and in MDAs will also be prioritized. The Office will also embrace automation and digitization of its services.

3.3.3 Review of the Pending Bills

52. During the period under review, the Office recorded pending bills amounting to Kshs. 341.2 million in the F.Y. 2023/2024 which is comprised of Kshs. 237.8 million for recurrent expenditure and Kshs. 103.4 for development expenditure. The pending bills for the Agency have increased significantly from the Kshs. 115 million incurred in F.Y. 2022/2023.

53. It is important to note that implementation of activities by accounting officers without approved budgets and/or failing to pay for legally incurred expenditures constitutes an offence under section 74 of the PFM Act. In addition, pending bills are required to form first charge in the subsequent financial year.

Table 10: Department's Pending Bills - Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
State Law Office & Dep't of Justice	Recurrent	4.91	115.0	237.8	-	-	40.5
	Development	1.5	-	103.4	-	-	-

Total		6.41	115.0	341.2	-	-	40.5
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Source: Sector Reports 2025 – National Treasury

3.4 State Department for Justice, Human Rights and Constitutional Affairs

54. The State Department for Justice, Human Rights, and Constitutional Affairs is crucial in advancing constitutional principles, governance, and human rights protection. Its key responsibilities include coordinating state initiatives for constitutional implementation and governance, fostering a national ethos of the rule of law, enhancing legal and institutional frameworks to combat corruption and promote ethics, formulating human rights policies, providing legal aid to marginalized populations, supervising electoral frameworks, and developing legislation for law and democracy.

3.4.1 Proposed Budget Estimates F.Y. 2025/26

55. The proposed allocation for the Office in FY 2025/26 is **Kshs. 1 billion** which is solely for recurrent expenditure. The state department will implement Governance, Legal Training and Constitutional Affairs Programme which has two sub-programmes namely; Governance Reforms – **Kshs 649.2 million** and Constitutional and Legal Reforms – **Kshs 358.5 million**.

Table 11: Allocations per Programme F.Y. 2025/2026 (Kshs. Millions)

	2024/25 Approved Estimates	2025/26 Proposed Estimates	2026/27 Projected Estimates	2027/28 Projected Estimates
Total Programmes	1,741.1	1,007.7	1,160.9	1,199.8
Governance, Legal Training and Constitutional Affairs	1,714.1	1,007.7	1,160.9	1,199.8

Source: Budget Estimates F.Y. 2025/2026, National Treasury

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

Table 12: The Semi-Autonomous State Agencies allocations (Kshs. Million)

Agency	Approved Estimate 2024/25			Proposed Estimate 2025/26			Deviation
	AIA	Gov't Grants	Total	AIA	Gov't Grants	Total	
Kenya Law Reform Commission	-	288.9	288.9	0.1	326.7	326.8	37.9
Kenya National Anti-Corruption Steering Committee	-	42.7	42.7	-	24.8	24.8	(17.9)
National Coroners Service	-	30.0	30.0	-	18.0	18.0	(12.0)
Assets Recovery Agency	-	217.4	217.4	-	240.6	240.6	23.2
Auctioneer's Licensing Board	-	29.5	29.5	-	31.8	31.8	2.3
Victims Protection Board	-	23.5	23.5	-	18.4	18.4	(5.1)
Total	-	632.0	632.0	0.1	660.3	660.4	(28.4)

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

3.5 State Department for Correctional Services

57. The State Department for Correctional Services is mandated to contain offenders in humane and safe custody; supervise and provide correctional services to all offenders; and effectively contribute to expeditious administration of criminal justice.

3.5.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

58. During the period under review, the State Department was allocated Kshs. 28.9 billion, Kshs. 32.1 billion and Kshs. 35.3 billion in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. During the same period, actual expenditure was Kshs. 28.4 billion, Kshs. 31.7 billion and Kshs. 32.9 billion reflecting an absorption rate of 98.2%, 98.8% and 93.3% respectively.

Table 13: Analysis Of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote		Approved Allocation			Actual Expenditure			Absorption		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
State Department for Correctional Services	Recurrent	28,521	31,566	34,500	28,033	31,269	32,300	98.3%	99.1%	93.6%
	Dev't	360	505	795.0	323	423	635.0	89.7%	83.8%	79.9%
Total		28,881	32,071	35,295	28,356	31,692	32,935	98.2%	98.8%	93.3%

Source: Sector Reports 2025 - National Treasury

59. The major achievement for the State Department includes the following; contained a daily average of 50,070 inmates in humane and safe custody; provided 22,423 pairs of uniforms; 28,660 beddings and linen to inmates; supervised 60,924 non-custodial offenders; supervised 40,834 on Community Service Orders and 79 power of mercy pardonees.

60. The State Department also rehabilitated inmates through offering formal education to 17,148 inmates; registered 2,016 inmates for KCPE and 287 for KCSE, 23,776 non-custodial offenders were rehabilitated and reintegrated within the community; 8,866 probationers were offered vocational education; 46 ex-offenders provided with workshop tools; and 308 special needs offenders were provided with temporary accommodation.

3.5.2 Proposed Budget Estimates F.Y. 2025/2026

61. The proposed allocation for the State Department of Correctional Services amounts to **Kshs. 38,102.9 million** comprising of **Kshs. 37,799.3 million** for recurrent expenditure and **Kshs. 303.6 million** for development expenditures. The recurrent estimates increased by Kshs. 2,047.3 million while the development estimates has increased by Kshs. 193.6 million, resulting in a net increase of Kshs. 2,241 million when compared to the approved estimates for F.Y. 2024/2025. The increase under the recurrent vote is largely meant for Phase II of salary adjustments for Prison

Officers while the Kshs. 193 million increase under the Development vote is for infrastructure development.

Table 14: Analysis of Approved Estimates 2024/25 Against Proposed Estimate 2025/26 in Kshs Millions

	Programme	Approved Estimate 2024/2025			Proposed Estimates 2025/26			Deviation %		
		Rec	Cap	Total	Rec	Cap	Total	Rec	Cap	Total
1.	General Administration	538.6	-	538.6	641.1	16.0	657.1	102.5	16.0	118.5
2.	Prison Services	32,850.4	70.0	32,920.4	34,708.0	223.1	34,931.1	1,857.6	153.0	2,010.6
3.	Probation and Aftercare	2,363.0	40.0	2,403.0	2,450.3	64.5	2,514.8	87.3	24.5	111.8
	Total	35,752.0	110.0	35,862.0	37,799.4	303,6	38,102.9	2,047.3	193.6	2,241

Source: The National Treasury, Budget Estimates 2025/2026

62. In the F.Y. 2025/2026 and the Medium Term, the major outputs to be provided include; safe and humane containment of inmates; to offer formal and vocational education/training to inmates; to provide psychological / spiritual counseling to all inmates; modernization of prison farms and prison industries; construction of gate lodges and armories; preparation and submission of social reports to courts and power of mercy advisory committee and supervision and rehabilitation of non-custodial offenders.

63. The proposed total recurrent estimates for the State Department amounts to Kshs. 34,799.3 million comprising of Kshs. 29,137.3 million (83.7%) for compensation of employees; use of goods and service - Kshs 8,537.2 million (24.5%); current transfer to Government Agencies - Kshs 19.7 million (0.1%); and Kshs 105.2 million (0.3%) for other recurrent expenditures. The analysis reveals that personnel emoluments has increased by Kshs. 1,382.1 million (5.0%) to cater for annual salary adjustments for prison officers and use of goods and services - Kshs. 607.4 million (7.7%).

3.5.3 Analysis of Development Expenditure

64. The State Department for Correctional Services will be implementing 73 projects in the F.Y. 2025/2026 and over the medium term with an estimated cost of Kshs. 5.4 billion. In the F.Y. 2025/2026, the proposed allocation towards the projects amounts to Kshs. 303 million. The following table shows the thematic areas under which the projects are clustered with their proposed allocation in F.Y. 2025/2026.

Table 15: Analysis of Development Expenditure in Kshs. Millions						
	Project	Estimated Cost	Start Date	Compl. Date	Cum. Exp	Proposed 2025/26
1.	Security in Penal Facilities	424.5	2016/17	2025/26	146.5	67.9
2.	Construction of Penal Facilities	576.6	2010/21	2025/26	263.4	28.5
3.	Construction of Staff Houses	1,234	2017/18	2020/25	346	31.9
4.	Modernization of Prison Industries	343	2016/17	2025/26	214.8	6.6
5.	Completion of stalled projects	336	2016/17	2025/26	5.2	30.8
6.	Probation Office blocks	381	2012/13	2020/25	-	32.0
7.	Probation hostels	338	2012/13	2025/26	106.8	25.7
8.	Construction of Magereza level 4	600	2022	2025/26	-	50.0
9.	Revitalization of prison farms	-	2023/24	2025/26	-	1.5
10.	Acquisition of ICT applications and infrastructure set up	-	2023/24	2025/26	-	16.0

11.	Others	834.7	-	-	-	12.7
	Total	5,427.8				303.6

Source: The National Treasury, Budget Estimates 2025/2026

3.5.4 Review of the Pending Bills

65. The department's pending bills for the period under review stood at Kshs. 2,461 million comprised of Kshs. 2,341.6 million for recurrent expenditure and Kshs. 119.4 million for development expenditure. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 16: Agencies Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provis		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
State Department for Correctional Services	Recurrent	118.1	175.7	1,141	-	-	1,200.0
	Development	82.9	990.9	119.4	-	-	-
Total		201.1	1,166.5	1,261.3	-	-	1,200.0

Source: Sector Reports, National Treasury

3.6 Independent Electoral and Boundaries Commission (IEBC)

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

3.6.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

67. The Commission's budgetary allocation in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 was Kshs. 23,165 million, Kshs. 20,631 million and Kshs. 4,699 million respectively. The significant drop in allocation in F.Y. 2023/2024 is due to the expenditures related to the general election that was held in F.Y. 2021/2022.

68. The Commission's actual expenditure for the period was Kshs. 20,254 million, Kshs. 20,229 million, and Kshs. 4,553 million in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. The absorption rate of the department was averaging at 93%.

Table 17: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Independent Electoral & Boundaries Commission	23,165	20,631	4,699	20,254	20,229	4,553	87.4%	98.1%	93.5%
Total	23,165	20,631	4,699	20,254	20,229	4,553	87.4%	98.1%	93.5%

Source: F.Y. 2025/2026 Budget Estimates – National Treasury

69. During the period under review, the Commission successfully conducted the 2022 General Elections, which included the election of the President, 290 Members of the National Assembly, 1,448 Members of County Assembly, 47 County Governors, 47 Senators, and 47 County Women Members of the National Assembly. Additionally, the Commission facilitated by-elections for 2 Senators and 8 Members of County Assembly, as well as the preparation of the draft strategic plan.

3.6.2 Proposed Budgetary Estimates F.Y. 2025/2026

70. In the F.Y. 2025/2026, the Commission proposed allocation is **Kshs. 9,632.3 million** comprised of **Kshs. 9,602.3 million** for recurrent expenditure and **Kshs. 30 million** for development expenditure. The allocation to the Commission has increased significantly by Kshs. 5,784.6 million (150.3%) from **Kshs. 3,847.7 million** allocated in F.Y. 2024/2025.

71. The increase in expenditure is largely on account of enhanced allocation for the Commission in preparation for 2027. In particular, the budget for the following vote heads were enhanced; voter registration – **Kshs. 2.5 billion**, Electoral Information and Communication Technology – **Kshs. 1.93 billion**, Secretariat – **Kshs. 0.63 billion** and voter education and partnerships – **Kshs. 0.5 billion**. In addition, the Commission was allocated Kshs. 30 million for the construction of office block and warehouse in Nyandarua County.

Table 18: Proposed Budget Estimate F.Y. 2025/2026 Kshs. Millions

Vote	Approved Allocation					Proposed Allocation
		2021/22	2022/23	2023/24	2024/25	2025/26
Independent Electoral & Boundaries Commission	Recurrent	23,040	20,631	4,674	3,847.7	9,602.3
	Development	125	-	77.0	-	30.0
Total		23,165	20,631	4,751.0	3,847.7	9,632.3

Source: FY 2025/26 Budget Estimates, National Treasury

72. In the fiscal year 2025/2026 and the Medium Term, the Commission aims to develop a strategic election operation plan that will effectively guide the electoral process, facilitate voter registration, and implement pre-election activities and complete the construction of an office block and warehouses in Nyandarua County.

3.6.3 Pending Bills F.Y. 2021/2022 – 2023/2024

73. The Commission has pending bills totaling **Kshs. 3,954.6 million** as at 30th June, 2024 that were not settled during the financial year 2023/2024. The bills comprise of legal fees of Kshs. 2.7 billion, election logistics – postal corporation Kshs. 0.36 billion and other pending bills – Kshs. 0.92 billion. The Committee stressed the need for the Commission to standardize the fees charged by the law firms and engage in-house

lawyers to undertake some of the petitions. The pending bills are as a result of lack of exchequer and lack of provision.

Table 19: Agency's Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Independent Electoral & Boundaries Commission	Recurrent	-	1,528	234.0	1,912	3,646	3,720.6
	Development	-	-	-	-	-	-
Total		-	1,528	234	1,912	3,646	3,720.6

Source: Sector Reports 2025, National Treasury

3.7 Office of the Director of Public Prosecutions (DPP)

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

3.7.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

75. The Agency's budgetary allocation in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 was Kshs. 3,476 million, Kshs. 3,682 million and Kshs. 4,163 million respectively.

76. The agency's actual expenditure for the period was Kshs. 3,423 million, Kshs. 3,523 billion and Kshs. 4,160 million in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. The absorption rate of the ODPP was averaging at 97.9%.

Table 20: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Office of the Director of Public Prosecutions	3,476	3,682	4,163	3,423	3,527	4,160	98.5%	95.8%	99.5%
Total	3,476	3,682	4,163	3,423	3,527	4,160	98.5%	95.8%	99.5%

Source: Sector Report 2025, National Treasury

77. During the period under review, ODPP caseload has decreased from 317,885 in the fiscal year 2021/2022 to 306,532 in 2023/2024, a reduction attributed to enhanced case screening processes, the implementation of plea bargains, advancements in digitization, and increased public awareness initiatives. Furthermore, conviction rates have shown improvement, rising from 91.96% to 93.12%.

3.7.2 Proposed Budgetary Estimates F.Y. 2025/2026

78. The proposed allocation for the Office is **Kshs. 4,181.6 million** in 2025/2026 comprised of **Kshs. 4,095 million** for recurrent expenditure and **Kshs. 86 million** for development expenditure, representing a slight decrease of **Kshs. 38.8 million** (3.7%) from the **Kshs. 4,220.4 million** allocated in F.Y. 2024/2025. The decrease in

allocation is under the recurrent vote and it mainly relates to operations and maintenance.

79. The Office of the Director of Public Prosecutions has been allocated **Kshs. 86 million** for development expenditure. The allocation is meant for the following:

- (i) Construction of Containerized offices in Kenol and Msambweini - **Kshs. 25 million.**
- (ii) Refurbishment of Kericho and Nyeri County Offices - **Kshs. 10.0 million.**
- (iii) UNFPA 8th Country Programme on FGM - **Kshs. 6 million.**
- (iv) The Uadilifu Case Management System - **Kshs. 45.0 million.**

Table 21: Proposed Budget Estimate F.Y. 2025/2026 Kshs. millions

Vote		Approved Allocation					Proposed Allocation
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Office of the Director of Public Prosecutions	Recurrent	3,281.0	3,326.0	3,670.0	4,007.0	4,174.4	4,095.6
	Development	49.0	150.0	12.0	55.0	46.0	86.0
Total		3,330.0	3,476.0	3,682.0	4,057.0	4,220.4	4,181.6

Source: FY 2025/26 Budget Estimates, National Treasury

80. In the F.Y. 2025/2026 and the medium term, the ODPP will focus on improving the prosecution service by engaging in the fight against corruption, expeditious handling of files from investigative agencies, facilitation of victims and witnesses, prosecution of hate speech and electoral offenses, full operationalization of the Prosecutors Training Institute, rolling out of *Uadilifu Case Management System* in all ODPP stations across the country, improving the case conclusion rates, improving the capacity of prosecutors to handle emerging crimes among other initiatives.

3.7.3 Pending Bills F.Y. 2021/2022 – 2023/2024

81. The ODPP's pending bills in the F.Y. 2023/2024 stood at Kshs. 21.3 million. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 22: Agencies Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Office of the Director of Public Prosecution	Recurrent	13	101.4	21.3	-	13.8	-
	Development	-	-	-	-	-	-
Total		13	101.4	21.3	-	13.8	-

Source: Sector Reports, National Treasury

3.8 Office of the Registrar of Political Parties (ORPP)

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

3.8.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

83. The Agency's Budgetary allocations in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 were Kshs. 3,315 million, Kshs. 1,580 million and Kshs. 1,460.3 million, indicating a significant increase in budgetary provision as we approached the 2022 general election.

84. The actual expenditure attained in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 was Kshs. 3,174 million, Kshs. 1,455 million and Kshs. 1,452.8 million, translating to an absorption rate of 99.2%, 95.7% and 94.9% respectively.

85. Key achievements during the review period include: engaging political party leaders and staff in awareness efforts about improvements to the Integrated Political Parties Management System; holding sessions for National Executive Committee members of political parties on good governance, compliance, and resolving disputes; organizing a forum for women in political parties to talk about legal changes and the 2/3 gender rule; conducting a Mid-Term Review of the Strategic Plan to ensure it aligns with national priorities and the Fourth Medium Term Plan of Vision 2030 using feedback from the 2022 General Election evaluation; and reviewing the Political Parties Finance and Procurement Manual, which helped train ninety (90) political parties on better financial management.

Table 23: Analysis Of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
1311 Office of the Registrar of Political Parties	3,315	1,530	1,460.3	3,174	1,455	1,452.8	95.7%	95.1%	94.9%
Total	3,315	1,530	1,460.3	3,174	1,455	1,452.8	95.7%	95.1%	94.9%

Source: Sector Reports - National Treasury

3.8.2 Proposed Budget Estimates F.Y. 2025/2026

86. In the financial year 2025/2026, the Office of the Registrar of Political Parties proposed allocation is Kshs. 1,937 million out of which Kshs. 499.1 million is for office operations for the Agency, Kshs. 1,428.3 million for Political Parties Fund and Kshs. 9.6 million for the Political Parties Liaison Committee.

87. In comparison, The Agency's allocation for F.Y. 2025/2026 is slightly higher than the allocation for F.Y. 2024/2025 by Kshs. 213.2 million (12.4%). The increase is largely due to enhanced allocation of Kshs. 200 million for the Political Parties Fund. However, the allocation for the Political Parties Fund is significantly lower than the

statutory allocation of the fund which ideally should be 0.3 percent of the National Government share of revenue collected by the government.

Table 24: Proposed Budgetary Allocations FY 2024/25 – Kshs Million

Vote	Approved Allocation					Proposed Allocation 2025/26
	2020/21	2021/22	2022/23	2023/24	2024/25	
Office of the Registrar of Political Parties	1,306	3,315	1,530	1,260.3	1,723.8	1,937.0
Total	1,306	3,315	1,530	1,260.3	1,723.8	1,937.0

Source: Budget Estimates 2025/2026, National Treasury

88. The Office plans to undertake the following key activities for F.Y. 2025/2026 and the medium term: Undertake legal reforms in line with recommendations and lessons learnt from the 2022 general elections; decentralize services to the public through establishment of additional county offices; automate office functions and processes to enhance efficiency; conduct inspection and verification of political party offices for full registration; and review guide to mergers, coalitions and coalition political party.

89. In addition, the Office will review political party registration policy framework; develop roadmap and Action Plan for the 2027 general election; hold stakeholder's engagement forums with youth, women, and persons with disabilities (PWDs) to enhance participation in the political and electoral processes; hold periodic verification of fully registered Political Parties head and county offices to enhance compliance with the Political Parties Act; Conduct capacity building of Political Party organs and officials to ensure compliance.

3.8.3 Review of the Pending Bills

90. The departments pending bills for the period under review stood at Kshs 1.7 million in FY 2023/24. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 25: Agency's Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Registrar of Political Parties	Recurrent	39.2	1.5	1.7	-	-	-
	Development	-	-	-	-	-	-
Total		39.2	1.5	1.7	-	-	-

Source: Sector Reports, National Treasury

3.9 Witness Protection Agency (WPA)

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

3.9.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

92. The Witness Protection Agency's budgetary allocation over the medium term increased from Kshs. 490 million in F.Y. 2021/2022 to Kshs. 791.4 million in 2023/2024 representing an increase of 61.5% over the period.

93. The department's actual expenditure for the period was Kshs. 489 million, Kshs. 632 million and Kshs. 774.0 million in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. The absorption rate of the department was impressive, averaging at 99.9%.

Table 26: Analysis Of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Witness Protection Agency	490	632	791.4	489	632	774.0	99.8%	100%	98%
Total	490	632	791.4	489	632	774.0	99.8%	100%	98%

Source: Sector Reports, National Treasury

94. During the review period, the Agency observed an increase in applications for witness protection, rising from 188 in the fiscal year 2022/2023 to 250 in 2023/2024. Additionally, the number of applicants admitted into the Witness Protection Program (WPP) increased from 67 in 2022/2023 to 76 in 2023/2024. Notably, there were no reported incidents of harm to witnesses within the program. Client satisfaction, as measured by an independent survey, reached an impressive 95.12% in 2024/2025.

3.9.2 Proposed Budget Estimates F.Y. 2025/2026

95. In the F.Y. 2025/2026, the Agency has been allocated Kshs. 841.2 million comprised of Kshs. 445.4 million for compensation of employees, Kshs. 380.8 million for witness protection services and Kshs. 15 million for other recurrent expenditures. In comparison, the Agency's budget for F.Y. 2025/2026 has increased by Kshs. 118.1 million (16.3%) from the Kshs. 723.1 million allocated in 2024/2025. The increase in budgetary allocation is largely due to enhanced provision for witness protection services.

Table 27: Proposed Budgetary Allocations F.Y. 2025/2026

Vote	Approved Allocation					Proposed Allocation 2025/26
	2020/21	2021/22	2022/23	2023/24	2024/25	
Witness Protection Agency	462.0	490.0	632	813.5	723.1	841.2
Total	462.0	490.0	632	813.5	723.1	841.2

Source: Budget Estimates 2025/26, National Treasury

96. In the F.Y. 2024/2025 and the medium term, the Agency expects to successfully manage an average of 150 witnesses with an average of 5 dependents per witness.

The Agency will apply the allocated resources in the following major service outputs; admission of threatened witnesses, maintenance and management of witnesses, provide physical security to staff, resettlement and re-integration of witnesses, and enhancing Institutional capacity to support the programme.

3.10 Kenya National Commission on Human Rights

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

3.10.1 Budget Performance Review F.Y. 2021/2022 – 2023/2024

98. The Commission's budgetary allocation has slightly grown over the medium term from Kshs. 400. million in F.Y. 2021/2022 to Kshs. 524.8 million in 2023/2024, representing an average increase of 31.2% over the period.

99. The department's actual expenditure for the period was Kshs. 397 million, Kshs. 451 million, and Kshs. 524.7 million in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. The absorption rate of the department was impressive, averaging at 99.7%.

Table 28: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Kenya National Commission on Human Rights	400.0	451	524.8	397.0	451	524.7	99.3%	100%	99.9%
Total	400.0	451	524.8	397.0	451	524.7	99.3%	100%	99.9%

Source: Sector Reports 2025, National Treasury

100. During the period under review, the Commission received and processed 8,614 human rights complaints from 2,974 women, 5,407 men, 65 intersex individuals, and 168 others. Of these, 2,401 targeted state entities. The complaints covered refugee rights, extrajudicial killings, torture, and labor issues, with 47.7% on economic and social rights, 44.9% on civil rights, and 7.5% on group rights. The Commission in addition, handled 34 public interest litigation cases; resolved 54 cases through Alternative Dispute Resolution (ADR) mechanisms; and provided training on human rights standards to 3,860 individuals across public and private sectors.

101. Through its public awareness efforts, the Commission reached 277,332 members of the public via forums. It further extended its message to over 10 million people through media engagements focused on the Bill of Rights. Additionally, the Commission undertook the review of over 79 laws and policies at both national and county levels, issuing 27 advisory notes to stakeholders and conducted inspections in 73 public and private entities to assess human rights compliance. Internationally, it made 36 submissions to global human rights forums and assisted in the preparation of three state compliance reports on human rights.

3.10.2 Proposed Budget Estimates F.Y. 2025/2026

102. The proposed allocation to the Commission in F.Y. 2025/2026 is **Kshs. 510 million** which is a slight increase of 5.6% from the **Kshs. 483 million** allocated in F.Y. 2024/2025. The increase in allocation is as a result of enhanced provision towards the following budget items; domestic travel – Kshs. 3.7 million, foreign travel – Kshs. 1.5 million, insurance costs – Kshs. 7.3 million, furniture and general equipment – Kshs. 1.1 million and personnel emoluments – Kshs. 21 million.

Table 29: Budgetary Allocation FY 2020/21 - 2025/26 Kshs Millions

Vote	Approved Allocation					Proposed Allocation
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Kenya National Commission on Human Rights	374.0	400.0	445.8	539.8	483.0	510.3
Total	374.0	400.0	445.8	539.8	483.0	510.3

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

103. In the F.Y. 2024/2025 and over the medium-term period, the Commission plans to undertake the following: resolution of public complaints alleging human rights violations; enhance public awareness on human rights; review policies and legislation on human rights; research and produce thematic reports on human rights; conduct institutional audits for improved protection of human rights; increase redress on human rights through Public Interest Litigation, amicus briefs, and direct litigation; and enhance resolution of human of human rights Alternative Dispute Resolution (ADR).

3.10.3 Pending Bills F.Y. 2021/2022 – 2023/2024

104. The Commission's pending bills for the F.Y. 2023/2024 is Kshs. 17.1 million which is specifically for recurrent expenditure. The pending bills are as a result of lack of exchequer and revision of budget due to austerity measures.

Table 30: Agencies Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Kenya National Commission on Human Rights	Recurrent	-	-	8.95	13.2	28.4	8.14
	Development	-	-	-	-	-	-
Total		-	-	8.95	13.2	28.4	8.14

Source: Sector Reports, National Treasury

3.11 Ethics and Anti-Corruption Commission (EACC)

105. The Ethics and Anti-Corruption Commission (EACC) has one programme, Anti-Corruption programme. It is mandated to fight and prevent corruption and

economic crimes in Kenya through law enforcement, preventive measures, public education and promotion of standards and practices of integrity.

3.11.1 Budget Performance Review FY 2021/2022 – 2023/2024

106. The Commission's budgetary allocation has consistently been increasing over the medium term - 2023/2024 from Kshs. 3,519 million in F.Y. 2021/2022 to Kshs. 3,983.8 million in F.Y. 2023/2024 representing an increase of 13.2%. The increase has been due to expenditures related to the recruitment of additional staff and refurbishment of the Commission's integrity center.

107. The Commission's actual expenditure for the period was Kshs. 3,495 million, Kshs. 3,392 million, and Kshs. 3,826.7 billion in F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 respectively. The absorption rate of the department was impressive, averaging at 97.2%.

Table 31: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Ethics & Anti-Corruption Commission	3,519	3,521	3,983.8	3,495	3,392	3,826.7	99.3%	96.3%	96.0%
Total	3,519.0	3,521.0	3,983.8	3,495	3,392	3,826.7	99.3%	96.3%	96.0%

Source: Sector Report, National Treasury

3.11.2 Proposed Budget Estimates F.Y. 2025/2026

108. The proposed allocation for the Commission in F.Y. 2024/2025 is **Kshs. 3,971.6 million** comprised of Kshs. 3,913.6 million for recurrent expenditure and Kshs. 57.9 million for development expenditure. The Commission recorded an increase of Kshs. 209.8 million (5.6%) when compared to Kshs. 3,761.6 million allocated in 2023/2024.

109. The increase of Kshs. 209.8 million under the recurrent vote is due to additional allocation of Kshs. 76 million for salary increments and Kshs. 133.8 million for other recurrent expenditures. The proposed allocation of Kshs. 57.9 million under the development vote is for refurbishment of the EACC Headquarters.

Table 32: Proposed Budget Estimates F.Y. 2025/2026 Kshs. Millions

Vote		Approved Allocation					Proposed Allocation
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Ethics & Anti-Corruption Commission	Recurrent	3,272.0	3,519.0	3,521	3,693.6	4,149.4	4,269.96
	Development	41.0	67.0	47.0	68.2	54.7	100.0
Total		3,313.0	3,586.0	3,568.0	3,761.8	4,204.1	4,369.96

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

110. In the F.Y. 2025/2026 and the medium term, the Commission projects to investigate 1,310 corruption and economic crime cases; finalize 300 files on ethical breaches on high impact cases; and 255 assessed on compliance of Declaration of Income, Assets and Liabilities. Additionally, the Commission will trace and recover corruptly acquired assets valued at Kshs.19.2 billion. Further, it aims to create public awareness and reach out to 90 million, conduct 27 system reviews and 600 advisories on bribery, and assess 210 institutions on implementation status.

3.11.3 Pending Bills F.Y. 2021/2022 – 2023/2024

111. The Commission has incurred pending bills amounting to Kshs. 25.1 million in F.Y. 2023/2024. The pending bills will be settled in the F.Y. 2024/2025 as shown in the table below:

Table 33: Agencies Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of liquidity			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Ethics & Anti-Corruption Commission	Recurrent	9.7	-	25.1	-	-	-
	Development	-	-	-	25.8	-	-
Total		9.7	-	25.1	25.8	-	-

Source: Sector Reports, National Treasury

3.12 Commission on Administrative Justice (CAJ)

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

3.12.1 Budget Performance Review F.Y. 2021/2022 – 2023/24

113. The Commission's budgetary allocation in the F.Y. 2021/2022, F.Y. 2022/2023 and F.Y. 2023/2024 was Kshs. 624.5 million, Kshs. 577.8 million and Kshs. 730.2 million. The Commission's absorption rate has averaged at 95.8% during the period under review.

114. During the period under review, the Commission decentralized the ombudsman services through establishment of branch office in Meru County and Makueni County, 5,365 cases/complaints were resolved, automation and digitization of CAJ services, resolution of public complaints on maladministration, sensitized and educated the public on administrative justice and three bi-annual and annual reports were published.

115. In addition, the Commission has provided alternative dispute resolution mechanism; enhanced transparency and accountability in the public and private sectors; adjudicated on 430 requests for information and determined 416 (97%) appeals; enhanced responsiveness and efficiency in public service delivery by strengthening the capacity of public institutions to manage public complaints; and enhanced oversight on service delivery at the counties.

Table 34: Analysis of Approved Budget Vs Actual Expenditure Amount in Kshs. Million

Vote	Approved Allocation			Actual Expenditure			Absorption		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Commission on Administrative Justice	624.8	577.8	730.2	592.7	568.8	687.8	94.9%	98.4%	94%
Total	624.8	577.8	730.2	592.7	568.8	687.8	94.9%	98.4%	94%

Source: Sector Reports, National Treasury

3.12.2 Proposed Budget Estimates F.Y. 2025/2026

116. The proposed allocation to the Commission in the FY 2025/26 is **Kshs. 654.2 million**. The allocation for the Commission has increased slightly by Kshs 14.4 million (2.3%) from the Kshs. 639.8 million allocated in 2024/25. The change in allocation will affect the following areas; Personnel emolument – Kshs 30.5 million, domestic travel – (Kshs 4.8 million), Insurance costs – Kshs 3.8 million, foreign travel – Kshs 1.4 million, Hospitality Supplies and Services – (Kshs 1.9 million).

Table 35: Proposed Budget Estimates FY 2025/2026 Kshs. Millions

Vote	Approved Allocation				Approved Budget Ceiling	Proposed Allocation
	2021/22	2022/23	2023/24	2024/25	2025/26	2024/25
Commission on Administrative Justice	620.0	586.6	745.2	639.8	673.1	654.2
Total	620.0	586.6	745.2	639.8	673.1	654.2

Source: F.Y. 2025/2026 Budget Estimates, National Treasury

117. In the F.Y. 2025/2026 and the medium term, the Commission will provide the following services/outputs: resolution of public complaints; enforcement of the right to information; public education and awareness creation on administrative justice and access to information; Decentralisation of Ombudsman services to enhance accessibility and oversight; technical support to strengthen MDAs capacity to manage public complaints; and strengthening institutional capacity of the Commission through automation, enhancement of staff establishment and skills development.

118. It is worthwhile to note that the Commission will play a pivotal role in promoting open governance envisaged by the Government. This will be through oversight and enforcement of the Access to Information Act, 2016.

3.12.3 Pending Bills F.Y. 2021/22 – 2023/2024

119. The Commission has incurred pending bills of **Kshs. 3.2 million** in F.Y. 2023/2024 for the period under review due to lack of exchequer to pay commitments.

Table 36: Agency's Pending Bills F.Y. 2021/2022 – 2023/2024 Kshs. Millions

Vote	FY	Due to lack of exchequer			Due to lack of provision		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
	Recurrent	5.5	6.7	3.2	-	-	-

Commission on Administrative Justice	Development	-	-	-	-	-	-
Total		5.5	6.7	3.2	-	-	-

Source: Sector Reports, National Treasury

PART 4

4.0 OBSERVATIONS AND RECOMMENDATIONS BY THE COMMITTEE ON THE F.Y. 2025/2026 BUDGET ESTIMATES

4.1 OBSERVATIONS OF THE COMMITTEE

4.1.1 Judiciary

- a) The resource requirement for the Judiciary in the F.Y. 2025/2026 is estimated to be **Kshs. 40.1 billion** comprised of **Kshs. 31.6 billion** for recurrent expenditure and **Kshs. 8.48 billion**.
- b) The Judiciary's proposed estimates for the F.Y. 2025/2026 is **Kshs. 26.88 billion** (0.65% of the Overall National Budget) comprising of **Kshs. 24.6 billion** for recurrent expenditure and **Kshs. 2.279 billion** for development expenditure.
- c) However, the National Treasury has reduced the net estimate of the Judiciary as approved by the National Assembly during the Budget Policy Statement by **Kshs 1 billion which was meant for recruitment for recruitment of additional Judges and Magistrates as well as employing the Ajira youths on permanent and pensionable terms**. It should be noted that budget making is a process where each stage informs and sets the basis for the next stage and therefore the non-adherence to the ceilings set at the Budget Policy Statement stage is a violation of section 25(8) and 27(4) of the PFM act and Regulations, respectively.
- d) The recurrent expenditure has increased by **Kshs. 2,709.4 million** (12.4%) from an allocation of **Kshs. 21,894 million** in F.Y. 2024/2025. The increase is largely due to review of salary for state officers and promotion of officers who have stagnated in service, as well as leasing of motor vehicles for judges.
- e) Under the development vote, the department's budget has increased significantly by **Kshs. 1,508.4 million** (195.5%) from an allocation of **Kshs. 771.6 million** in 2024/2025. It is important to note that the Judiciary's significant increase in its development budget is largely due to the planned acquisition of Office Block in Milimani at a cost of **Kshs. 1.2 billion**. The financing of the project will be through the interest rates generated from the Court deposits which currently stand at **Kshs. 6.6 billion** held in trust by the Judiciary on behalf of litigants before the Courts.
- f) The shortfall will affect the following key areas; completion and refurbishment of court constructions - **Kshs. 6.96 billion**, Digital Strategy and Automation - **Kshs. 1.1 billion**, Planned recruitment (salaries and wages) - **Kshs. 3.3 billion**, Court circuits, service weeks, mobile courts, prison visits and other travel expenses - **Kshs 0.32 billion**, Transport and leasing of motor vehicles - **Kshs. 0.46 billion**, Capacity building for staff - **Kshs. 0.32 billion**, Leasing of additional office space and expansion of specialized courts - **Kshs. 0.15 billion**, Jurisprudence enhancing dialogues forums - **Kshs. 0.199 million**, GPA and medical insurances - **Kshs. 0.53 billion** and Special benches established by the Hon. Chief Justice - **Kshs 88 million**.
- g) The Office has a total pending bill of **Kshs. 576.6 million** comprising of the following; **Kshs. 9.2 million** for recurrent expenditure and **Kshs. 567.4 million** for development expenditure.
- h) The challenges faced by the Judiciary include insufficient financial resources, limitations of the IFMIS operations that disrupt implementation of planned activities, delays in release of exchequer and delays in processing title documents for lands belonging to the Judiciary.

4.1.2 Judicial Service Commission

- a) The Judicial Service Commission was allocated **Kshs. 812.0 million** in the F.Y. 2025/2026 against a resource requirement **Kshs. 1.932 billion**, leaving a shortfall of **Kshs. 1.12 billion (137%)**.
- b) The following are the key unfunded areas; Recruitment of judges, Judicial officers and staff - **Kshs. 90 million**, Leasing of motor vehicles - **Kshs. 100 million**, Staff Mortgage and car loan scheme - **Kshs. 120 million**, Judges, magistrates and Kadhis Colloquium - **Kshs. 150 million** and Development of a National policy on Establishment of Constituency/Sub-County Magistrates/ Kadhis Courts - **Kshs. 100 million**.
- c) The Committee has also observed that the Judiciary intends to make the Kenya Judiciary Academy a semi-autonomous government agency. The legal instruments are currently under consideration at the State Law Office.

4.1.3 State Law Office and Department of Justice

- a) The resource requirement for the State Law Office in the F.Y. 2025/2026 is estimated to be **Kshs. 10.14 billion** comprised of **Kshs. 8.27 billion** for recurrent expenditure and **Kshs. 1.866 billion**.
- b) However, the proposed allocation for the State Law Office in the F.Y. 2025/2026 is **Kshs. 5.304 billion** comprising of **Kshs. 5.004 billion** for recurrent expenditure and **Kshs. 0.3 billion** for development expenditure.
- c) The SAGAs under the State Law Office have requested for additional funding of **Kshs. 0.811 billion**. **However, the Committee observed there is need for some of the SAGAs to be merged and others dissolved to save on the ever-increasing cost of running the SAGAs in line with the recently released Cabinet memo i.e. The National Anti-Corruption Campaign Steering Committee.**
- d) It has further been observed by the Committee that the Attorney General's Office has a total of 18,824 pending case files with a quantified financial risk of **Kshs. 2.26 trillion**. The pending legal bills stood at **Kshs. 202 billion** and they are ranging from awards to victims of torture as well as business litigants against the State.
- e) The State Law Office is faced with the challenge of retaining staff due to uncompetitive remuneration package by the Office. The Office has lost considerable number of staffs to other organization such as Parliament, Judiciary and Ethics and Anti-Corruption Commission.
- f) The Office has a total pending bill of **Kshs. 60.25 million** as at 31st March, 2025 comprised of **Kshs. 6.7 million** from F.Y. 2023-2024 and **Kshs. 53.5 million** from prior years. These pending bills were incurred as a result of lack of exchequer release, merchants submitting incomplete documents, deactivation of procurement and payment module of IFMIS, among others.

4.1.4 State Department for Justice, Human Rights and Constitutional Affairs

- a) The resource requirement for the State Department in the F.Y. 2025/2026 is estimated to be **Kshs. 2.03 billion** for recurrent expenditure. The proposed allocation for the Office in F.Y. 2025/2026 is **Kshs. 1.0 billion** which is solely for recurrent expenditure. The State Department will implement Governance, Legal Training and Constitutional Affairs Programme which has two sub-programmes

namely; Governance Reforms - **Kshs 649.2 million** and Constitutional and Legal Reforms - **Kshs. 358.5 million**.

- b) The Committee further observed that the Commission is underfunded in the following critical areas; Refurbishment of Office Premises - **Kshs. 35 million**, Purchase of furniture and general equipment - **Kshs. 50 million**, Purchase of ICT networking and communication Equipment - **Kshs. 55 million** and Purchase of Motor Vehicles - **Kshs. 55 million**.
- c) The Committee has also observed there is need for an executive order to create proper jurisdictional boundaries between the new state department for Justice, Human Rights and Constitutional Affairs and the State Law Office.

4.1.5 State Department for Correctional Services

- a) The resource requirement for the State Department in the F.Y. 2025/2026 is estimated to be **Kshs. 68.46 billion** comprised of **Kshs. 59.77 billion** for recurrent expenditure and **Kshs. 8.7 billion**.
- b) The State Department's proposed budget for F.Y. 2025/2026 is **Kshs. 38.1 billion** comprised of **Kshs. 37.8 billion** for recurrent expenditure and **Kshs. 0.3 billion** for development expenditure.
- c) The recurrent estimates increased by **Kshs. 2,047.3 million** while the development estimates has increased by **Kshs. 193.6 million** resulting in a net increase of **Kshs. 2,241.0 million** when compared to the approved estimates for F.Y. 2024/2025. The increase under the recurrent vote is largely meant for Phase II of salary adjustments for Prison Officers while the **Kshs. 193 million** increases under the Development vote is for infrastructure development.
- d) However, the Committee notes that the department has significant budgetary shortfall in the following areas; food and rations - **Kshs. 1.8 billion**, wood fuel - **Kshs 0.158 billion**, fuel, oil and lubricants - **Kshs. 0.278 billion**, Domestic Travel - **Kshs. 919 million**, Training - **Kshs. 288 million**, purchase of uniforms and clothing for staff and inmates - **Kshs. 1.4 billion**, purchase of bedding and linen for inmates - **Kshs. 1.181 billion**, operationalization of Magereza Level IV Hospital - **Kshs. 80 million**, purchase of security equipment - **Kshs. 1.784 billion**, and Recruitment of additional probation officers - **Kshs. 34 million** among other needs.
- e) In addition, the Committee has also observed that the State Department requires **Kshs. 80 million** for operationalization of Magereza Level IV Hospital in Ruiru. These funds will be utilized to recruit adequate personnel for the hospital and will also cater for the other operational needs of the facility.
- f) The State Department has been experiencing an acute shortage of prisoner's beddings and linen as a result of limited funds. The department has only been able to procure and issue beddings to a total of 22,066 inmates against an annual average population of 60,000 inmates. The department has a shortfall of **Kshs. 1.2 billion** for purchase of beddings and linen.
- g) The Committee also observed that there is need for the department to leverage on public private partnerships to implement some of its programmes. In addition, the Committee also urged the State Department to leverage on the huge tracks of land at its disposal and the convicted prisoners to generate food in order to complement the resources it has received from the exchequer.
- h) The Committee has also observed the need for the departments in the Justice sector to collaborate together with a view to developing policies that are geared towards decongesting our prisons by considering other forms restorative justice that can be implemented.

4.1.6 Independent Electoral and Boundaries Commission

- a) The Commission's proposed allocation in the F.Y. 2025/2026 is **Kshs. 9.60 billion** comprised of **Kshs. 3.7 billion** for normal operations, **Kshs. 5.12 billion** for pre-election activities and **Kshs. 0.788 billion** for the upcoming by-elections.
- b) The Commission plans to register approximately 6.3 million new voters in addition to the 22.1 million current registered voters ahead of the 2027 general election.
- c) The Committee observed that the Commission runs one of the most expensive general elections in the world, in which the cost of 2027 general election is approximated to be **Kshs. 57.4 billion**. The situation was necessitated by the high bills for election result transmission, court rulings that resulted to reprinting of ballot papers, foreign exchange losses and emergency airlifting of strategic election materials and staff.
- d) The Commission plans a total replacement of 45,353 kits that had been purchased in 2017. The 14,000 purchased in 2022 will be reused in 2027 general elections. The total required kits are 59,352 (55,393 for polling stations and 3,959 for training).
- e) The Committee noted with concern that the Commission has pending bills amounting to **Kshs. 3.799 billion** of which legal fees accounts for **Kshs. 2.65 billion**, election logistic - postal corporation **Kshs. 0.298 billion** and other pending bills - **Kshs 0.837 billion**. The Commission negotiated some of the legal pending bills, resulting in a saving of **Kshs. 0.642 billion**.
- f) The Committee, cognizant of its oversight mandate, has also directed the Commission to submit before the Committee primary documents in support of the pending bills, especially on the legal bills for consideration and scrutiny to ascertain whether the Auditor General should undertake a special audit.

4.1.7 Commission for Administrative Justice

- a) The Proposed Estimates for the Commission on Administrative Justice in the F.Y. 2025/2026 amounts to **Kshs. 654.2 million** for current expenditure, against a resource requirement of **Kshs. 1,410.7 million** resulting in a deficit of 54%.
- b) The proposed allocation for the Commission will cater for the following areas: personnel emoluments - **Kshs. 491.6 million**, operations and maintenance - **Kshs. 162.6 million** which includes **Kshs. 108.5 million** for mandatory expenditures such as rent, utilities, insurance and contracted cleaning services and programme work - **Kshs. 54.1 million**.
- c) The Commission requested for an additional allocation of **Kshs. 18 million** to cater for the following items: purchase of ICT networking and communication equipment - **Kshs. 8.0 million**, refurbishment of non-residential buildings - **Kshs. 5 million**, and foreign travel - **Kshs. 5 million**.
- d) The Committee stressed the need for the commission to create awareness on its mandate particularly in ensuring the citizen right to quality service, both at the national and county level of government, is not compromised.

4.1.8 Witness Protection Agency

- a) The Proposed Estimates for the Witness Protection Agency in the F.Y. 2025/2026 amounts to **Kshs. 841.2 million** against a resource requirement of **Kshs. 1,698.7 million** leaving a shortfall of **Kshs. 857.5 million**. The key policy areas that require budget intervention and enhancement include the following areas: presidential directive on whistle blower protection - **Kshs. 150 million**, witness protection

expenses - **Kshs. 467 million**, staff mortgage - **Kshs. 30 million**, and Confidential funds - **Kshs. 70 million**.

- b) The Committee acknowledges the critical role the office plays in the criminal justice system particularly in guaranteeing the safety and security of witnesses, and further noted that the office has played crucial role in the prosecution of complex corruption and terrorism related cases in the recent past.
- c) The Agency is currently facilitating a total of 92 witnesses with a total dependent population of 155 as at 30th June 2024 under the Witness Protection Programme. The objective of the Programme is to protect threatened, vulnerable and intimidated witnesses from harm because of cooperating with the prosecution and law enforcement agencies.

4.1.9 Kenya National Commission on Human Rights

- a) The Proposed Estimates for the Kenya National Commission on Human Rights in the F.Y. 2025/2026 amounts to **Kshs. 510 million** for recurrent expenditure against a resource requirement of **Kshs. 847.8 million**. This leaves a resource gap of **Kshs. 337.8 million**.
- b) The Committee further observed that the Commission is underfunded in the following critical areas: complaints, investigation, public education and awareness - **Kshs. 101.2 million**, Prevention of Torture Act and Intersex Rights - **Kshs. 20 million**, Devolution of Human Right Services to the Counties - **Kshs. 118.8 million**, and Purchase of new Commissioners' vehicles - **Kshs. 80.0 million**.

4.1.10 Ethics and Anti-Corruption Commission

- a) The Ethics and Anti-Corruption Commission budgetary requirement in the F.Y. 2025/2026 is **Kshs. 8.445 billion** comprising of **Kshs. 7.983 billion** for recurrent expenditure and **Kshs. 0.462 billion** for development expenditure.
- b) The Proposed Estimates for the Commission in the F.Y. 2025/2026 amounts to **Kshs. 4.369 billion** comprising of **Kshs. 4.269 billion** and **Kshs. 0.1 billion** for recurrent and capital expenditures respectively.
- c) In particular, the Commission has a shortfall in the following areas: Recruitment of additional staff - **Kshs. 150.1 million**, and Refurbishment of Integrity Centre Phase 2 - **Kshs. 164.2 million**.
- d) In addition, the Commission requested an additional allocation of **Kshs. 197 million** to support the implementation of activities on Anti-Money Laundering (investigations, tracing of proceeds and instrumentalities of crime and prosecutions of different types of money laundering cases).
- e) The Committee observed that the Commission plays a critical role in the Big Four Agenda since it will be useful in abetting corruption as the government undertakes the big four projects.

4.1.11 Office of the Director of Public Prosecution

- a) The Office of Director of Public Prosecutions budgetary requirement in F.Y. 2025/2026 is **Kshs. 7.98 billion** comprising of **Kshs. 6.78 billion** for recurrent expenditure and **Kshs. 1.2 billion** for development expenditure
- b) The Proposed Estimates for the Office of the Director of Public Prosecutions for the F.Y. 2025/2026 amounts to **Kshs. 4.182 billion**. This comprises of **Kshs. 4.095 billion** for recurrent expenditure and **Kshs. 0.086 billion** for Capital expenditure, respectively.

- c) The Office requested an additional allocation of **Kshs. 464 million** to cater for shortfall in the following areas: promotions of prosecutors and implementation of the ODPP's new career guidelines - **Kshs. 64.2 million**, mobile court attendance - **Kshs. 50 million**, Prosecutions of High-Profile public interest and complex matters - **Kshs. 100 million**, Witness pre-trial facilitation – **Kshs. 50 million**, and Office operations and maintenance - **Kshs. 200 million**.
- d) The Office is faced with a number of challenges; inadequate funding, inadequate human resource capacity, uncompetitive terms of service, inaccessibility of mobile court stations, politicization of cases, weak inter-agency collaboration, intimidation of witnesses and victims and inadequate infrastructural and operation capacity.
- e) The Committee further observed that the Office is a key player towards improving the national security, strengthening good governance and fight against corruption and requires increase in resource allocation to enable the Office execute its mandate.

4.1.12 Registrar of Political Parties

- a) The Proposed Estimates for the Office of the Registrar of Political Parties in the F.Y. 2025/2026 amounts to **Kshs. 1.937 billion** for current expenditure. The budget comprises of **Kshs. 0.499 billion** for office operations, **Kshs. 1.428 billion** for Political Parties Fund and **Kshs. 0.0095 billion** to cater for the operation of the Political Parties Liaison Committee which is established under Section 38 of the Political Parties Act, 2011.
- b) The Office resource requirement for the F.Y. 2025/2026 is Kshs. 9.238 billion against a proposed allocation of **Kshs. 1.937 billion** hence a deficit of **Kshs. 7.301 billion**. The shortfall in resources is likely to impact the Office ability to undertake critical activities and programmes as per the Office mandate, including the preparation of the 2027 General Elections.
- c) In view of the above, the Office has made a passionate appeal to the Committee for an additional allocation of **Kshs. 6.98 billion** to cater for budgetary shortfall in the following areas: **Kshs. 256.69 million** for 2027 election preparedness; **Kshs. 530.09 million** for Office programmes and activities; and **Kshs. 6.19 billion** for Political Parties Fund.
- d) The Political Parties Fund was allocated **1.428 billion** which is below the **Kshs. 7.618 billion** required under section 24(1) of the Political Parties Act, 2011 hence a deficit of **Kshs. 6.19 billion**. Further, the Committee has observed that the allocation to the Political Parties Fund is not in compliance with the provision of the Section 24 of the Registrar of Political Parties Act as well as the ruling of Justice Aburili on the implementation of Section 24 of the Act.
- e) The Office of the Registrar of Political Parties is frequently enjoined in matters filed in courts and in the Political Parties Dispute Tribunal (PPDT) arising from intra and inter political parties' disputes. This affects the office in terms of legal fees and time used in defending cases.

4.2 COMMITTEE RECOMMENDATIONS

4.2.1 PROPOSED REDUCTIONS

The Committee recommends a reduction of **Kshs. 380 million** from the proposed allocation of the votes stated below:

Vote	Programme	Proposed Reduction	Justification
Independent Electoral and Boundaries Commission	Management of electoral process in Kenya	Reduce Kshs. 300 million from the proposed allocation of Kshs. 2.36 billion meant for Information Communication Technology Unit (ICT) under the Programme of Management of Electoral Process in Kenya.	The Committee recommends the Commission's budget for ICT to be rationalized by Kshs. 300 million to accommodate Agencies with more pressing needs in the sector that are not adequately funded. The Commission runs one of the most expensive general elections in the world in which the cost of 2027 general election is estimated to cost Kshs. 57.4 billion . Therefore, there is need to rationalize the cost of our election.
State Department for Correctional Services	Prison Service	Reduce Kshs. 80 million from the proposed allocation of Kshs. 4.555 billion meant for Food and Rations under the Programme of Prison Service.	The Committee recommends the Department's budget for food and rations to be rationalized by Kshs. 80 million . The State Department is currently engaging the Justice sector players with a view to decongest our prisons by considering other forms of restorative justice that can be implemented i.e. Community Service Orders. In addition, general inflation has declined and is expected to remain stable, and this is likely to lower food prices in general.

4.2.2 PROPOSED INCREASES

The Committee recommends the funds deducted from the votes stated above be reallocated to the following Agencies as shown in the table below:

Vote	Programme	Proposed Increase	Justification
State Department for Correctional Services	Prison Services	Increase the allocation for the Programme of Prison Services by Kshs. 80 million.	i. The Magereza Level IV Hospital has been completed, equipped; personnel recruited and handed over to the State Department for operations. However, In the F.Y. 2025/2026, the State Department requires an additional Kshs. 80 million to commence operations and open doors for staff and the public.
	Probation and Aftercare Services	Increase the allocation for the Programme of Probation and Aftercare Services by Kshs. 5.4 million	ii. The additional allocation of Kshs. 5.4 million is meant for completion of the ongoing construction of Nyamira Probation Office.
State Law Office and Department of Justice	Legal Services	Increase the allocation for the Programme of Legal Services by Kshs. 50 million	iii. The additional allocation of Kshs. 20 million is meant for the Council of Legal Education to facilitate the administration of credible and verifiable Advocates Training Program (ATP) examination as well as the development of the ATP curriculum and public participation.
			iv. The additional allocation of Kshs. 30 million is meant for the National Council for Law Reporting to enhance its operation and maintenance budget.
State Department for Justice, Human Rights and Constitutional Affairs	Governance, legal training and Constitutional Reforms	Increase the allocation for the Programme of Governance, Legal Training and Constitutional Reforms by Kshs. 44.6 million	v. The additional allocation of Kshs. 44.6 million will be utilized for refurbishment of Office Premises and acquisition of Motor vehicles for the newly created State Department.

Vote	Programme	Proposed Increase	Justification
Kenya National Commission on Human Rights	Protection and Promotion of Human Rights	Increase the allocation for the Programme of Protection and Promotion of Human Rights by Kshs. 20 million	vi. The additional allocation of Kshs. 20 million will facilitate the Commission to scale-up its oversight role and public education at the National and County level on Human Rights and fundamental freedoms.
Judicial Service Commission	Judicial Oversight Services	Increase the allocation for the Programme of Judicial Oversight Services by Kshs. 30 million	vii. The additional allocation of Kshs. 30 million will facilitate training Programmes for Judges, Magistrates and Kadhis Colloquium under the Kenya Judiciary Academy.
Commission on Administrative Justice	Promotion of Administrative Justice	Increase the allocation for the Programme of Promotion of Administrative Justice by Kshs. 20 million	viii. The additional allocation of Kshs. 20 million is meant for the Commission to enhance its operation and maintenance budget.
Ethics and Anti-Corruption Commission	Ethics and Anti-corruption.	Increase the allocation for the Programme of by Kshs. 150 million	The Additional allocation of Kshs. 130 million will be utilized in the following areas: ix. Recruitment of additional critical staff to enhance its anti-corruption operations both at national and county levels - Kshs. 50 million . The Commission is currently operating at 50% of its Staff establishment with an in post of 767 employees against a staff establishment 1,508 employees. x. Refurbishment of EACC Headquarters - Phase 2 - Kshs. 80 million .

4.2.3 ADDITIONAL FINANCIAL RECOMMENDATIONS

The Committee recommends the Budget Estimates for the following Agencies be increased as indicated in the table below:

Vote	Programme	Resource Requirement	Proposed Estimate	Shortfall	Committee Recommendation	Justification
State Department for Correctional Services	Prison Services	Kshs. 68.5 billion	Kshs. 38.1 billion	Kshs. 30.4 billion	Increase the allocation for the Programme of Prison Service by Kshs. 0.749 billion	<p>The additional allocation will cater for the following critically unfunded areas:</p> <ul style="list-style-type: none"> i. Kshs. 398.8 million for the purchase of prisoner's bedding and linen. The State Department has been experiencing an acute shortage of prisoner's beddings as a result of limited funds. The Department has only been able to procure and issue beddings to a total of 22,066 inmates, against an annual average population of 63,000 inmates. ii. Kshs. 200 million for acquisition of adequate, modern and serviceable security equipment. Kenya Prison Service has acquired firearms for over three decades, jeopardizing the security/management of inmates within and outside penal institutions. iii. Kshs. 150 million for purchase of tractors and seeds for the prison service agency. The funds will support the department ability to mechanize and modernize its farms in order for the department to generate adequate food for its inmates and complement the funds for food and rations for the inmates.

Vote	Programme	Resource Requirement	Proposed Estimate	Shortfall	Committee Recommendation	Justification
Judiciary	Dispensation of Justice	Kshs. 40.1 billion	Kshs. 26.9 billion	Kshs. 13.2 billion	Increase the allocation for the programme of Dispensation of Justice by Kshs. 2.23 billion.	The Committee recommends an additional allocation of Kshs. 2.23 billion to cater for the following unfunded areas: <ul style="list-style-type: none"> i. Recruitment of additional Judges and Magistrates as well as employing the Ajira youths on permanent and pensionable terms - Kshs 1 billion. ii. Court circuits, service weeks, mobile courts, prison visits and other travel expenses – Kshs. 0.32 billion; iii. Transport and leasing of motor vehicles - Kshs 0.46 billion; iv. Leasing of additional office space and expansion of specialized courts - Kshs. 0.15 billion; and v. Jurisprudence enhancing dialogues forums - Kshs. 0.199 million.

Vote	Programme	Resource Requirement	Proposed Estimate	Shortfall	Committee Recommendation	Justification
State Law Office and Department of Justice	Governance, Legal Training and Constitutional Reforms	Kshs. 10.14 billion	Kshs. 5.304 billion	Kshs. 4.836 billion	Increase the allocation for the programme of Governance, Legal Training and Constitutional Reforms by Kshs. 797.6 million.	The additional funds will cater for the underfunded areas: <ul style="list-style-type: none"> i. Equipping, and decentralization of services to 47 counties - Kshs. 300 million; ii. Additional allocation of Kshs. 250 million for operations and maintenance; iii. National Council for Law Reporting (operations and maintenance) - Kshs. 122.6 million; and iv. Nairobi Centre for International Arbitration (Recruitment, Relocation from current offices and law reform for ADR Policy) - Kshs. 125 million.
Ethics and Anti-Corruption Commission	Ethics and Anti-Corruption Commission	Kshs. 8.4 billion	Kshs. 4.369 billion	Kshs. 4.031 billion	Increase the allocation for the programme of Ethics and Anti-Corruption Commission by Kshs. 757.7 million.	The additional funds will cater for the underfunded areas; <ul style="list-style-type: none"> i. Refurbishment of Integrity Centre - Kshs. 164.2 million. ii. Staff recruitment and promotion - Kshs. 416.6 million. iii. Integrated Case Management System - Kshs. 176.9 million.
Kenya National Commission on Human Right.	Protection and Promotion of Human Right	Kshs 0.848 billion	Kshs 0.510 billion	Kshs 0.338 billion	Increase the allocation for the Programme of Protection and Promotion of Human Right by Kshs 300 million	The additional funds will cater for the underfunded areas; <ul style="list-style-type: none"> i. Complaints, investigation, public education and awareness - Kshs. 101.2 million. ii. Devolution of Human Right Services to Counties - Kshs. 118.8 million.

Vote	Programme	Resource Requirement	Proposed Estimate	Shortfall	Committee Recommendation	Justification
						iii. Purchase of new Commissioners' vehicles - Kshs. 80 million.
Witness Protection Agency	Witness Protection Programme	Kshs 1.698 billion	Kshs 0.841 billion.	Kshs 0.857 billion	Increase the allocation for the Programme of Witness Protection by Kshs 403.0 million	The Committee recommends an additional allocation of Kshs 403 million to cater for the following unfunded areas: i. witness protection programme - Kshs. 150 million, ii. Kshs. 133 million to recruit an additional 46 officers to boost its frontline protection officers, and Kshs. 120 million for acquisition of motor vehicles.
Office of the Director of Public Prosecutions	Public Prosecution Services	Kshs. 7.98 billion	Kshs. 4.182 billion	Kshs. 3.798 billion	Increase the allocation for the Programme of Prosecution Services by Kshs. 264.2 million	The Committee recommends an additional allocation of Kshs. 264.2 million to cater for the following unfunded areas: i. Promotions of prosecutors and implementation of the ODPP's new career guidelines - Kshs. 64.2 million; ii. Mobile court attendance – Kshs. 50 million; iii. Prosecutions of High-Profile public interest and complex matters – Kshs. 100 million; & iv. Witness pre-trial facilitation – Kshs. 50 million.

Signed.....  Date 26.5.2025

HON. GEORGE GITONGA MURUGARA, CBS, MP
CHAIRPERSON

DEPARTMENTAL COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

DEPARTMENTAL
COMMITTEE ON
LABOUR



**REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON LABOUR**

.....
**REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2025/2026
BUDGET ESTIMATES FOR THE FOLLOWING VOTES:**

- VOTE 1213 – STATE DEPARTMENT FOR PUBLIC SERVICE AND HUMAN
CAPITAL DEVELOPMENT**
VOTE 1184- STATE DEPARTMENT FOR LABOUR AND SKILLS DEVELOPMENT
VOTE 2071- PUBLIC SERVICE COMMISSION
VOTE 2081- SALARIES AND REMUNERATION COMMISSION

**CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI**

MAY, 2025

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ABBREVIATION

FY	-	Financial or Fiscal Year
BPS.	-	Budget Policy Statement
MDAs	-	Ministries, Departments and Agencies
SAGAs	-	Semi-Autonomous Government Agencies
KSh	-	Kenya Shilling
SRC	-	Salaries and Remuneration Commission
COB	-	Controller of Budget
PFMA	-	Public Finance Management Act
A-i-A	-	Appropriations in Aid
GDP	-	Gross Domestic Product
GoK	-	Government of Kenya

APPENDIX

1. Submissions by the MDAs and Commissions
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PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, Cap. 412A and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.
2. Standing Order Number 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.
3. The National Assembly Standing Orders assigns the Departmental Committee on Labour the mandate to consider matters in relation to *labour, human capital and remuneration, trade union relations and public service*.
4. In that regard, the Committee is mandated to analyse, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
 - i) Vote 1213: State Department for Public Service and Human Capital Development
 - ii) Vote 1184: State Department for Labour and Skills Development
 - iii) Vote 2071: Public Service Commission (PSC)
 - iv) Vote 2081: Salaries and Remuneration Commission (SRC)

1.2 Mandate of the Committee

5. The Departmental Committee on Labour is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
 - a) *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
 - b) *To study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;*
 - (ba) *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - c) *To study and review all legislation referred to it;*
 - d) *To study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - e) *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - f) *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - (fa) *To examine treaties, agreements and conventions;*

- g) To make reports and recommendations to the House as often as possible, including recommendation of propose legislation;
 - h) To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - i) To examine any questions raised by Members on a matter within its mandate.
6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:
- a. The State Department for Public Service and Humana Capital Development and its Autonomous and Semi-Autonomous Government Agencies which include;
 - i) Kenya School of Government;
 - ii) Huduma Centres; and
 - iii) Institute of Human Resource Management
 - b. The State Department for Labour and Skills Development and its Autonomous and Semi-Autonomous Government Agencies which include;
 - i) National Industrial Training Authority (NITA);
 - ii) National Productivity and Competitiveness Centre (NPCC);
 - iii) Kenya National Labour Board and the Wages Council;
 - iv) National Employment Authority (NEA);
 - v) Migrant Workers Welfare Fund
 - vi) Department of Labour Migration Management;
 - c. Public Service Commission;
 - d. Salaries and Remuneration Commission;

1.3 Committee Membership

7. The Departmental Committee on Labour was constituted by the House on 27th October 2022 and comprises of the following Members Departmental Committee on Labour was constituted by the House on 27th October 2022 and reconstituted on Wednesday, 5th March 2025 and comprises the following Members:

Chairperson
 Hon. Richard Kiti Chonga, MP
 Kilifi South Constituency
ODM Party

Vice-Chairperson
 Hon. Fabian Kyule Muli, MP
 Kangundo Constituency
GDDP

Members

Hon. Omboko Milemba, CBS, M.P
 Emuhaya Constituency
ANC Party

Hon. James Onyango K'Oyoo, MP
 Muhoroni Constituency
ODM Party

Hon. Joseph Samal Lomwa, MP
 Isiolo North Constituency

Hon. George Aladwa Omwera, MP
 Makadara Constituency

Jubilee Party

Hon. Catherine Wambiliaga, MP
Bungoma County
FORD-K

Hon. Dorice Aburi Donya, MP
Kisii County
WDM-K

Hon. Wachira, Rahab Mukami, M.P
Nyeri County
UDA Party

Hon. Chelule, Liza Chepkorir M.P.
Nakuru County
UDA Party

ODM Party

Hon. Amina Dika Abdullahi, MP
Tana River County
KANU

Hon. Patrick Simiyu Barasa, MP
Cherangany Constituency
DAP-K Party

Hon. Peter Irungu Kihungi, MP
Kangema Constituency
UDA Party

Hon. Lilian Chebet Siyoi, MP
Trans Nzoia County
UDA Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Mr. Abenayo Wasike
Principal Clerk Assistant I/Head of Secretariat

Mr. Joseph Ndirangu
Fiscal Analyst

Ms. Colletah Sigilai
Senior Legal Counsel

Ms. Wambui Nyachae
Research Officer III

Ms. Yasmin Hassan
Serjeant-At-Arms I

Mr. Ambrose Nguti
Media Relations Officer III

Mr. Samuel Wanjiru
Clerk Assistant III

Ms. Josephine Osiba
Hansard reporter III

Mr. Timothy C. Tsungulah
Research Officer III

Ms. Mercylyn Kerubo
Audio Officer III

Ms. Michelle Wanjau
Intern

1.5 Overview on the Examination of the Budget Estimates for FY 2025/26

9. The Annual Estimates of Revenue and Expenditure and other budget documents for the FY 2025/26 were tabled in the House on **Wednesday, 30th April 2025** and thereafter referred to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee (BAC).
10. The Committee held meetings with the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration on **14th May 2025** and with the State Department for Public Service and Human Capital Development on **20th May 2025**.
11. Emanating from those discussions and scrutiny of the Budget Estimates for the Financial Year 2025, the Committee made several observations and recommendations as contained in part 4 and 5 of the Report.

1.7 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Annual Estimates of the Revenue and Expenditure for the FY 2025/26.
13. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Public Service and Human Capital Development, the State Department for Labour and Skills Development, Public Service Commission and Salaries and Remuneration Commission for the useful information that they provided to the Committee on the Annual Estimates for the FY 2025/26.
14. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.


Hon. Richard Kiti Chonga, MP
Chairperson

21/5/2025

PART II

2.0 BROAD OVERVIEW OF THE EXAMINATION OF ANNUAL ESTIMATES OF REVENUE AND EXPENDITURE FOR FY 2025/26

15. The Annual Estimates for FY 2025/26 were tabled in the National Assembly on **Wednesday, 30th April 2025**.
16. The Standing Orders (S.O 235) of the National Assembly provides that the estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committees shall consider, discuss, and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee within twenty-one days of being tabled.
17. In examining the estimates, the Public Finance Management Act and the Standing Order require the House to take into consideration its resolutions on the Budget Policy Statement and ensure that an increase in expenditure in a proposed appropriation is balanced by a reduction in expenditure in another proposed appropriation while a proposed reduction may be used to reduce the deficit.
18. In addition, the House examines the extent to which the resources that have been proposed for allocation in adherence to the overall PFM architecture, the fiscal consolidation regime, prioritization of needs.
19. The specific documents that have been used in the analysis include the Medium-Term Plan IV of Vision 2030, Resolutions of the House on the 2025 Budget Policy Statement, the Manifesto of the Kenya Kwanza Administration, the Sector Budget reports and Treasury circulars, among others.

2.1 Overall Fiscal Framework for FY 2025/26

20. The Budget Estimates have been submitted against a background of slowdown in the global economy mainly occasioned by policy shifts and emerging uncertainties related to escalating trade tensions out of US imposed reciprocal tariffs to its trading partners including developing and least developed countries amongst other policy issues.
21. Consequently, the global growth is projected to slow down to 2.8 percent in 2025 and 3 percent in 2026 from a growth of 3.3 percent in 2024. According to the National Treasury, on the domestic front, Kenya's GDP is projected to grow at 5.3 percent in 2025/26 and be sustained over the medium term on account of enhanced agricultural productivity and a resilient service sector and the ongoing implementation of BETA projects.
22. The five sectors that are expected to contribute significantly to this growth include agricultural Transformation and Inclusive growth; transforming the Micro, Small and Medium enterprise (MSME) Economy; Housing and Settlement; Healthcare and the Digital Superhighway and Creative Industry.
23. The Labour Sector remains a critical enabler for sustaining socioeconomic transformation, attaining the Bottom-Up Economic Transformation Agenda and other priority programmes as outlined in the Fourth Medium Term Plan of Vision 2030. For this reason, the Government has continued to invest significant resources and implement a wide range of reforms to provide leadership, promote sustainable jobs, develop skills, and ensure fair compensation, while driving efficiency, accountability, and excellence in public service delivery.
24. The proposed overall gross expenditures for FY 2025/26 is projected at Ksh. 4,247 billion. The allocation to the three arms of Government as tabled separately in line with Article 221 (1), (3) Article 127(5c) and Article 173(3) of the Constitution is summarized in Table 1.

Table 1: Summary of Proposed Expenditure Allocation (Kshs. Millions)

Item	Sup II 2024/2025	2025 Approved BPS	Budget Estimates	Variance Between BPS and Estimates
National Government	2,346.6	2,523.5	2,504.6	(18.8)
Executive	2,280.5	2,447.2	2,428.4	(18.8)
Parliament*	42.6	49.5	49.5	-
Judiciary*	23.4	26.7	26.7	
Consolidated Fund Services	1,242.7	1,369.0	1,337.3	(31.7)
Equitable Share*	418.3	405.1	405.1	0
Total	4,007.5	4,297.5	4,247	(50.5)

25. On the other hand, the total revenues including Appropriations –in-Aid are projected at Ksh. 3,316 billion (17.2 percent of the GDP) from Ksh. 3,067.7 billion (17.6 percent of the GDP) in the FY 2024/25 Supplementary II Estimates.

2.2 Analysis of proposed Budget for FY 2025/26 and the Medium Term

State Department for Labour and Skills Development

26. The State Department has an allocation of Kshs. 5.043 billion comprising of Kshs. 4.255 billion for recurrent expenditure and Kshs.788.6 million for development expenditure. When compared to the ceilings approved in the Budget Policy Statement (BPS), the allocation is lower by Kshs. 1,177.39 million with the recurrent expenditure being lower by Kshs.83.29 million and the development expenditure by Kshs. 1,094.10 million.

State Department for Public Service (excluding NYS)

27. The State Department has an allocation of Kshs. 9380 million comprising of Kshs. 8763.4 million for recurrent expenditure and Kshs. 616.405 million for development expenditure. When compared to the ceilings approved in the BPS, the allocation is lower by Kshs. 516.2 million with the recurrent expenditure being lower by Kshs. 52.6 million and the development expenditure by Kshs .463.6 million.

Public Service Commission

28. The Commission has an allocation of Kshs. 3,691.9 million comprising of Kshs. 3,656 million for recurrent expenditure and Kshs. 35.3 million for development expenditure. When compared to the ceilings proposed in the BPS, the allocation is higher by Kshs. 91.5 million, wholly for recurrent expenditure.

Salaries and Remuneration Commission

29. The Commission has an allocation of Kshs.511.7 million, wholly for recurrent expenditure. When compared to the ceilings proposed in the Budget Policy Statement (BPS), the allocation is higher by Kshs. 29.9 million.

PART III

3.0 SUBMISSION BY STATE DEPARTMENTS AND COMMISSIONS

3.1 State Department for Public Service and Human Capital Development

30. The Cabinet Secretary, Ministry of Public Service, Human Capital Development and Special Programmes and the Principal Secretary, State Department for Public Service and Human Capital Development, accompanied by other officials from the Ministry appeared before the Committee and made the following submissions;
31. In his opening remarks, the Cabinet Secretary, highlighted the critical role played by the Ministry in ensuring an agile workforce in the Public Service. In addition, the Cabinet Secretary decried the significant budget reduction and underfunding for the State Department, which might hinder the implementation of key programmes and Projects.
32. The Principal Secretary briefed the Committee on the Budget Estimates for the Financial Year 2025/26 as follows:

2025/26 Budget Estimates for the State Department

33. The State Department has a proposed budget estimate of **Ksh. 9,379.9 million** for the Financial Year 2025/26 composed of **Ksh. 8,763.5 million** Recurrent and **Ksh. 616.4 million** Development. In the same period, the State Department had a requirement of **Ksh. 24,170 million** composed of **Ksh.19,260 million** and **Ksh.4,910 million** Recurrent and Development respectively. The proposed ceiling is 39% of total requirement in the same financial year.
34. The low budget allocation will adversely affect the operations of the Department especially in the development of Human Resource.

Deviation Between the State Department Budget Estimates and Approved 2025 BPS Ceilings.

35. There was a significant reduction of the allocation to the State Department as highlighted below. Completion of ongoing Projects under the Kenya School of Government and Huduma Kenya Secretariat will be adversely affected by the low budget.

Table 2: Variance between the Budget Estimates FY 2025/26 and BPS 2025

Economic Classification	2025 BPS Estimates	Estimates	Variance
		2025/2026	
	Ksh.	Ksh.	Ksh.
Recurrent	8,814,208,020	8,763,527,394	(50,680,626)
Development	1,080,000,000	616,405,740	(463,594,260)
Total Expenditure	9,894,208,020	9,379,933,134	(514,274,886)

Provision of Bottom-Up Economic Transformation Agenda (BETA) projects and value chains

36. The State Department is an enabler in the implementation of the BETA initiatives and the budget focuses on the following key issues to facilitate other agencies implement the initiatives

- i)* In-service training to provide highly skilled, agile, responsive and well equipped with requisite skills, knowledge attitudes and competencies. Therefore, there is a need to ring fence funds for training to enhance quality of the human resource.
- ii)* Provision of training facilities for training public servants the required skills and understanding of the new Government Policies;
- iii)* Competency based human resource management and development framework at both the National and County Levels
- iv)* Advancing citizen-centred public service delivery through a variety of channels, including deploying digital technology and establishing citizen service centres through Huduma channels across the country;
- v)* Upgrading the existing Human Resource Information System (HRIS) and developing a 'Unified Human Resource (UHR) System' for the Public Service to ensure the Public Service Human Resource Data and Wage bill is consolidated in one system for ease of decision-making
- vi)* Consolidation of HR/payroll in the Public Service where each public servant will have a lifetime unique identification under the Unified Payroll Number (UPN);
- vii)* Development of career management in the Public Service and Generic guidelines on career guidelines for staff at the national and counties level to facilitate attracting, motivating and retaining suitably qualified staff.

List of proposed projects and respective expenditure allocations

37. The State Department has seventeen (17) projects as presented in Annex 2 of the written submissions. The total cost of the projects is **Ksh. 32,062 million** comprising of **Ksh. 29,969 million** from the Government of Kenya and **Ksh. 2,093 million** of Development Partner's support.
38. The Ministry requested for **Ksh. 4,910 million** composed of **Ksh. 4,565 Million** from GoK and **Ksh. 345 million** from donor. However, the allocation for the projects in the FY 2025/26 is **Ksh. 271 Million** from the Government of Kenya and **Ksh. 345 million** of Development Partner's support.
39. In addition, during the approval of the financial year 2024/25, five projects under public participation were introduced with an allocation of **Ksh. 103 million** for Ganze, Ikolomani, Kaloleni, Maua and Malindi. However, during Supplementary Budget II for the Financial Year 2024/25 of, amounts were reallocated causing negative a budget expenditure for the five projects.
40. Further, during the consideration of the 2025/2026 Budget Policy Statement (BPS). the State Department had a ceiling that included the following projects:
 - i)* Implementation of Huduma Kenya Service Delivery Channels had an allocation of Ksh. 93 million to construct four Huduma Centres in Tiaty, Naivaisha, Togaren and Kibwezi sub- counties. The budget has since been reduced by Ksh. 49 million which will not be adequate to complete the Projects.
 - ii)* Completion of tuition complex at KSG Embu Ksh. 95 million,
 - iii)* Examination system development at HRMPEB Ksh. 40 million.
 - iv)* Upgrade of ICT infrastructure and Refurbishment of Buildings under Huduma Kenya Service Delivery Channels lost Ksh. 240 million which includes the funds for aging of ICT Equipment for the 47 Huduma Centres and Upgrade of Nakuru and Nairobi Data Centre.

41. The projects at Kenya School of Government have pending bills of **Ksh. 677.30 Million**. The pending bills are as a result of pending certificates given for works done but not yet paid. The resource requirement is enumerated in table below:

Table 3 : KSG Project pending Certificates

	Project	Pending Certificates
1.	Construction of Convention Centre at Embu	324,879,642
2.	Construction of Tuition Block at Baringo	50,603,950
3.	Construction of Tuition Block at Matuga	20,821,414
4.	Construction of Vihiga Campus	281,000,000
	TOTAL	677,305,006

42. A detailed Information on capital projects is provided in Annex 1.

New Project Information on Project Financing and Feasibility

43. The State Department has new projects under the Huduma Kenya Programme that aims to construct centres in all Sub-Counties to reach more Kenyans in the rural areas. The strategy will embrace collaboration with Members of Parliament through the NG-CDF to construct the centres and the Ministry to equip and operate them. The State Department came up with a generic building plan that will be cost effective and sufficient for these new centres.
44. In addition, the State Department is pursuing sharing of the revenue generated through the services provided in the centres. This will provide resources and sustain the activities of the centres.

Pending Bill as at May 2025

45. The State Department had pending bills amounting to Ksh. 1.536 billion at 30th June 2024 composed of Ksh. 158 million historical pending bills and Ksh. 1.378 billion current pending bills by the end of financial year 2023/24.
46. The huge pending bill for the FY 2023/24 was due to non-receipt of exchequer during the closure of the Financial Year. The pending bill with the highest amount was Ksh. 1.288 billion for NHIF that formed a first charge in the current budget.
47. The State Department has already cleared Ksh. 1.369 billion of the current pending bills by May 2025. The remaining Ksh. 8.6 million is under process. A detailed analysis is provided in Annex 2.

Other issue affecting the State Department

48. The State Department is involved in the training and human capital development and provision of services through Huduma Kenya Service Development. The Department requires funds to undertake the following
- i) Construction of 20 new Huduma Centres in various Sub-Counties at a cost of Ksh. 960 million.
 - ii) Operationalization of 20 Huduma Centres constructed through collaboration with the NG-CDF at a cost of Ksh. 500 million
 - iii) Operationalization of 47 digital hubs for centre of excellence at cost Ksh. 2.35 billion
 - iv) Provision and ringfencing of Ksh. 3.8 billion in- service training programme to facilitate appropriate skills and competencies acquisition and positive work ethos for accelerated realization of national goals and priorities.

3.2 State Department for Labour and Skills Development

49. The Principal Secretary, State Department for Labour and Skills Development accompanied by other officials from the State Department appeared before the Committee and made the following submissions:

Identification of any significant deviation between the MDA Budget Estimates and the Approved 2025 Budget Policy Statement Ceilings

50. In the 2025 Budget Policy Statement (BPS), the State Department was allocated a Total Gross budget of **Kshs 6.221 billion**, which was composed of **Kshs 4.338 billion** for Recurrent Budget Expenditure and **Kshs 1.882 billion** for Development Budget.
51. The allocation in the Budget Estimates for the **FY 2025/26** is **Kshs, 5.043 billion** which is composed of **KShs 4.255 billion** for Recurrent Budget and **Kshs788.60 million** for Development Budget respectively, thus there is a reduction of **Kshs 83.29 million** for Recurrent Budget Estimates and **Kshs 1.094 billion** in Development Budget Estimates.
52. The areas affected by the reductions include **Grants and other transfers** by **Kshs 64.01 million**, reduction in use of goods and services by **Kshs 40.66 million** though there is an increase in compensation to employees by **Ksh 21.43 million** to mainly cater for promotions. The reductions will negatively impact the implementation of programmes and activities of the State Department.
53. In the approved Budget policy Statement (BPS) ceiling for 2025, the State Department was allocated **Ksh 1,882.70 million** in Development Expenditure against an allocation of **Ksh 788.60 million** in the Development Expenditure of Proposed Budget Estimates for the Financial year 2025/26, representing a reduction of **Ksh 1,094.10 million** which is composed of **Ksh 474.80 million** G.O.K and counterpart fund and **Kshs 669.30 million** donor fund.
54. This substantial cut in development funding is expected to adversely affect the implementation of planned projects. The shortfall may result in delays, and/or complete stalling of the various projects.

Projects Funded in the F/Y 2025/2026

55. The State Department is implementing Six (6) Projects as indicated in the Table below. The funding of these projects has been reduced and it's only the Construction of Meru County labour Office which has not been affected. This will affect the completion of the Projects and delay their utilization.
56. The project information is provided in the annexes **Annexes I & II** reflects the status of the projects in the State Department which are at different stages of completion. A majority of these projects commenced several years ago, but progress has remained significantly below expectation due to persistent underfunding and successive budget cuts
57. Annex II of the State Department's written submission highlights the **stalled** projects that urgently require intervention. The projects have an estimated costs of **Khs 2.6 billion** and a cumulative outstanding cost of **Kshs 830 million**.

Allocation for SAGAS

58. The 2025 Budget Policy Statement Allocation for the SAGAs was Ksh 390.6 million and **2,472.00 million** for National Employment Authority (NEA) and National Industrial Training Authority (NITA) respectively. However, in the Budget Estimates for the Financial year 2025/26 the allocation is **Kshs 326.14 million** for National Employment Authority (NEA) and **Kshs 2,472.00 million** for National Industrial Training Authority (NITA)
59. Thus, there is a reduction of **Kshs 64.02 million** for National Employment Authority (NEA). In addition, there is a need for the enhancement of Appropriation in Aid (A.I.A) for the National Industrial Training Authority (NITA) by **Kshs 640 million** as NITA has potential to raise the increased amount.

Provision for the Bottom –UP Economic Transformation Agenda (BETA) Projects and value chain

60. The State Department plays a crucial role towards achievement of BETA and Kenya Vision 2030. Key project being undertaken towards this is the Labour Migration & Export Programme that is meant to boost employment opportunities abroad and in turn result to increased diaspora remittances in the country.
61. To attain this, there is need to sign BLAs & MOUs with key labour destination countries. This requires wide consultation and meetings, travels (both domestic and foreign) and as such there is need for enhanced budget.

New projects, information on projects financing and feasibility

62. The State Department is not implementing any new projects for the period under review.

Information on the current stock of pending bills and strategy for their resolution

63. The State Department had an outstanding pending bill for Recurrent of **Ksh 54.65 million** as at 30th June 2024. The State Department settled **36.88 million**, leaving a balance of **Ksh 17.77 million** to be settled by end of FY 2024/2025.

Any pertinent issue affecting the MDA in the attainment of its performance targets.

64. The State Department highlighted some of the pertinent issues affecting attainment of targets including, persistent underfunding and frequent budget cuts significantly which significantly hinders the attainment of the performance targets and Staff deficits continue to be a major challenge, with the approved staff establishment for the FY 2024/2025 being **1,430** against in-post **840**.
65. The Principal Secretary further highlighted key programmes under Recurrent and Development votes with low funding. They include, The Labour Migration and Export Programme (BETA), International and Regional commitments- Kshs 65 million Improvement of allocation to Field stations among others. The detailed request for additional funding and the justifications is annexed.

3.3 Public Service commission

66. The Vice-Chairperson, Public Service Commission, accompanied by Commission Secretary together with other officials from the Commission appeared before the Committee and made their submissions as follows:

Deviation Between FY 2025/26 Budget Estimates and the Approved 2025 Budget Policy Statement Ceilings

67. The Commission's overall Budget for FY 2025/26 has increased by **Kshs. 95.64m** to Kshs. **3,691.98m** from **Kshs. 3,596.34m** in the approved 2025 Budget Policy Statement.

Provisions for the Bottom-Up Economic Transformation (BETA) Projects and the Value Chains

68. The Commission supports the priority programmes of the Government under BETA and the MTP IV by being a key enabler:

- i)* Under the Youth Empowerment and Development Agenda, the Commission will facilitate the up-skilling of youth for employability and strengthen and nurture strong leadership through the Public Service Internship Programme (PSIP) and Public Service Emerging Leaders Fellowship (PSELF).
- ii)* On Governance, to strengthen the framework for governance and anti-corruption including improving accountability and transparency, the Government is committing to automation of asset declarations of high-level public officials.
- iii)* Over the medium term, the Government will strengthen implementation of ongoing reforms to transform the Public Service that is centered on performance management and productivity. Accordingly, the Government plans to introduce an integrated performance.
- iv)* Under the Foreign Policy and Regional Integration, the Government has operationalized five (5) fully-fledged diplomatic Missions in Abidjan, Rabat, Bern, Jakarta and Maputo; three (3) Consulates in Goma, Jeddah & Arusha and a Liaison Office in Hargeisa. The Commission plays a crucial role in providing the necessary human resources.

Project Information

69. The Commission has been allocated Kshs. 35.3m FY 2025/26 to undertake the following:

- i)* Modernization of the main entrance reception and interview candidates waiting area to align/standardize it with the new office block including related mechanical, plumbing, electrical works and assorted office furniture/equipment;
- ii)* Refurbish interview boardrooms and registries;
- iii)* Repair and service the firefighting equipment; and
- iv)* Civil works at the basement floor to address perennial water seepage during heavy rains.

70. The Committee further conducted an inspection visit on Friday, 16th May 2025 and observed that since its inception on 1st July 2016, the project had been allocated resources on an annual basis to complete the different phases of work.

71. However, the Commission did not provide records on the completed phases of the refurbishment and the costs involved. The Commission was tasked to provide detailed

information on completed works, resource utilization and the details and scope of the proposed pending works, including modernization of the reception area.

72. In its written submissions, the Commission submitted a listing of works undertaken since project inception and the corresponding resources utilization.
73. In addition, the Commission informed the Committee on the rationale for the refurbishment of the building indicating that office block was built in the 1950s. Over the period, the deteriorating exterior and interior physical facilities have necessitated a major facelift. In addition, the Commissions' expanded constitutional mandate, additional legislative functions, and court rulings calls for additional staff.
74. However, the existing constrained office space and architectural layout are inadequate hence the need for additional office space. Detailed project information and a schedule of resource utilization is annexed.

Information on the current stock of Pending Bills

75. The Commission has no pending bills.

Pertinent issues affecting the Commission in the attainment of its performance targets

76. The following pertinent issues continue to affect the Commission in the attainment of its performance targets:
 - i) The annual budget allocations are not commensurate with the Commission's expanded mandate and functions;
 - ii) The Commission suffered budget cuts amounting to Kshs. 191m in critical operational areas in the FY 2024/25 Supplementary Estimates I. This has adversely affected the attainment of the Commission's targets in its FY 2024/25 Annual Work Plan;
 - iii) Delay in exchequer releases. This continues to delay and affect payments to suppliers and service providers;
 - iv) The Commission has been operating at less than 50% of its approved staff capacity. This challenge is being addressed with the recruitment of 43 new officers during the current financial year. This has subsequently raised the capacity to 56%. However, this is still below the required optimal level; and
 - v) Constrained office space – The Commission is faced with office space to accommodate all its staff. This has continued to adversely affect the work environment.
77. The Commission highlighted four unfunded key priority areas by a total of Kshs. 148.40m, as summarized in Table 7.1 of the written submission.

3.4 Salaries and Remuneration Commission

78. The Chairperson, Salaries and Remuneration Commission, accompanied by Commission Secretary, appeared before the Committee together with other officers from the Commission and submitted as follows:
79. The Chairperson, in his opening remarks, decried the significant funding gap in critical areas, including the fourth remuneration cycle review, purchase of vehicles to replace old fleet and other operating expenses.
80. The Commission Secretary briefed the Committee on the Budget Estimates for the Financial Year 2025/26 as follows:

Deviation between the Budget Estimates and the approved 20245 Budget Policy Statement Ceilings.

81. The Commission's allocation in the 2025 approved Budget Policy Statement (BPS) was **Kshs. 481.8** million compared to the budget estimates of **Kshs. 511.72** million for the financial year 2025/26. The allocation is wholly recurrent

Pertinent issues affecting the Commission from attaining its performance targets

82. Significant budget shortfalls have affected the implementation of its mandate, stakeholder engagement as well as infrastructure and operational & maintenance.
83. The shortfall amounts in these areas are tabulated below and the details are in the attached appendix of the Commission's written submissions

Table 4 : Shortfall amounts in critical areas

No.	Description	Amount (Ksh.)
1.	Implementation of Key activities in the implementation of the SRC mandate	102,600,000
2.	Purchase of capital items and infrastructure	250,137,432
3.	Stakeholder engagement	110,000,000
4.	Shortfalls in operation and maintenance	38,954,000
	Total	501,691,432

84. The Commission further highlighted the justifications for the need to fund the above areas, including;
 - i) Collaboration, Partnership and Participation in stakeholder engagement meetings where Commission input is required, **Kshs. 9,500,000**. These areas include Collaborating with key stakeholders on setting targets on appropriate wage bill ratios, implementation of Memorandum of Understanding (MOUs) and Collaborative studies on topical areas related to SRC Mandate.
 - ii) Monitoring and evaluation of County Governments, public universities and other selected public institutions on implementation of Commission advice. (Kshs 23,890,000)
 - iii) Training and capacity building of SRC Commissioners and Staff on matters related to SRC Mandate. This will also include experiential learning. (**Kshs 25,000,000**)

iv) In addition, the Commissioners are entitled to official transport of a motor vehicle whose engine capacity does not exceed 3000 CC as stated in the Kenya Gazette of 23rd August 2023. The current vehicles have significantly depreciated thus the need to replace them to avoid enormous cost for maintenance. **(Kshs. 214,137,43).**

PART IV

4.0 COMMITTEE OBSERVATIONS **COMMITTEE OBSERVATIONS**

- i. The Committee observes that there are notable deviations between the proposed allocations in the for FY 2025/25 estimates and the approved ceiling in the Budget Policy Statement (BPS), 2025 across the relevant MDAs and Commissions and failure to adhere to the House resolution on the BPS without explanation highlighting a weak budgetary preparation linkage. For example, the state department for labour and skills development have a downward revision in capital expenditure to a tune of Kshs. 1.1 Billion and a recurrent expenditure of Kshs. 44Million , while Public Service Commission has an increase of Kshs. 95 Million for recurrent expenditure, Salaries and Remuneration Commission (SRC) has an increase of Kshs. 29.9 Million for recurrent expenditure and the State Department for Public Service and Human Capital Development has a decrease of Kshs. 463.6 Million for Capital expenditure and Kshs. 50.7 Million for recurrent expenditure
- ii. The Committee observes that there is overly duplication of roles and mandates between the Public Service Commission and the State Department of Public Service and Human Capital Development with classical functions like human resource management and consultancy activities thus calling for a review of the necessary legal instruments including and not limited to the 2010 Constitution so as to streamline and ensure seamless operations as well as reduce wastage of public resources.
- iii. The Committee notes that during the processing and finalization of the Supplementary II estimates for FY 2024/25 there were instances where amendments on additional allocations of resources were done on agencies and commissions under the purview of the Committee without the Committee knowledge thus undermining the Committee's role and mandate in oversight and budget making.
- iv. The Committee notes that there exists serious discrepancies and complete mismatch between the government priority programmes and allocation of resources and thus the

functions and mandates are grossly inadequate for the respective MDAs . For example, we note that the labour mobility programme government is a key priority of the Kenya Kwanza administration however these emerging priority have not been reciprocated with corresponding funding like facilitation for bilateral labour agreements, labour attachees offices, sensitization and labour fair recruitments as well as travel expenses.

- v. The Committee continues to observe and note the perennial piece-meal/ meagre budgetary allocation to the various project (within the MDA's and Commission) which delays completion of the projects thus denying the taxpayers the value and benefits that may have be accrued from timely completion as well as exposing the taxpayers to the risk of costly penalties interms of extra claims and legal disputes. Furthermore, the committee notes that there are several projects that are ongoing and others that are stalled. For example, in the State Department of Labour and Skills Development which has 6 ongoing projects and 11 stalled projects (with an average completion rate of 55%) while the State Department for Public Service and Human Capital Development has 17 incomplete projects with an average of 40% completion rate. This, thus calls for reprioritisation of the projects.

- vi. The Committee notes that there are serious inconsistencies between conceptualization, appraisal design, project financing agreement and implementation of the externally funded programmes and projects thus affecting their smooth roll out. For example, the National Youth Opportunities Towards Advancement (NYOTA) programme which is a 5 year World Bank (Loan) funded and is designed under the State Department for Labour to improve the livelihoods of Kenyan Youth through increasing employment opportunities , increase earnings and to inculcate a savings culture has a financing agreement of annual/yearly draw down of Kshs. 1.3 Billion to the State Department of Labour and a GoK counterpart funding of 25% of the total cost. However, the committee notes that these conditions have not been honoured and thus the expected project implementation has been delayed which is a risk to the taxpayers as the country may end up paying more as the grace period may expire before the project is completed calling for concerted efforts to facilitate smooth and timely implementation.

- vii. The Committee notes that the National Industrial Training Authority (NITA) in the State Department for Labour and Skills Development have potential to increase collection of Appropriations in Aid (A.I.A) from the current projection of Kshs. 2.47 billion to Kshs. 3.11 Billion and has persistently made the request to the National Treasury however this request has not effected in the FY 2025/26 budget estimates. Moreover, it is important to mention that this request was approved by the House during the approval of the 2025, BPS.
- viii. The Committee notes that historical pending bills were long submitted by MDAs to the Pending Bills Verification Committee in the National Treasury, however the verification process has taken long to be completed .

COMMITTEE RECOMMENDATIONS

The Committee recommends as follows;

I. Policy

1. That, by 30th June, 2025, the Pending Bills Verification Committee should finalise the verification process of all submitted pending bills. The report should be shared with all the relevant state departments so that they can commence payment of the pending bills.
2. That, by 30th June, 2025 a Multi-Ministerial Standing Committee be set up to coordinate the implementation of the externally funded projects and programmes so as to ease the bureaucratic bottlenecks that continue to hinder the smooth and seamless coordination and implementation of these projects.
3. That , by 30th September, 2025 a taskforce be set up to review the mandates and roles of the Public Service Commission vis-a-vis those of State Department for Public Service and Human Capital Development. The task force report should be submitted to the National Assembly by 31st December, 2025

II. Financial

1. Vote 1184- State Department for Labour and Skills Development

Increases

Recurrent:

- i) Kshs. 70 Million for Labour, Employment and Safety Services Programme (for facilitation of the expenditures to support activities under the Labour Mobility (Migration) and Export programme)

Capital:

- ii) Kshs. 29 Million for Manpower Development, Industrial Skills and Productivity Management (as a GoK counterpart funding for the World Bank funded (NYOTA) programme.)

Reductions

Capital:

- iii) Kshs. 49 Million from Manpower Development, Industrial Skills & Productivity Management Programme for (1184103100- ERP System Upgrade and Human Capital Transformation).

2. Vote 1213 - State Department for Public Service and Human Capital Development

Increases

Capital:

- i. Kshs. 200 Million to Public Service Transformation Programme for (1213100300- Construction of Tuition Complex at KSG -Baringo)
- ii. Kshs. 65 Million to Public Service Transformation Programme for (1213101300 Public Participation Projects (Malindi, Kilifi South, Ikolomani, Molo, Ganze and Maua huduma centers) .

Decreases

Capital:

- iii. Kshs. 64 Million from the Public Service Transformation Programme (Kshs. 20 Million (1213100201 Construction of Tuition Complex at KSG Matuga) and Kshs. 44 Million from (Construction of buildings for items-1213100105, 1213100106, 1213100107 and 1213100109)
- iv) Kshs. 30 Million from General Administration, Planning and Support Services Programme (1213100701-upgrade of Government Human Resource Information System)

Recurrent:

- v) Kshs. 60.8 Million from Public Service Transformation Programme .

3. Vote 2071- Public Service Commission

Reductions

Recurrent:

- i. Kshs. 50 Million from General Administration, Planning and Support Services programme
- ii. Kshs.45 Million from the Governance and National Values programme.

Capital:

- iii. Kshs. 35.3 Million from the General Administration, Planning and Support Services (2071100100- Refurbishment of Old Commission House WP)

4. Vote 2081-Salaries and Remuneration Commission

Reductions

Recurrent:

- i. Kshs. 29.9 Million from the Salaries and Remuneration Management Programme.

III. Additional Requests:

i. That, the A.I.A projections for National Industrial Training Authority (NITA) should be reviewed upwards from Kshs. 2,472.1 Million to Kshs. 3,112.12 Million should be included in FY 2025/26 Budget estimates.

ii. That, the available external resources amounting to Kshs. 854 Million (from the World Bank) and the corresponding counterpart funding (from G.O.K) for National Youth Opportunities Towards Advancement (NYOTA) for the components under the State Department for Labour and Skills Development should be included in the final approved Budget Estimates.

iii. That, Kshs. 420 Million to be allocated to the State Department for Public Service and Human Capital Development for the construction of the completion of the tuition complex at KSG -Baringo.

iv. That, Kshs. 126 Million be allocated to the National Employment Authority (NEA) cater for salary shortfalls, staff medical and operations and maintainances so as the agency can effectively deliver on its mandate.

v. That, Kshs. 200 Million to be allocated to State Department for Labour and Skills Development to cater for critical areas that have shortfalls including and not limited to the labour migration and export programme, international and regional commitments, review of labour policies and laws, telephone and airtime facilitation for labour field officers and mandatory service training programmes.

IV. RESOLUTION SOUGHT


That, the Budget and Appropriations Committee and the National Assembly should approve with **AMENDMENTS** the submitted Estimates for FY 2025/26 for Votes; **1184, 1213, 2071 and 2081** as indicated below; (subject to incorporating the approval of additional requests)

Recurrent (Kshs. Millions)

Vote and Name	Programme	Submitted Estimates FY 2025/26	Increase	Reduction	Amended Estimates FY 2025/26
1184- State Department for Labour and Skills Development	Total	4,255.10	70.00	-	4,325.10
	0906000 Labour, Employment and Safety Services		70.00	-	
1213- State Department for Public Service and Human Capital Development	Total	18,813.24	-	60.80	18,752.44
	0710000 Public Service Transformation		-	60.80	
2071- Public Service	Total	3,656.67	-	95.00	3,561.67

Commission	0725000 General Administration, Planning and Support Services		-	50.00	
	0727000 Governance and National Values			45.00	
2081- Salaries and Remuneration Commission	Total	511.71	-	29.90	481.81
	0728000 Salaries and Remuneration Management		-	29.90	

Capital (Kshs.Millions)					
Vote and Name	Programme	Submitted Estimates FY 2025/26	Increase	Reduction	Amended Estimates FY 2025/26
1184- State Department for Labour and Skills Development	Total	788.60	29.00	49.00	768.60
	0907000 Manpower Development, Industrial Skills & Productivity Management		29.00	49.00	
1213- State Department for Public Service and Human Capital Development	Total	731.40	265.00	94.00	902.40
	0709000 General Administration Planning and Support Services		-	30.00	
	0710000 Public Service Transformation		265.00	64.00	
2071- Public Service Commission	Total	35.30	-	35.30	-
	0725000 General Administration, Planning and Support Services		-	35.30	



SIGNED..... **DATE** 21/5/2025'

HON. RICHARD KITI CHONGA, MP
CHAIRPERSON, THE DEPARTMENTAL COMMITTEE ON LABOUR

DEPARTMENTAL
COMMITTEE ON
LANDS



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON LANDS

REPORT ON THE CONSIDERATION OF FINANCIAL YEAR 2025/26
EXPENDITURE ESTIMATES FOR:

1. VOTE 1112: The State Department for Lands & Physical Planning
2. VOTE 2021: The National Land Commission

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May 2025

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CHAPTER ONE

1.1 PREFACE

1.1.1 Introduction

1. The preparation and processing of the expenditure estimates is anchored on various legal provisions, including Article 221 of the Constitution, Sections 37 of the Public Finance Management (PFM) Act 2012, Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.
2. Article 221 of the Constitution provides that the Cabinet Secretary responsible for finance shall submit to the National Assembly estimates of revenue and expenditure of the national government for the next financial year for consideration. In addition, Section 37 of the PFM Act, 2012, provides that the Cabinet Secretary shall submit to the National Assembly the budget estimates excluding those for parliament and the judiciary by 30th April in every financial year as well as documents supporting the submitted estimates; and any other bills required to implement the national government's budget. Regulation 32 of the PFM (National Government) Regulation 2015, provides that budget estimates of the national government entities or agencies shall be reviewed and consolidated and the annual budget estimates submitted to Parliament by 30th April of the financial year.
3. Standing Orders No. 235 provides that the estimates submitted to the National Assembly and tabled shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee.
4. In this regard, The FY 2025/26 Expenditure Estimates were presented to the National Assembly on 30th April 2025. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2025/2026 estimates of expenditure and for the medium term. The committee considers the proposed estimates of expenditure for the State Departments under its purview namely:
 - i. Vote 1112 – State Department for Lands and Physical Planning
 - ii. Vote 2021 – National Lands Commission

1.1.2 Establishment and Mandate of the Committee

5. The Departmental Committee on Lands is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandates pursuant to the Standing Order 216 (5) are as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - iii. *on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. *To study and review all legislation referred to it;*

- v. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*
6. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to oversee: matters related to lands and settlement including, land policy, land transactions, survey & mapping, land adjudication, settlement, land registration, land valuation, administration of community and public land and land information and management system.
7. In executing its mandate, the Committee on Lands oversees two (2) the State Department namely:
- i. Vote 1112 - State Department for Lands and Physical Planning
 - ii. Vote 2021 - The National Land Commission.

1.1.3 Committee Membership

8. The Departmental Committee on Lands was constituted by the House on Thursday, 27th October 2022 and comprises the following Members:

Chairperson

Hon. Joash Nyamache Nyamoko, MP
North Mugirango Constituency
UDA Party

Vice-Chairperson

Hon. Fatuma Abdi Jehow, MP
Wajir County
ODM Party

Members

Hon. Dr. Rachael Kaki Nyamai, MP
Kitui South Constituency
Jubilee Party

Hon. Leah Sopiato Sankare, MP
Kajiado County
UDA Party

Hon. Dr. Gideon Ochanda, MP
Bondo Constituency
ODM Party

Hon. Maj. (Rtd) Barrow Mohamed, MP
Garissa Township Constituency
UDA Party

Hon. Mathias Robi Nyambabe, MP
Kuria West Constituency
UDA Party

Hon. Ali Wario Guyo, MP
Garsen Constituency
ODM Party

Hon. Irene Njoki Mrembo, MP
Bahati Constituency
Jubilee Party

Hon. Omar Mwinyi, MP
Changamwe Constituency
ODM Party

Hon. Paul Katana, MP
Kaloleni Constituency
ODM Party

Hon. Thaddeus Nzambia, MP
Kilome Constituency
WIPER Party

Hon. Josses Lelmengit, MP
Emgwen Constituency
UDA Party

Hon. Anthony Kenga Mupe, MP
Rabai Constituency
JUBILEE Party

Hon. Gachoki Gitari, MP
Kirinyaga Central Constituency
UDA Party

1.1.4 Committee Secretariat

9. The Committee is facilitated by the following staff secretariat:

Mr. Joshua Ondari
Clerk Assistant I/Lead Clerk

Mr. Nebert Ikai
Clerk Assistant I

Mr. Binensa Mabungu
Clerk Assistant III

Mr. Sidney Lugaga
Senior Legal Counsel

Dr. Benjamin Ngimor
Principal Fiscal Analyst

Ms. Mary Kamande
**Public Communication
Officer**

Ms. Brenda Michira
Research Officer III

Mr. Yeziel Jillo
Serjeant-At-Arms

Mr. Cosmas Akhonya
Audio Officer

1.1.5 Overview of the Examination of the Budget Estimates for FY 2025/26

10. According to the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is required to table the Budget Estimates in the House by 30th of April of every year. Pursuant to the provisions of Standing Order No 235, the Budget Estimates subsequently **'shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee within twenty-one days of committal.**
11. The FY 2025/26 Budget Estimates were tabled before the House on Tuesday 30th April, 2025 pursuant to Standing Order No. 235 and thereafter committed to the relevant Departmental Committees for deliberation according to their respective mandates.
12. Following the tabling of the FY 2025/26 Budget Estimates, the Departmental Committee on Lands held a briefing session with the Parliamentary Budget Office and subsequently held two consultative meetings with the Ministries, Departments and Agencies under its purview and on which it exercises oversight.
13. On behalf of the Departmental Committee on Lands and pursuant to the provisions of Standing Order 235, it is my pleasant privilege and honor to present to the Budget and Appropriation Committee, the Report on its consideration of the FY 2025/26 Budget Estimates for the Ministries, State Departments and Agencies that fall under its purview.

1.1.6 Acknowledgement

14. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Lands and Physical Planning and the National Land Commission for the submissions they made to the Committee.
15. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation in preparing this report. It is, therefore, my pleasant duty and privilege to present this report before the Budget and Appropriation Committee.

**HON. JOASH NYAMACHE NYAMOKO, HSC, MP
(CHAIRPERSON)**

DEPARTMENTAL COMMITTEE ON LANDS

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE EXAMINATION OF FY 2025/26 BUDGET ESTIMATES

2.1 Overall Fiscal Framework for FY 2025/26

16. The FY 2025/26 Budget Estimates have been **reduced** by **Kshs. 57.6 billion** from the Approved 2025 BPS. The reduction has been occasioned by the revision of the projected revenues by **Kshs. 67 billion** from the approved 2025 BPS and the need to maintain the fiscal deficit at **4.5% of GDP**.
3. The allocation to the National Government is **Kshs. 2,497.5 billion**, which comprises of **Kshs. 2,428.4 billion** for the Executive, **Kshs. 42.5 billion** for Parliament, and **Kshs. 26.7 billion** for the Judiciary, with allocations to Parliament remaining unchanged and the Judiciary budget increasing by **Kshs. 133.6 million**, respectively, from the Approved 2025 BPS.
4. The allocation to County Governments of **Kshs. 405.1 billion** excludes additional allocations from National Government, amounting to **Kshs. 69.8 billion**. Additionally, the allocation towards Consolidated Fund Services (CFS) is **Kshs. 1,337.3 billion**, which caters for domestic debt interest payments of **Kshs. 851.4 billion**, foreign debt interest payments of **Kshs. 246.3 billion** and pensions, salaries, and allowances of **Kshs. 239.6 billion**.

Table 1: Summary of the Proposed Expenditure Estimates for FY 2025/26 (Kshs. Billions)

S/No.	Details	Approved Original Budget FY 2024/25	Supp. No. 2 FY 2024/25	Approved 2025 BPS	Budget Estimates FY 2025/26	Variance between Budget Estimates and 2025 BPS	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,497.5	(25.9)	58.9%
	<i>o/w Executive</i>	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.3%
	<i>Parliament</i>	40.9	42.6	49.5	42.5	(7.0)	1.0%
	<i>Judiciary</i>	22.5	23.4	26.8	26.7	(87.0)	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	County Govt Equitable Share	391.1	418.3	405.1	405.1	-	9.6%
	Total	3,861.1	4,007.6	4,297.5	4,239.9	(57.6)	100.0%

Source: Budget Summary for FY 2024/25

2.2 Review of Recent Budget Allocations and Performance

Third Quarter Exchequer Issues Performance for FY 2024/25

5. The Gross Approved Estimates for the State Department for Lands and Physical Planning amounted to **Kshs. 8.69 billion**, comprising of **Kshs. 4.54 billion** and **Kshs. 4.15 billion** for recurrent and development expenditures respectively in FY 2024/2025.
6. As of 31st March 2025, recurrent expenditure exchequer issues amounted to **Kshs. 2.20 billion**, or **65 percent** of the net estimates of **Kshs. 3.37 billion**, while the development expenditure exchequer issues amounted to **Kshs. 1.62 billion**, or **95 percent** of the net estimates of **Kshs. 1.70 billion**.
7. On the other hand, the Gross Approved Estimates for the National Land Commission amounted to **Kshs. 1.96 billion** wholly on recurrent expenditure. As of 31st March 2025, the exchequer issues amounted to **Kshs. 1.39 billion**, or **70.8 percent** of the net estimates of **Kshs. 1.96 billion**. The Commission did not receive any development allocation.

Table 2: Exchequer Issues to MDAs under the Committee's Purview (Kshs. Millions)

Vote	Category	Gross Estimates	A.I.A	Net Estimates	Exchequer Issues as at 31/03/2025	Percentage of Exchequer Issues to Net Estimates
State Dept for Lands and Physical Planning	Recc	4,539.65	1,171.00	3,368.65	2,198.19	65.25%
	Devt	4,149.00	2,450.00	1,699.00	1,615.88	95.11%
	Total	8,688.65	3,621.00	5,067.65	3,814.07	75.26%
National Land Commission	Recc	1,958.19	-	1,958.19	1,386.03	70.78%
	Devt	-	-	-	-	-
	Total	1,958.19	-	1,958.19	1,386.03	70.78%

Source: National Treasury

2.3 Pending Bills for MDAs under the Committee's Purview

8. According to the Controller of Budget's Half-year Report for FY 2024/25, as at 31st December 2024, the State Department for Lands and Physical Planning had a total pending bill of **Kshs. 476.07 million** comprising of **Kshs. 273.36 million** and **Kshs. 202.71 million** for recurrent and development expenditures respectively arising from pending payments for works done by contractors, budgetary constraints, and litigations.
9. On the other hand, the National Land Commission had a total pending bill of **Kshs. 1.55 billion**, of which **Kshs. 1.54 billion** is for recurrent expenditure and **Kshs. 8.04 million**

for development expenditure. Failure to settle these obligations, which should form a first charge, may impede the achievement of planned priorities.

2.4 Proposed FY 2025/26 Estimates Of Expenditure

Overview of the Proposed 2025/26 Budget Estimates for the MDAs

10. Compared to the 2025 BPS ceilings, the proposed estimates for the votes under the Committee's purview have been revised downwards. Kshs. 90.74 million (1.03 percent reduction) for the State Department for Lands and Physical Planning, and Kshs. 153.67 million (5.1 percent reduction) for the State Department for Lands and Physical Planning as highlighted in table 3.

Table 3: Proposed Allocation FY 2025/26 Vs Approved BPS Ceilings for MDAs

Allocation to MDAs in Kshs. Millions							
Vote/ MDA	Details	2025 BPS Ceilings	Proposed Estimates 2025/26	FY	Variance	% Change	
1112 State Department for Lands and Physical Planning	Total	8,848.30	8,757.56		(90.74)	(1.03%)	
	Recurrent	5,870.90	5,780.17		(90.73)	(1.55%)	
	Development	2,977.40	2,977.39		(0.01)	0.00%	
	Programmes						
	Land Policy and Planning	Total	6,434.10	6,323.52		(110.58)	(1.72%)
		Recurrent	4,633.70	4,368.43		(265.27)	(5.72%)
		Development	1,800.40	1,955.09		154.69	8.59%
	Land Information Management	Total	1,177.00	1,093.31		(83.69)	(7.11%)
		Recurrent	0.00	71.01		71.01	-
		Development	1,177.00	1,022.30		(154.70)	(13.14%)
	General Administration	Total	1,237.20	1,340.73		103.53	8.37%
		Recurrent	1,237.20	1,340.73		103.53	8.37%
		Development	0.00	0.00		0.00	-
	2021 National Land Commission	Total	3,013.00	2,859.33		(153.67)	(5.10%)
Recurrent		2,006.00	2,303.23		297.23	14.82%	
Development		1,007.00	556.10		(450.90)	(44.78%)	
Programme							
Land Administration and Management		Total	3,013.00	2,859.33		(153.67)	(5.10%)
		Recurrent	2,006.00	2,303.23		297.23	14.82%
	Development	1,007.00	556.10		(450.90)	(44.78%)	

2.5 State Department for Lands and Physical Planning

11. The State Department for Lands and Physical Planning has a proposed allocation of **Kshs. 8.76 billion**, which comprises of **Kshs. 5.78 billion** for recurrent expenditure and **Kshs. 2.98 billion** for development expenditure.
12. Out of its 3 programmes, the bulk of the resources are allocated to the '**Land Policy and Planning**' Programme which accounts for **72.2 percent** of the total allocation, followed by the '**General Administration Planning and Support Services**' Programme which accounts for **15.3 percent** of the total allocation, while the '**Land Information Management**' Programme accounts for the remaining **12.5 percent** of the total allocation.
13. When compared to the Approved Estimates for FY 2024/25, the Proposed Estimates for the State Department for Lands and Physical Planning has a proposed increase of **Kshs. 68.91 million (0.8 percent increment)**, with the recurrent expenditure having an increment of **Kshs. 1.24 billion (27.3 percent increment)**, while the development expenditure witnessing a reduction of **Kshs. 1.17 billion (28.2 percent reduction)**.

Table 4: Summary of Expenditure -State Department for Lands and Physical Planning

Category	Sources of Funding	Approved 2024/25 Estimates	Proposed FY 2025/26 Estimates	Difference	% Change
Kshs. Millions					
Recurrent Expenditure	GoK Exchequer	3,368.65	3,252.17	(116.48)	(3.5%)
	AiA	1,171.00	2,528.00	1,357.00	115.9%
	Sub-Total	4,539.65	5,780.17	1,240.52	27.3%
Development Expenditure	GoK Exchequer	1,699.00	1,500.39	(198.61)	(11.7%)
	Local AiA	2,450.00	1,477.00	(973.00)	(39.7%)
	Sub-Total	4,149.00	2,977.39	(1,171.61)	(28.2%)
Total		8,688.65	8,757.56	68.91	0.8%

Source: National Treasury

Analysis of Recurrent Expenditure

14. The **increment** in recurrent expenditure of **Kshs. 1.24 billion** is primarily attributed to **proposed increases** in Appropriation in Aid collections and the **reclassification** of six projects from **Development** to **Recurrent** namely "**Processing and Registration of Title Deeds**" by **Kshs. 953 million**; "**Geo-Referencing of Land Parcels**" by **Kshs. 200 million**; "**National Physical Planning**" by **Kshs. 64 million**; "**Development of Geospatial Data**" by **Kshs. 30 million**; "**Survey, Inspection & Maintaining National &**

International Boundaries” by Kshs. 30 million; and “Development of Hydrographic Database” by Kshs. 30 million. This is due to the transfer of the six subheads from the development vote to recurrent vote as they are recurrent in nature.

Analysis of Development Expenditure

15. In FY 2025/26, the State Department for Lands and Physical Planning will continue the implementation of 6 ongoing projects with a total allocation of **Kshs. 2.98 billion**.
16. The key deliverables to be provided by the State Department over the fiscal year and medium term include: the registration and issuance of 1.31 million title deeds nationwide, the resolution of land tenure for 47,000 landless households; the digitization of 30 land offices; the establishment of 12 new county land offices, the renovation of 60 existing facilities, and the completion of a three-storied tuition block at the Kenya Institute of Surveying and Mapping.

Table 5: Summary of Key Projects Undertaken by State Department for Lands and Physical Planning

Projects	%Completion as at 31st March 2025	KPIs/Targets	Approved Estimates FY 2024/25	Proposed Estimates FY 2025/26	Variance	% Change
Processing and Registration of Title Deeds - BETA	Moved to Recurrent	Issue and process 420,000 title deeds	1,002.00	-	(1,002.00)	(100%)
Construction of Land registries	23%	Construct 4 land registries	80.00	220.30	140.30	175%
Renovation of Land Offices	23%	Renovate 15 land offices	136.50	90.00	(46.50)	(34%)
Digitization of Land Registries - BETA	40%	Digitize 3 land registries	564.00	712.00	148.00	26%
Infrastructure Improvement in Kenya Institute of Survey and Mapping	13%	Construct 70% of the tuition block	63.50	100.00	36.50	57%
Settlement of the Landless - BETA	13%	Settle 14,000 landless households	1,870.00	1,805.09	(64.91)	(3%)
National Land Value Index - BETA	30%	Develop 3 Land Value Indexes	93.00	50.00	(43.00)	(46%)
Survey, Inspection & Maintaining National & International Boundaries	Moved to Recurrent	Nil	20.00	-	(20.00)	(100%)
Geo Referencing of Land Parcels - BETA	Moved to Recurrent	Nil	110.00	-	(110.00)	(100%)
National Physical Planning - BETA	Moved to Recurrent	Nil	40.00	-	(40.00)	(100%)
Kenya Affordable Housing Finance Project	20%	Nil	150.00	-	(150.00)	(100%)
Public Participation Projects	50%	Nil	20.00	-	(20.00)	(100%)
Total			4,149.00	2,977.39	(1,171.61)	(28.24%)

2.6 National Lands Commission

17. The National Lands Commission has a proposed allocation of **Kshs. 2.86 billion**, which comprises of **Kshs. 2.30 billion** for recurrent expenditure and **Kshs. 556.1 million** for development expenditure. This is wholly on the “**Land Administration and Management**” Programme.
18. When compared to the Approved Estimates for FY 2024/25, the Proposed Estimates for the National Lands Commission has a proposed **increase of Kshs. 901.14 million (46 percent increase)**, with the recurrent expenditure having a proposed **increment of Kshs. 345.04 million (17.6 percent increment)**, while the development expenditure witnessing a proposed allocation of **Kshs. 556.1 million** as shown in table 6.

Table 6: Summary of Expenditure by Sources of Funding for the National Lands Commission

Category	Sources of Funding	Approved 2024/25 Estimates	Proposed FY 2025/26 Estimates	Difference	% Change
Kshs. Millions					
Recurrent Expenditure	GoK Exchequer	1,958.19	2,303.23	345.04	17.6%
	AiA	-	-	-	
	Sub-Total	1,958.19	2,303.23	345.04	17.6%
Development Expenditure	GoK Exchequer	-	556.10	556.10	
	Local AiA	-	-	-	
	Sub-Total	-	556.10	556.10	
Total		1,958.19	2,859.33	901.14	46.0%

Source: National Treasury

Analysis of Recurrent Expenditure

19. The **increment** in recurrent expenditure of **Kshs. 345.04 million** is primarily attributed to **proposed increases** in “**Settlement of Historical Land Injustices**” which has received with an increase of **Kshs. 349.07 million** in its budget, followed by County Coordination Offices by **Kshs. 327.59 million**. Decreases are witnessed in Headquarters Administration Services by **Kshs. 900.57 million** due to the rationalization of the FY 2025/26 Budget across all MDAs under recurrent budget.

Table 7: Summary of Changes for Recurrent Expenditures - National Lands Commission in Kshs. Millions

Vote Heads	Approved FY 2024/25 Estimates	Proposed FY 2025/26 Estimates	Difference
	Gross	Gross	Gross
Settlement of Historical Land Injustices	43.95	393.02	349.07
Headquarters Administration Services	1,641.15	740.58	(900.57)
Land Administration and Management	16.81	307.21	290.40
Land Use Planning and Research	7.58	67.47	59.89
Audit and Risk Management	1.04	31.33	30.29
Valuation and Taxation	1.89	82.46	80.57
Legal Affairs and Dispute Resolution	229.47	110.62	(118.85)
Human Resource Management	4.87	112.85	107.98
Finance and Corporate Planning	2.58	121.25	118.67
County Coordination Offices	8.86	336.45	327.59
Total	1,958.20	2,303.24	345.04

Source: National Treasury

Analysis of Development Expenditure

20. In FY 2025/26, the National Lands Commission will continue the implementation of 4 ongoing projects with a total allocation of **Kshs. 556.1 million**.

Table 8: Summary of Key Projects Undertaken by the National Lands Commission in Kshs. Millions

Projects	%Completion as at 31 st March 2025	KPIs/Targets	Approved Estimates FY 2024/25	Proposed Estimates FY 2025/26	Variance
Development of Inventory for Public Land	26%	Develop 1 functional public Land plan registry	-	34.08	34.08
ICT Networking & Infrastructure	60%	Connect 17 offices connected to LAN/WAN at head office and County Offices	-	22.02	22.02
Final Survey and Vesting of Compulsory Acquired Public Land	0%	Undertake 20 preliminary surveys; and Supervise and complete 5 final survey projects	-	200.00	200.00
Compulsory Land Acquisition	One-off	Undertake 20 compulsory land acquisition projects	-	300.00	300.00
Nairobi Southern By-Pass, Nairobi Eastern By-Pass, Dongo Kundu compensation fund	0%	Nil	-	-	-
Total			-	556.10	556.10

Source: National Treasury

21. It is important to note that the Commission has faced development budget cuts, reduced to zero in some years, including FY 2024/25, severely constraining project delivery and contributing to the accumulation of pending bills.

22. Other key deliverables over the FY 2025/26 and medium term include: the preparation and issuance of 22,800 allotment letters for public institutions, new allocations and grants, lease renewals, recovery of encroached public land; facilitation of compulsory land acquisition for various infrastructural development projects as outlined in Vision 2030 and BETA; vesting of compulsorily acquired public land; georeferencing of public land parcels into a cadastral database; development of 15 County-Specific Natural Resources atlases; conducting 24 research studies on land and natural resource management; preparation of 75 local physical and land use plans, and oversight reports for planning authorities.

23. Furthermore, the Commission would monitor and oversee land use planning, develop a public land inventory, advise the National Government on land use policy, address 2,000 land disputes through alternative dispute resolution (ADR), and recommend appropriate redress for 2,000 high-level intervention (HLI) cases.

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

17. In considering the FY 2025/26 Budget Estimates, the Departmental Committee on Lands held consultative meeting with the State Department of Lands and Physical Planning as well as the National Lands Commission on 15th May 2025.

3.1 State Department for Lands and Physical Planning

18. In the Budget Policy Statement (BPS 2025) that was approved by Parliament in February, 2025, the State Department of Lands and Physical Planning was allocated a total of **Kshs 8,848,300,000** out of which **Kshs 5,870,000,000** was for Recurrent Expenditure and **Kshs 2,977,300,000** was for Development Expenditure. However, in the Proposed Draft Estimates for the Financial Year 2025/2026, a total of **Kshs 8,757,558,880** has been proposed for allocation, resulting in a reduction of **Kshs 90,741,120** in the Recurrent Vote as shown in Table 9.

Table 9: Comparison Between Approved BPS Ceilings for FY 2025/26 and Draft Budget Estimates for FY 2025/26

Vote 1112	Approved BPS ceiling FY 2025/26	Draft Budget Estimates FY 2025/26	Deviation
Recurrent	5,870,900,000	5,780,168,880	(90,741,120)
Development	2,977,390,000	2,977,390,000	-
Total	8,848,290,000	8,757,558,880	(90,741,120)

19. The reduction of **Kshs 90,741,120** would specifically affect planned activities under the Land Policy & Planning and land information management programme, which are the core mandate programmes of the State Department, as shown in **Table 10**.

Table 10: Analysis of Deviation from Budget Policy Statement and Draft Estimates FY 2025/26 Per Programme

PROGRAM	Approved BPS ceiling FY 2025/26	Draft Budget Estimates FY 2025/26	Deviation
Land Policy and Planning	6,434,100,000	6,323,518,278	(110,581,722)
Land Information Management	1,177,000,000	1,093,311,382	(83,668,618)
General Administration	1,237,200,000	1,340,729,220	103,529,220
Total	8,848,300,000	8,757,558,880	(90,741,120)

20. The key programmes that have been funded in the FY 2025/2026 estimates in support of the Bottom-Up Economic Transformation Agenda (BETA) priorities under the State Department are as follows

- a) Processing and registration of titles
- b) Digitization of land records
- c) National Land Value Index
- d) Geo-referencing of land parcels
- e) National Physical Planning
- f) Settlement of the Landless

21. Out of the total budgetary allocation of **KShs. 8,757,558,880** in the FY 2025/26, the State Department has allocated **KShs. 3,784,090,000** to BETA projects/programs representing **43%** of the total Vote.

Table 11: Projects linked to the Bottom-Up Economic Transformation Agenda (BETA) and their proposed allocation

BETA Pillar		Project	Allocation FY 2024/25	Proposed Allocation FY 2025/26	Projected Allocation	
					FY 2026/27	FY 2027/28
KShs.						
1	Agricultural Transformation and Inclusive Growth	Processing and Registration of Title deeds	1,002,000,000	953,000,000	973,000,000	973,000,000
2		National Physical Planning	40,000,000	64,000,000	64,000,000	64,000,000
3	Digital Superhighway and Creative Economy	Digitization of land Offices	564,000,000	712,000,000	712,000,000	712,000,000
4	Housing and Settlement	Development of the National Land Value Index	93,000,000	50,000,000	50,000,000	50,000,000
5		Geo-referencing of land parcels	110,000,000	200,000,000	200,000,000	200,000,000
6		Settlement of the landless	1,870,000,000	1,805,090,000	2,709,970,000	2,835,160,000
TOTAL			3,679,000,000	3,784,090,000	4,708,970,000	4,834,160,000

22. The State Department obtained authority from the National Treasury vide their letter Ref. no RES1112/24/01 'A' (38) dated 13th December, 2024 to transfer six (6) sub programmes with their accompanying allocations from Development Vote to Recurrent Vote since their activities are deemed to be Recurrent in nature;

Table. 12 Sub-Programmes transferred to Recurrent Vote

S/n	Project	Draft Estimates FY 2025/26
1.	Processing and Registration of Title Deeds	953,000,000
2.	National Physical Planning	64,000,000
3.	Geo-referencing of land parcels	200,000,000
4.	Development of Geospatial Data	30,000,000
5.	Development of Hydrographic Database	30,000,000
6.	Survey, Inspection & Maintenance of National and International Boundaries	30,000,000
7.	Total	1,307,000,000

23. The State department does not have any new project in the FY 2025/26.

24. As at the end of the Financial Year 2023/2024, the State Department carried forward pending bills amounting to **Kshs.137,028,454**. The State department prioritized the settlement of the current stock of pending bills before processing new commitments as a strategy for their resolution. The State Department has generally settled all the carry over pending bills.

25. However, it is important for the Committee to note that the State Department was yet to settle the outstanding debt payable to Kedong Ranch Limited amounting to **Kshs 1,223,606,759**. Negotiations were ongoing with the National Treasury within the context of Supplementary Estimates No III of the FY 2024/2025.

26. The draft estimates for the State Department were KShs. **5,780,168,880**, for recurrent and **ksh.2,977,400,000** for development giving a total of **KShs 8,757,558,880**.

27. The key pertinent issues affecting the State Department in the attainment of its program performance targets were mainly attributed to funding challenges.

28. The State Department was yet to settle the Kedong Ranch debt and the owners of the Ranch were threatening to take the State Department to court for breach of contract, the allocation proposed for Digitization in the FY 2025/2026 was grossly inadequate amongst many other priorities that need adequate funding.

29. Table 12 shows the key priority areas whose funding requirements have not been met in the proposed Draft Estimates of the FY 2025/2026 thereby affecting ability in attaining the State Department's program performance targets.

Table 12 Key Underfunded Priorities

Development Priorities	Requirement	Allocation	Shortfall	Remarks
KShs. Millions				
Processing and Registration of Title deeds	2,000	953	(1,047)	The budgetary shortfall will affect the ongoing drive to print and issue the new generation title deeds and to settle the debt the State Department owes the Government Printer.
Digitization of land Offices	1,500	712	(788)	The budgetary shortfall will reduce the pace of digitization of our land processes and records.
Equipment and ICT Infrastructure Requirements in land offices	588	90	(498)	The State Department has a huge infrastructure deficit, especially for purchasing document scanners, File racks, parcel files, Overhead scanners, survey equipment and Internet connectivity.
Infrastructure Improvements in Kenya Institute of Survey and Mapping	191.5	100	(91.5)	The State Department will not be able to meet the contractual deadline of December 2025 to complete the project.
Settlement of the landless	7,575.20	1,805	(5,770.2)	The bulk Allocation provided in the BPS will be utilized towards settling the contracted commitment to purchase Kedong Ranch thereby leaving no allocation for settlement of the Landless and adjudication activities at headquarters
Total	11,854.7	3,660	(8194.7)	

3.2 National Lands Commission

30. During the preparation of the FY 2025/26 National Budget Cycle, the Commission participated in the sector (Agriculture, Rural and Urban Development – ARUD) budget preparation, and it did bid for budget resource requirements for FY 2025/26.
31. The Commission was allocated Kshs. 3,013.82 million vis-avis requirements of Kshs. 6,522 million leaving a variance of Kshs. 3,508.12. This was equivalent to 46.2% of the requested budget. The Commission had continuously been underfunded since inception. This had greatly affected implementation of its mandate.
32. The Commission was allocated Kshs. 3.013 billion in the approved Budget Policy Statement 2025/26. The budget ceiling was reduced from Kshs.3.013 billion to Kshs. 2.859 billion, a net reduction of Kshs. 153.67 million.
33. The Commission's recurrent budget was allocated additional Kshs. 393 million being allocation to address historical land injustice cases since it's a time bound function.
34. In the development budget for the Commission;
 - a) Was reduced from Kshs. 735 million which had been allocated under BPS to Kshs. 300 million as refund to pay Dongo Kundu Project Affected Persons (PAPs). The reduced amount was to be utilized as follows; Kshs. 300 million for Project Affected Persons for Nairobi Eastern bypass and Kshs. 135 million for Nairobi Southern bypass Project Affected Persons.
 - b) Development of public land inventory was reduced from Kshs. 50.4 million to Kshs. 34 million. The reduction would affect the execution of the planned activities.
35. The Commission through its ongoing programme Land Administration and Management is an enabler of Bottom-Up Economic Transformation Agenda. The budget allocation has been aligned to support BETA, which is critical in achieving the desired transformation of economic pillar of the vision.

36. The Commission has a pending bills to tune of Kshs. 1,499,230,798.09. As part of the Commission strategy to settle the long standing pending bills, the Commission continues to engage the National Treasury to assist with budget with budget allocation to be able to dispense the pending bills.

37. The Commission was seeking funds of Kshs. 6,318,427 to settle the gratuity payment for the 5 staff previously employed by the Commission and whose contracts came to an end and as such, need to be paid their gratuity for the service they rendered to the Commission.

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 State Department for Lands and Physical Planning

38. The State Department for Lands and Physical Planning has a proposed budget of **Kshs. 8.76 billion** for the FY 2025/26 comprising of **Kshs. 5.78 billion** for recurrent expenditure and **Kshs. 2.98 billion** for development expenditure.
39. The Committee observed that the proposed recurrent expenditure allocation was lower than the requirement of the State Department by Kshs. 1.05 billion. The key area which will be affected by the lower ceiling shortfalls in funding was for processing and registration of title deeds.
40. The Committee observed that the proposed development expenditure allocation was lower than the requirement of the State Department by Kshs. 7.15 billion. Some of the key areas which will be affected by the lower ceiling are –
- i) Kshs. 788 million shortfalls in funding for digitalization of land offices.
 - ii) Kshs. 498 million shortfalls in funding for purchasing of equipment and ICT infrastructure requirements in various lands offices.
 - iii) Kshs. 91.5 million shortfalls for infrastructure improvements in Kenya Institute of Survey and Mapping.
 - iv) Kshs. 5.8 billion in shortfalls for settlement of the landless.

4.2 National Lands Commission

41. The National Land Commission has a proposed budget of **Kshs. 2.86 billion** for the FY 2025/26 comprising of **Kshs. 2.3 billion** for recurrent expenditure and **Kshs. 566.1 million** for development expenditure.
42. The Committee observed that the proposed recurrent expenditure allocation was lower than the requirement of the National Land Commission by Kshs. 85.97 million. Some of the key areas which will be affected by the lower ceiling are –
- i) Kshs. 6.3 million for gratuity payments for 5 staff previously employed by the NLC and whose contract came to an end.

ii) Kshs. 79.67 million for pending bills incurred in FY 2023/24 due to lack of exchequer issues.

43. The Committee observed that the proposed development expenditure allocation is lower than the requirement of the National Land Commission by Kshs. 435 million. The key areas which will be affected by the lower ceiling is –

i) Kshs. 435 million for payments to Project Affected Persons (PAPs) for Nairobi Eastern Bypass and Nairobi Southern Bypass projects.

CHAPTER FIVE

5.0 Recommendations

Financial Recommendations

5.1 State Department for Lands and Physical Planning

Financial Recommendations

44. The Committee recommends for the State Department for Lands and Physical Planning, the proposed allocation of **Kshs. 8.76 billion** for the FY 2025/26 comprising of **Kshs. 5.78 billion** for recurrent expenditure and **Kshs. 2.98 billion** for development expenditure be approved with the following amendments as per schedule 1.

Schedule 1: Reallocations for State Department for Lands and Physical Planning

Programme	Head	Proposed Allocation (Kshs.)	Proposed Change (Kshs.)	Remarks
0101000 Land Policy and Planning (development)	1112101102 Acquisition of Land Parcel - Kedong Ranch	1,723,607,000	(200,000,000)	Reallocation to ensure purchase of land belonging to Chemilil Sisal Estate Limited for settlement of squatters
	Acquisition of Land Parcel in Chemilil – Nandi County	-	200,000,000	
Total			-	

5.2 The National Land Commission

Financial Recommendations

45. The Committee recommends for the National Land Commission, the proposed allocation of **Kshs. 2.86 billion** for the FY 2025/26 comprising of **Kshs. 2.3 billion** for recurrent expenditure and **Kshs. 566.1 million** for development expenditure be approved with the following amendments as per schedule 2.

Schedule 2: Reallocations for National Land Commission

Programme	Head	Proposed Allocation (Kshs.)	Proposed Change (Kshs.)	Remarks
0101000 Land Policy and Planning (recurrent)	2021001100 Settlement of Historical Land Injustices	393,018,330	(6,318,427)	Reallocation to provide gratuity payments for 5 staff previously employed by the NLC and whose contract came to an end
	2021000200 Headquarters Administration Services	740,576,692	6,318,427	
Total			-	

6.0 Request for additional resources

46. The State Department for Land and Physical Planning be allocated with an additional Kshs. 7.22 billion to cater for critical recurrent and development expenditures that were not accommodated within the proposed allocations as detailed in Schedule 3.

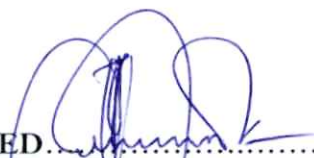
Schedule 3: State Department for Lands and Physical Planning

Programme	Head	Additional Request	
		Recurrent	Development
0101000	2021100201 ICT Networking & Infrastructure	1,047,000,000	
Land Policy and Planning	1112101100 Settlement of the Landless	-	5,770,200,000
	Acquisition of Land Parcel in Tana River County	-	200,000,000
	Acquisition of Land Parcel in Garissa County	-	100,000,000
	Acquisition of Land Parcel in North Changamwe – Mombasa County (70acres with 6,000 squatters)	-	100,000,000
Total		1,047,000,000	6,170,200,000

47. The National Land Commission be allocated with an additional Kshs. 441.32 million to cater for critical recurrent and development expenditures that were not accommodated within the proposed allocations as detailed in Schedule 4.

Schedule 4: The National Lands Commission

Programme	Head	Additional Request	
		Recurrent	Development
0119000 Land Administration and Management	Compulsory Land Acquisition – Nairobi Eastern Bypass	-	300,000,000
	Compulsory Land Acquisition – Nairobi Southern Bypass	-	135,000,000
Total		-	435,000,000

SIGNED  DATE 22/05/2025

HON. JOASH NYAMACHE NYAMOKO, MP
(CHAIRPERSON)

DEPARTMENTAL COMMITTEE ON LANDS

DEPARTMENTAL
COMMITTEE ON
SOCIAL
PROTECTION



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT**

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION**

**REPORT ON THE CONSIDERATION OF THE BUDGET ESTIMATES FOR FY
2025/26:**

Vote 1185: The State Department for Social Protection and Senior Citizen Affairs

Vote 1212: The State Department for Gender and Affirmative Action

Vote 1186: The State Department for Children Welfare Services

Vote 1135: The State Department for Youth Affairs

Vote 1213: The State Department for Public Service (NYS)

Vote 2141: National Gender and Equality Commission

Vote : National Fund for the Disabled of Kenya

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MAY 2025

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PART I

I PREFACE

I.1 Introduction

1. The Estimates for the financial year 2025/26 and the medium-term that was tabled in the National Assembly on the 30th of April, 2025 pursuant to Article 221 of the Constitution and section 37 of the Public Finance Management Act, 2012.
2. The Second Schedule to the National Assembly Standing Orders assign the Departmental Committee on Social Protection the mandate to consider matters in relation to *social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.*
3. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget estimates for the following government agencies under its purview:
 - i. Vote 1185 : The State Department for Social Protection and Senior Citizen Affairs
 - ii. Vote 1212: The State Department for Gender and Affirmative Action
 - iii. Vote 1186: The State Department for Children Welfare Services
 - iv. Vote 1135: The State Department for Youth Affairs and Creative Economy
 - v. Vote 1213: The State Department for Public Service (NYS)
 - vi. Vote 1241: The National Gender and Equality Commission (NGEC)
 - vii. The National Fund for the Disabled of Kenya

I.2 Mandate of the Committee

4. The Departmental Committee on Social Protection is one of the twenty (20) Departmental Committees of the National Assembly established under *Standing Order 216* whose mandates pursuant to the *Standing Order 216 (5)* are as follows:
 - i. **To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;**
 - ii. *To study the programme and policy objectives of Ministries and departments and the effectiveness of their implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. *To study and review all the legislation referred to it;*
 - v. *To study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order No. 204 (Committee on appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*
5. In accordance with the Second Schedule to the Standing Orders, the Committee is mandated to consider Social welfare and Security, pension matters, gender affairs, equality and affirmative action, affairs of children, youth, persons with disability and senior citizens.
6. In executing its mandate, the Committee oversees the following State Departments under different Ministries and one Commission;
 - i. State Department for Social Protection and Senior Citizen Affairs;
 - ii. State Department for Gender and Affirmative Action;
 - iii. State Department for Children Welfare Services;
 - iv. State Department for Youth Affairs and Creative Economy;
 - v. State Department for Public Service (National Youth Service);
 - vi. National Gender and Equality Commission (NGEC), and
 - vii. The National Fund for the Disabled of Kenya

1.3 Committee Membership

7. The Departmental Committee on Social Protection was reconstituted by the House on 5th March 2025 and comprises of the following members:

Chairperson

Hon. Alice Wambui Ngángá, CBS, MP
Thika Town Constituency

UDA Party

Vice-Chairperson

Hon. Hillary Kiplang'at Koskei, MP
Kipkelion West Constituency

UDA Party

Members

Hon. Faith Wairimu Gitau, CBS, M.P.
Nyandarua County

UDA PARTY

Hon. Owen Baya Yaa, CBS, M.P
Kilifi North Constituency

UDA PARTY

Hon. Timothy Wanyonyi Wetangula, CBS, M.P.
Westlands Constituency

ODM PARTY

Hon. Samuel Moroto Chemul, CBS, M.P
Kapenguria Constituency

UDA PARTY

Hon. Paul Abuor, M.P.
Rongo Constituency

ODM PARTY

Hon. Hussein Abdi Barre, M.P
Tarbaj Constituency

UDA PARTY

Hon. James Onyango K'oyoo, M.P.
Muhoroni Constituency

ODM PARTY

Hon. Susan Nduyo Ngugi, M.P
Tharaka Nithi County

TSP PARTY

Hon. Edith Vethi Nyenze, M.P.
Kitui West Constituency

WDM-K PARTY

Hon. Agnes Mantaine Pareiyo, M.P
Narok North Constituency

JUBILEE PARTY

Hon. Amina Abdullahi Dika, M.P.
Tana-River County

KANU PARTY

Hon. Linet Chepkorir, M.P
Bomet County

UDA PARTY

Hon. Zamzam Mohamed Chimba, M.P
Mombasa County

ODM PARTY

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Mr. Finlay Muriuki
Lead Clerk/Head of Secretariat

Mr. Ahmednoor Hassan
Clerk Assistant III

Ms. Jemimah Waigwa
Senior Legal Counsel

Mr. Adan Ahmed Abdi
Fiscal Analyst II

Ms. Grace Maneno
Research Officer III

Mr. Benjamin Ochutsi
Hansard Officer III

Ms. Naomi Onsomu
Public Communications Officer

Mr. Derrick Kathurima
Media Relations Officer

Mr. Cosmas Akhonya
Audio Recording Officer

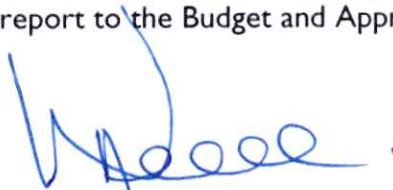
Ms. Eva Kaare
Serjeant-at-Arms

1.5 Overview on the Examination of the Budget Estimates for FY 2025/26

9. The Budget Estimates for FY 2025/26 were submitted to the National Assembly on Wednesday 30th April 2025 and subsequently referred to Departmental Committees for consideration.
10. Parliament is required to scrutinize the Budget Estimates and the programmes that the State Departments under the purview of the Committee are undertaking with a view of establishing whether the allocations are justified and in accordance with the law.
11. Upon a brief from the Parliamentary Budget Office, the Committee called for meetings with the Ministries and their agencies to consider their submissions on the Budget Estimate for FY 2025/26.
12. The Committee held a total of seven (7) sittings to consider the Budget Estimates for FY 2025/26.

1.6 Acknowledgement

13. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its mandate in considering the Budget Estimates for FY 2025/26.
14. I would also like to express my appreciation to the Honorable Members of the Committee, the Committee Secretariat, the State Department for Social Protection and Senior Citizen Affairs; the state Department for Gender and Affirmative action; the State Department for Children Welfare Services; the State Department for Youth Affairs and Creative Economy; the State Department for Public Service; the National Gender and Equality Commission as well as their agencies for the useful contributions they made towards the preparation and production of this report.
15. On behalf of the Committee and Pursuant to Standing Order 232 (5) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.



HON. ALICE WAMBUI NGÁNGÁ, CBS, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION

PART II

2 OVERVIEW OF THE BUDGET ESTIMATES FOR FY 2025/26

16. The 2025/26 Budget Estimates have been reduced by Kshs. 50.4 billion from the approved 2025 BPS. The reduction has been occasioned by the revision of the projected revenues by Kshs. 67 billion from the approved BPS 2025 and the need to maintain the fiscal deficit at 4.5% of GDP.
17. The allocation to the National Government is Kshs. 2,497.5 billion, which comprises of Kshs. 2,428.4 billion for the Executive, Kshs. 49.5 billion for Parliament, and Kshs. 26.9 billion for the Judiciary, with allocations to parliament remaining unchanged and the Judiciary budget increasing by Kshs. 133.6 million, respectively, from the approved 2025 BPS.
18. The allocation to County Governments of Kshs. 405.1 billion excludes additional allocations from National governments, amounting to 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion, which caters for domestic debt interest payments of Kshs.851.4 billion, foreign debt interest payments of Kshs.246.3 billion and pensions, salaries, and allowances of Kshs.239.6 billion.
19. An analysis of exchequer issues as at 31st March 2025 shows that the State department for Social Protection had received 95 percent of its gross recurrent and development allocation. This means that much of the Social safety net cash transfer which is budgeted for under recurrent expenditure have been disbursed two months to the end of the financial year. Consequently, 91 percent of the development budget which includes Kenya Social & Economic Inclusion Project have also been disbursed. This is a GoK/donor funded project that aims at increased access to social inclusion interventions by providing nutrition sensitive cash transfers.
20. The Social Safety Net Cash transfer goes to the most vulnerable of the population and therefore any payments that is both regular and predictable helps the purpose for which the fund is supposed to serve. Development exchequer releases is at 50 percent by the end of March 2024 for the State department of Gender and as such, development projects earmarked for implementation under the National Government Affirmative Action Fund within the course of the financial year may not be completed within the set timelines. Under the recurrent expenditure in the State department for Gender the department may not deliver sanitary towels for secondary girls on time.
21. Additionally, exchequer releases for development budget under the State department for youth affairs may not be achieved with 17 percent disbursement by march 2025. Exchequer releases for the National Gender and Equality Commission were geared towards recurrent expenditures as the commission's entire allocation was on recurrent expenditures.

PART III

3 SUBMISSIONS BY THE STATE DEPARTMENTS

22. The Principal Secretaries for the State Departments appeared before the Committee on 14th and 15th May, 2025 and submitted as follows:

3.1 THE STATE DEPARTMENT FOR SOCIAL PROTECTION AND SENIOR CITIZEN AFFAIRS

23. The approved Budget Policy Statement (BPS) 2025 allocated a total expenditure amounting to **Kshs. 40.07 billion** to the State Department to implement its three programmes; *Social Development and Children Services; National Safety Net Programme; and General Administration Coordination Services*; however, after the reorganization of Government, transfer of functions and finalization of the Draft Budget Estimates, the National Treasury allocated the State Department a Gross Expenditure of **Kshs. 29.82 Billion**.

1. Deviations between budget estimates and the approved 2025 budget policy statement ceilings

24. From the approved 2025 Budget Policy Statement Ceilings, the State Department had a Gross Recurrent Expenditure allocation of **Kshs.38.17 Billion**, out of which **Kshs 2.07 Billion** was for Personnel Emoluments, **Kshs.35.08 Billion** was to cater for Grants and Transfers and **Kshs. 1.03 Billion** was to cater for Operation and Maintenance.
25. During the finalization of the FY 2025/26 Draft Budget Estimates, the National Treasury allocated the State Department a **Gross Recurrent Expenditure of Kshs. 29.63 Billion**, out of which **Kshs. 1.1 Billion** is for Personnel Emoluments, **Kshs.27.81 Billion** is to cater for Grants and Transfers and **Kshs. 714.73 Million** is to cater for Operations and Maintenance.
26. The approved BPS Ceilings allocated the State Department under Development Budget a Gross Expenditure of **Kshs.1.91 Billion**. However, in the Draft Budget Estimates, the National Treasury has allocated the State Department a Gross Budget of **Kshs.187.13 Million**.

2. Provisions for the programmes/projects, including priority bottom -up-economic transformation agenda (BETA) projects, and their respective expenditure ceilings.

27. The State Department is critical in the achievement of the Bottom-Up Economic Transformation Agenda (BETA) for the Kenya Kwanza Government as its projects and programmes are focused on reducing poverty and cushioning the vulnerable beneficiaries

against the effects of poverty. The beneficiaries include the elderly and persons with severe disabilities in the society.

28. Below table summarizes the projects and programmes that align with the BETA priority areas under the purview of the State Department.

S/No.	Programme/ Projects	BPS Allocation 2025/26 FY	Draft Budget Estimates 2025/26 FY	Variance
BETA PRIORITIES				
1	Cash Transfers to Older Persons	24,482.56	25,689.32	1,206.76
	Cash Transfers to Persons with Severe Disabilities	1,190.00	1,503.70	313.70
	Sub-Total Inua Jamii Program	25,672.56	27,193.02	1,520.46
2	National Council of Persons with Disabilities [NCPWD]	330.91	301.91	(29.00)
3	National Development Fund for Person with Disabilities	50	135	85.00
4	Implementation of National albinism Support Programme	100	90	(10.00)
5	Implementation of National Autism Support	100	90	(10.00)
6	Community Mobilization, Empowerment and Social Welfare Services	956.39	1,009.45	53.06
7	Kenya Social Economic Inclusion Programme (KSEIP 2)	1,724.00	148.13	(1,575.87)
Total		3,261.30	765.04	(1,486.81)

3. Project information

29. During the **FY 2025/2026**, the State Department will implement four projects. Three (3) of the projects are GOK funded while one (1) is donor (World Bank) funded. The detailed list of the projects is as annexed in this report and summarized in the table below.

PROJECT	Estimated Project Cost	Financing		Actual Cumulative Costs to April 30th, 2025	Outstanding Project Costs as at April 30th, 2025	Allocation FY 2025/2026	
		GoK	Foreign	Cumulative	Outstanding	GoK	Foreign
Renovation of Vocation Rehabilitation Centres	350	350	-	110.30	239.70	15.00	-
Educational Equipment for Vocational Rehabilitation Centres	1,200	1,200	-	154.30	1,045.70	14.00	-
Upgrading of Community Capacity Support Centres in Kirinyaga & Kilifi	125.93	125.93	-	45.30	80.63	10.00	-
Kenya Social and Economic Inclusion Project- Phase 2 <i>*World Bank</i>	13,782.9	1,500.00	12,282.9	-	12,282.90	148.13	-
TOTAL VOTE D1185	13,958.83	3,175.93	12,282.9	309.90	13,648.93	187.13	-

4. New projects FY 2025/2026: financing and feasibility

30. The State Department will be rolling-out Phase II of the Kenya Social and Economic Inclusion Project (KSEIP II) which is a successor of the KSEIP I project that concluded in December 2024. The project will be funded by the World Bank/IDA.

31. The State Department submitted the KSEIP II feasibility study report to the National Treasury and was successfully granted concurrence. It was further guided to pipeline the

Project onto the PIMIS for prioritization and selection for budgeting as per the PFM (PIM) regulations, 2024.

32. The KSEIP II project with an estimated total cost of **USD 200 Million**, will be implemented by 3 agencies (Social Protection and Senior Citizen Affairs; Children Welfare Services, and the National Drought Management Authority). It will be implemented in all 47 counties in various selected Sub-counties, wards and villages.

5. Pending bills

33. The State Department has pending bills amounting to **Ksh.7.5 million** for the supply and provision of various goods and services. This was brought about by budget constraints as a result of the cuts in Operations and Maintenance during the 1st Supplementary Estimates FY 2024/2025.
34. The pending bills will serve as the first charge when implementing the FY 2025/2026 budget to avoid further accumulation. The table below gives the details of the pending bills under the State Department. The table below shows a breakdown of pending bills FY 2024/2025.

Firm Name	Economic Sub-Item	Payment Details	Invoice Date	Invoiced Amount	Outstanding amount as at 30th April 2025
Suwik Traders	Supply of Laptops	Not Paid	19/02/2024	831,000.00	831,000.00
Alimas Traders	Supply of Camera and accessories	Not Paid	07/03/2024	880,000.00	880,000.00
Ellabel Travel Agencies	Provision of Air tickets	Not Paid	12/06/2024	598,630.00	598,630.00
The Kyaka Hotel	Provision of Conference facility	Not Paid	31/01/2024	301,000.00	301,000.00
Enza Airport Hotel Limited	Provision of Conference facility	Not Paid	11/09/2023	2,215,500.00	2,215,500.00
Hotel Water Buck	Provision of Conference facility	Not Paid	12/02/2024	888,000.00	888,000.00
Fraima	Supply and	Not Paid	21/06/2024	1,844,400.00	1,844,400.00

Investments	delivery of staff uniform				
TOTAL				7,558,530.00	7,558,530.00

6. Request for intervention

35. role played by the State Department is critical in the National development with particular focus on the vulnerable population including, People living with disabilities and the elderly. While the Budget Estimates for FY 2025/26 recognizes this to a certain level, it is not supported by sufficient allocations.
36. Further, it was noted through the Draft Estimates for the FY 2025/26 and the Medium Term Budget, that there are a number of functions that had been moved to the newly created State Department for (Vote 1186) and are solely structured and being implemented in this State Department. The state department appealed for the following functions to be reinstated into this vote;
- i) Street Families Rehabilitation Trust Fund (SFRTF)
 - ii) Counter Trafficking in Persons
 - iii) Renovations of Murang'a Social Development Offices
37. In conclusion, the state department appealed for support from the Committee to intervene in the following areas in ongoing implementation of programmes and projects that had not been funded adequately;
- i. National Safety Net Programme (**Inua Jamii Programme**) **Kshs. 5.92 Billion**
 - ii. Enhancement of AIE issues to Field Stations Nationwide – **Kshs.310 Million**
 - iii. Community Mobilization, Empowerment and Social Welfare Services- **Kshs.45.6 Million**
 - iv. Kenya Social Protection Policy and Social protection bill, General Administrative Support Services O&M and Tree planting – **Kshs. 154 Million**
 - v. National Council for Persons with Disabilities Programmes – **Kshs. 146.86 Million**
 - vi. Kenya Social and Economic Inclusion Project (KSEIP) – **Kshs. 2.18 Billion**

3.2 THE STATE DEPARTMENT FOR GENDER AND AFFIRMATIVE ACTION

I. Identification of any significant deviation between the budget estimates and the approved 2025 Budget policy ceiling

38. The State Department for Gender and Affirmative Action submitted to the National Treasury estimates as per the Budget Policy Statement FY 2025/26 and Medium-Term budget allocation. However, the estimates tabled before the committee for consideration by

the National Treasury differed significantly with the State Department's allocation as per the 2025 Budget Policy Statement (BPS) ceilings affecting National Government Affirmative Action Fund (NGAAF), Women Enterprise Fund (WEF) and Anti-Female Genital Mutilation Board (AFGMB) as summarized in the tables below.

Recurrent- 2025 BPS Ceilings Vs 2025/26 FY Allocation

Items	Approved BPS FY25/26 Kshs. 'Million'	Budget Estimate FY 25/26 Kshs. 'Million'	Deviation Kshs. 'Million'	Remarks
National Government Affirmative Action Fund (NGAAF)	1,044.31	940	-104.31	The deficit is for compensation of Employees and payment of service Gratuity
Women Enterprise Fund (WEF)	572.79	342	-230.79	Deficit is for Compensation to employees, insurance, utilities, rent and other recurrent.
Anti-Female Genital Mutilation (AFGMB)	216.92	186	-30.92	Deficit is for compensation to employees, rent and service gratuity.
TOTAL	1,834.02	1,468	-366.02	

Development- BPS and 2024/25FY Allocation

Items	Approved BPS FY 25/26 Kshs 'Millions'	Budget Estimates FY 2- 25/26 Kshs. 'Millions'	Deviation Kshs 'Millions'	Remarks
National Government Affirmative Action Fund (NGAAF)	3,500	4,000	500	The additional amount will fill the deficit created by reduction of similar

2. Provisions for the Bottom-up Economic Transformation Agenda projects and Value Chain

39. The State Department responsibility and mandate under Bottom-up Economic Transformation Agenda (BETA) cuts across all the sectors of the economy; Specifically, BETA interventions are mapped under the following budget heads:

- i) Anti-Female Genital Mutilation Board (AFGMB);
- ii) Anti-Gender Based Violence Directorate;
- iii) Socio-Economic Empowerment Directorate; and
- iv) Strengthening, Prevention and Response to GBV in Kenya Programme.

40. However, the allocation to the programmes/Directorates have been gradually reducing overtime affecting effective implementation of the programmes; thereby delaying impact of the programmes leading to other emerging trends of GBV such as femicide, cyber-bullying among others, which has negative impact on the social fabrics of the country.

41. Resource requirement for Anti-GBV Directorate, Socio-Economic Empowerment Directorate and Anti-FGM Board, are annexed in this report.

3. Project information including start date, initial cost, cumulative expenditure, financing source, completion status and geographical location (county and sub-county)

42. Under the period in consideration, in the Development budget the State Department is implementing a Fund and two projects that are donor funded. Information on the projects is annexed in this report.

4. With Respect to new projects information on project financing and feasibility

43. The State Department did not have any planned new projects for the period under consideration. However, the Government of Italy had shown interest in supporting National Government Affirmative Action Fund in developing a programme on **Resilience, Empowerment and Socio-Economic Transformation (RESET)**. The programme concept note is still in its early stages of preparation and the Committee will be appraised on its progress.

5. Information on the Current Stock of pending bills and strategy for their resolution.

44. The State Department had two types of pending bills as follows;

- i) Carryover from FY 2023/24 Kshs. 9,696,051.60 that have not been cleared up to date as the relevant items were subjected to budget cuts in supplementary I. The state department had requested for additional funds during Supplementary 2 but were not allocated. A further request was done in Supplementary 3 and response was being awaited.

- ii) Historical Pending bills dating back to the year 2005 amounting to Kshs. 21,360,786 which were duly submitted to the National Treasury Committee on Verification of Pending Bills, awaiting committees' feedback and further guidance.

6. Any pertinent issues affecting the MDA in the attainment of its programme performance targets

45. The issues affecting the State Department in the attainment of its programme performance targets included;

- i) Continued inadequate funding for the Directorates and Agencies as shown in the table below;
- ii) Prevailing inadequate technical human resources; and,
- iii) Removal of annual onward lending funds from the budget for Women Enterprise Fund since the FY 2024/2025.

46. Pertinent issues affecting the State Department in the attainment of its programme performance targets are detailed in the table below;

S.no.	Directorate/Agency	Amount required Kshs (Million)	Purpose
1.	General Administration and Support Services	64.1	This amount is required to clear pending bills and other administrative costs.
2.	Personal Emoluments	12	The State Department is currently having inadequate number of technical personnel.
3.	Anti-Gender Based Violence Directorate	50	Funds are required for a targeted GBV programme on femicide, establishment of GBV National-toll free line to enhance timely response and prevention of all forms of GBV and development of standardized guidelines and Standard Operating Procedures for Protection centers.
4.	Gender Mainstreaming Directorate	74	The Directorate requires these funds for capacity building of gender focal persons, gender committees, TOTs and staff in MDACs, undertake gender audits in MDACs, develop annual report on the status of gender equality in the public sector.

5.	Socio-Economic Empowerment Directorate	30	The Directorate requires additional funds to Print, Launch, and dissemination of the National Policy on Women Economic Empowerment in all 47 Counties, Develop Women Economic Empowerment Strategy, Train 200 Women Entrepreneurs on Access to Government Procurement Opportunities (AGPO) and Digital Platform Utilization in 5 Counties.
6.	Directorate of Policy Research and Documentation	28.50	The funds are required to prepare reports and engage in negotiations on gender commitments at the global and regional levels, Domestic and implement agreed conclusions/recommendations, Build capacity of Gender Officers on effective bilateral and/or multilateral engagements, Develop Gender Bill, Review of Sessional Paper No. 2 of 2019 on the National Policy on Gender and Development, develop an Affirmative Action Policy, analyze sectoral Policies for Gender Responsiveness and Develop Gender Information Management System (Gender Data Hub)
7.	Field Services	15.4	The amount is required to convene meetings of the County Gender Sector Working Groups, Commemorate International Women's Day (IWD's) and Purchase of Office Equipment.
8.	Women Enterprise Fund	231	This amount is required for compensation to employees, utilities, rent, insurance and operational costs.
9.	Anti -FGM- Board	30	The Board requires Ksh 30 million to cater for compensation to employees, gratuity and rent which are contractual obligations. The shortfall will affect the Board's core programme mandate.
Total		535.00	

47. In conclusion, the budget as currently provided in the Annual Estimates for Financial Year 2025/26 is not adequate to support the State Department's Programmes/ activities as enumerated above. The state department therefore, requested the Committee to consider

enhancing recurrent budgetary allocation by **Kshs 535 Million (Five Hundred and thirty-five million)**.

3.3 THE STATE DEPARTMENT FOR CHILDREN WELFARE SERVICES

1. Significant deviation between the MDA budget estimates and the approved 2025 budget policy statement (BPS) ceilings.

48. Below is the summary of the Budget Allocation for both Recurrent and Development votes.
Recurrent Budget FY 2025-2026.

Economic Classification	BPS Allocation	Draft Budget	Difference
	2025/26 FY (Kshs. Millions)	Estimates 2025/26 FY (Kshs. Millions)	(+,-) (Kshs. Millions)
Gross	10,009.97	11,372.97	1,363.00
AIA	0.96	0.96	0.00
Net	10,009.01	11,372.01	1,363.00
Out of which			
Compensation	1,167.87	1,167.87	0.00
Transfers	7,930.74	9,130.74	1,200.00
Operation and Maintenance	910.4	1,073.40	163.00

Development Budget FY 2025-2026

Description	BPS Allocation	Draft Budget	Difference
	FY 2025/2026 (Kshs. Millions)	Estimates FY 2025/2026 (Kshs. Millions)	(+/-) (Kshs. Millions)
Gross	144.00	144.00	-
GOK	144.00	144.00	-
Loans	0	0	-
Grants	0	0	-

49. The table below summarizes the Approved Budget, Budget Requirements and Budget Policy Statement (BPS) Allocation for the State Agencies under the State Department.

Budgets for SAGAs

Economic Classification	Approved Estimates FY 2024/2025 (Ksh.M)	Requirement FY 2025/2026 (Ksh.M)	Budget Estimates FY 2025/2026 (Ksh.M)	DEFICIENCY (+,-) (Ksh.M)
1. Child Welfare Society of Kenya (CWSK)				
Gross Amount	1,015.00	1,215.00	200.05	(1,014.95)
A.I.A	0	0	0	0
Net Amount	1,015.00	1,215.00	200.05	(1,014.95)
2. National Council for Children Services (NCCS)				
Gross Amount	90.00	388.50	81.12	(307.38)
A.I.A	0	0	0	0
Net Amount	90.00	388.50	81.12	(307.38)
3. Street Families Rehabilitation Trust Fund (SFRTF)				
Gross Amount	200.29	300.40	180.00	(120.40)
A.I.A	0	0	0	0
Net Amount	200.29	300.40	180.00	(120.40)
GRAND TOTAL	1,305.29	1,903.90	461.17	(1,442.73)

2. Provisions for the bottom-up-economic transformation agenda (beta) projects, and their respective expenditure ceilings.

50. The State Department for Children Welfare Services is critical in the achievement of Kenya's Vision 2030, Medium Term Plan IV (MTP IV) and the Bottom-Up Economic Transformation Agenda (BETA) for the Kenya Kwanza Government as its projects are focused on reducing poverty among the orphaned and vulnerable children in the society.

51. Below are the projects aligned with BETA priorities that are being implemented at the State Department.

BETA Priorities

S/N	Programme/ Projects	Allocation for FY2024/2025 (Kshs. Millions)	Requirement for FY2025/2026 (Kshs. Millions)	Budget Estimates FY2025/2026 (Kshs. Millions)	Variance (+/-)
BETA PRIORITIES					
1.	Cash Transfers to Orphaned and Vulnerable Children	7,930.74	9,518.50	9,130.74	(387.76)
2.	The Presidential Secondary School Bursary Fund for Orphans and Vulnerable Children	400.00	849.00	100.00	(749.00)
3.	Children Community Support and Rehabilitation Services	1,342.74	3,135.54	1,439.55	(1,695.99)
4.	Implementation of the Kenya Counter Trafficking in Person Act (within and outside Kenya)	20.00	80.00	20.00	(60.00)
5.	National Council for Children Services (NCCS)	90.00	388.05	108.13	(279.92)
6.	Street Family Rehabilitation Trust Fund (SFTRF)	200.90	300.40	180.00	(120.00)

3. Project information including start date, initial cost, cumulative expenditure, financing sources, completion status and geographical location

52. The state department provided project information as annexed in this report.

4. With respect to new projects, information on project financing and feasibility

53. The State Department did not have any Mega projects for the 2024/2025 financial year.

5. Information on the current stock of pending bills and strategy for their resolution.

54. The State Department had a total Pending Bill of **Kshs. 108,577,113.42**, which is mainly from two (2) Legal Cases awards and Rent arrears. The State Department had not been able to settle these Pending Bills due to Low Budget Provision in the previous financial years. However, the details of the bills have been forwarded to Pending Bills Verification Committee at the National Treasury for consideration.

Pending Bills

S/No	Description of Pending Bills	Amount (Kshs)
1.	Eldoret HCC (No. 160 of 2011), Eldoret Water and Sanitation Company Limited.	17,819,338.49
2.	Electricity Bill for Nyayo House Regional and County Children's Officer.	1,379,869.00
3.	Murang'a CMC (No. 174-2013), Wangari Mwangi, Legal Representative of the Estate of Maureen Wangari.	3,599,255.28
4.	Rent Arrears to NSSF Silo Parking Offices.	85,778,650.65
	TOTAL (KSHS):	108,577,113.42

6. Pertinent issues affecting the state department in the attainment of its performance

55. There were a number of Financial and Non-Financial issues that affect the State Department in the Delivery of Services. The Key among the impediments are;
- i) Inadequate budgetary allocation
 - ii) Understaffing
 - iii) Emerging trends in child protection
 - iv) National Child Welfare Fund: Establishment of the Child Welfare Fund by the National Treasury, 2025/2026 FY – Kshs. 2 Billion Seed Capital (in accordance with the Children Act (Cap.141), Section 12(7)).

a) **Status of Implementation** - The State Department for Children Welfare Services had developed the Concept Paper for the Child Welfare Fund, which was presented to the National Treasury, and accepted. Thereafter, the office of the Attorney General developed the Regulations for the fund. The next step is for the Child Welfare Fund Regulations to be subjected to Public Participation. This will require additional funding. The Ministry, therefore, seeks for **Kshs. 2.0 Billion, which will be Seed Capital** for the establishment and operationalization of the Child Welfare Fund.

56. In conclusion, to enhance Service Delivery and fulfill its mandate, the State Department appealed to the committee to consider providing additional funding to cater for below listed critical and priority Projects and Programmes;

Recurrent Budget

S/No	Project/Programme/ Description	Amount (Kshs. Millions)
1.	The Enhancement of the AIEs for Field Stations Nationwide.	2,000.00
2.	Establishment of Child Welfare Fund.	2,000.00
3.	Processing of Title Deeds for Statutory Institutions.	60.00

S/No	Project/Programme/ Description	Amount (Kshs. Millions)
4.	National Council For Children Services (NCCS), to enable Operationalization of Children Act 2022.	175.00
5.	Emergency Relief (Food, medicine, blankets, cash grants, tents and other temporary shelter etc) to children affected by emergencies.	220.00
6.	Presidential Secondary School Bursary for Orphans and Vulnerable Children.	749.00
7.	Operational Expenses and Allowances to Statutory Committees, Taskforces, Inter-Governmental Committees and Multi-Sectoral Committees.	55.00
8.	Coordination and implementation of Kenya Children Assemblies.	56.00
9.	For Urgent Refurbishment and Renovations at the Headquarters, National Social Security Fund Buildings.	50.00
10.	Under Headquarters Administrative Services – (Head 1186-01-1186001601) to cater for Cross Cutting Issues in the State Department.	40.00
11.	Counter Trafficking in Persons for Review and effective implementation of the Counter Trafficking in Persons Act, 2010.	40.00
12.	National Trust Fund for victims of Trafficking in Persons.	100.00
13.	Legal Cases - Eldoret HCC No. 160 of 2011, and Eldoret Water and Sanitation Company Limited and Murang'a Case MCG. No. 174, 2013.	21.42
14.	Rent Arrears to NSSF Silo Parking Offices.	85.78
15.	The Street Families Rehabilitation Trust Fund (SFTRF), for National Census of Street Families and upscale rehabilitation of street families programmes.	88.42
16.	Child Welfare Society of Kenya (CWSK) – Shortfalls.	1,014.96
17.	Child Welfare Society of Kenya (CWSK) – Food Ratios.	510.00
18.	Financing Climate Change Activities.	200.00
19.	The Review and Development of Regulation, Guidelines and Public Participation.	70.00
20.	Purchase of Field Motor Vehicles.	300.00
	SUB-TOTAL (KSHS) :	7,835.58

Development Budget

S/No	Project/Programme/ Description	Amount (Kshs. Millions)
1.	Removal and Replacing of Asbestos Roofing, Renovation and Refurbishment of Statutory Children Institutions (SCIs).	400.00
2.	Surveying, Titling and Fencing for the State Department's Parcels of Land.	60.00
3.	For construction of a Perimeter Wall for the Street Families Model Rehabilitation Centre (Mavoko, Machakos County).	60.00
4.	Joska Foster Care Centre (CWSK).	390.00
5.	Isiolo Foster Care Centre (CWSK).	483.90
6.	Muranga Foster Care Centre (CWSK).	210.00
7.	Nanyuki Foster Care Centre (CWSK).	368.10
8.	Bungoma Foster Care Centre (CWSK).	198.00
9.	Purchase of ICT Equipment - Child Protection Management Information System (CPMIS).	60.00
SUB-TOTAL (KSHS) :		2,230.00
GRAND TOTAL (KSHS) :		10,065.58

3.4 THE STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY

1. Significant deviation between the proposed FY 2025/26 allocation and the approved 2025 budget policy statement.

57. The State Department's total approved BPS 2025 allocation was Kshs. **3,367.74 million** whereas the proposed FY 2025/26 allocation is **Kshs. 3,669.89 million**. An increase of **Kshs.302.15 million** as summarized in the table below:

Economic Classification	Approved Estimates	Requirement at Sector Level	BPS Allocation	Proposed Allocation	Variance(FY 2025/26-BPS)
	FY2024/25	FY 2025/26			
Kshs. Millions					
Recurrent Vote (Gross)	1,490.15	3,737.80	1,604.04	1,735.11	131.07
Development	1,323.36	10,624.92	1,763.70	1,934.78	171.08

Vote (Gross)					
Total	2,813.51	14,362.72	3,367.74	3,669.89	302.15

58. The increase will be utilized for execution of the Department's core mandate, support to field services and implementation of the Presidential Directive issued on 1st September, 2023 on youth development activities. Youth development activities encompass increased youth social development, encouraging the youth to volunteer in community service, and training youth on climate change and mitigation, exposing the youth to leadership and mentorship opportunities and formulating the youth development index in addition to mainstreaming, operationalizing and coordinating community youth SACCOs, internships, training youth on life skills, cognitive skills in business, and market technical skills.
59. The proposed youth development activities will support the government's Bottom-Up Economic Transformation Agenda (BETA) and the associated value chains. Transfers to SAGAs has decreased by **Kshs.236 million** (from **Kshs.692.98 million** to **Kshs.456.86 million**) largely due to the transfer of KeNIA from the State Department and budget rationalization as per The National Treasury Circular No.5/2025 dated 7th May, 2025.
60. The table below summarizes the deviation between the approved BPS 2025 and the proposed allocation FY 2025/26 in the Recurrent Vote.

Economic Classification	Approved Estimates	Requirement at Sector Level	BPS Allocation	Proposed Allocation	Variance
	FY2024/25	FY 2025/26			
Kshs. Millions					
Gross	1,490.15	3,737.80	1,604.04	1,735.11	131.07
AIA	147.50	171.57	171.57	101.57	(70.00)
NET	1,342.65	3,566.23	1,432.47	1,633.54	201.07
Compensation to Employees	726.39	860.46	735.47	723.43	(12.04)
Transfers	598.42	1,303.90	692.98	456.86	(236.12)
Other Recurrent	165.33	1,573.44	175.59	554.82	379.23
Of Which					-
Utilities	8.10	33.61	16.08	24.80	8.72
Rent	86.93	86.50	86.50	87.10	0.60
Gratuity	3.74	-	-	-	-

Contracted Guards & Cleaning services	2.82	7.90	7.90	2.82	(5.08)
Others Specify (Use of Goods i.e domestic travel, training expenses, refined fuel, maintenance of motor vehicles	63.74	1,445.43	65.11	440.10	374.99

Development Vote

61. The Development Budget has been increased from the BPS allocation of **Kshs. 1,764 million to Kshs. 1,900 million**; an increase of **Kshs.136 million**. The increase is due to enhanced donor provision for the Vijana Vuka na Afya (VIVA) project which will be finalized by 31st December, 2025. However, there is a decrease in the GoK component in the Development Vote since the approved BPS allocation of **Kshs.252 million** has been rationalized by **Kshs.22 million to Kshs.230 million**. Whereas adequate GoK counterpart funds have been provided in respect of the NYOTA project (increased by **Kshs.65.35 million** from **Kshs.84.7 million to Kshs.150 million**), the construction and renovation of Youth Empowerment Centres will be slowed down due to the reduction in their allocation from **Kshs.167.3 million to Kshs.79.5 million**; a decrease of **Kshs.87.80 million**.

2. Provision for the bottom-up economic transformation agenda (beta) projects and value chains

62. The State Department is implementing three projects that fall under the Bottom-Up Economic Transformation Agenda; Youth Empowerment Centres, Vijana Vuka na Afya (VIVA) and the National Youth Opportunities Towards Advancement (NYOTA) project. Cumulatively, these projects have an allocation of **Kshs. 1,889.55 million** in the proposed FY 2025/26 budget.

3. Project information including start date, initial cost, cumulative expenditure, financing sources, completion status and geographical location (county/constituency)

63. The detailed project information is annexed in this report.

4. Viability of proposed new projects

64. The state Department does not have any new project(s).

5. Current stock of pending bills and strategies for their resolution

65. The state departments' pending bills stand at **Kshs.28.5 million** out of which **Kshs.9 million** relates to FY 2023/24 whilst the balance of **Kshs.19.5 million** emanate from prior fiscal periods and have subsequently been submitted to the Presidential Taskforce on Verification of Pending for the determination of their authenticity and payability. We undertake to prioritize the settlement of these bills in the FY 2025/26.

6. Factors that are likely to affect the attainment of our performance targets

66. The state department provided the committee with the details of the factors that are likely to affect the attainment of its performance targets as annexed in this report and summarized as follows;
- i) Low Staffing Levels
 - ii) Obsolete ICT Equipment and Lack of Motor Vehicles
 - ii) Low Budgetary Provision
67. In conclusion, the state department appealed to the committee to consider the State department for additional funding in the following areas;
- i) **Kshs.450.5 million** in our Recurrent Vote to help in the recruitment of technical staff, purchase of ICT equipment and motor vehicles and the rolling out of Talent Development Programme;
 - ii) Provision of **Kshs.505 million** under the Recurrent Vote for our SAGAs and other regional and national bodies to help them in the execution of their mandate as aforementioned;
 - iii) Inclusion of the UNICEF Country Programme Kenya (informally called 'Yunitok') in the FY 2025/26 budget and the attendant **Kshs.23 million** allocations and the provision of additional Kshs. 20 million VIVA GoK counterpart funds.

3.5 THE STATE DEPARTMENT FOR PUBLIC SERVICE (NATIONAL YOUTH SERVICE)

1. Identification of any Significant Deviations Between the NYS's Budget Estimates and the Approved 2025 Budget Policy Statement (BPS) Ceilings

68. The Proposed Budget Estimates for FY 2025/2026 allocated the service a budget of **Ksh.10.16billion** comprising of **Ksh.10.05billion** in recurrent and **Ksh.115million** in development. This was against an initial allocation of **Ksh.11.18billion** in the **BPS I** of 6th **March, 2025** comprising of Ksh.11.06 billion in recurrent and Ksh.115million in development respectively. The Service has therefore suffered a budget cut of **Ksh1.01 billion** as tabulated below.

2. Provisions of the Bottom Up Economic Transformation Agenda (BETA) Projects and Value Chains.

69. The National Youth Service (NYS) contributes significantly to the Bottom-Up Economic Transformation Agenda (BETA) by actively engaging in key value chains and priority areas. Under the Finance and Production Economy Cluster, NYS has engaged a number of key stakeholders including private sector and development partners on leather skills training and leather footwear production to support the leather value chain in Kenya. The Service has also initiated upscaling milk and maize production, and production of edible oil seeds to enhance food security and agribusiness development.
70. Within the Infrastructure Cluster, NYS trains youth in construction and building skills alongside production of affordable construction and building materials to contribute to building and construction sector in the Country.

71. Under the Land and Natural Resources Cluster, NYS supports environmental sustainability through production of tree seedlings thus advancing climate action efforts. These initiatives underscore NYS's commitment to skills training economic empowerment, and sustainable development aligned with BETA priorities.

3. Project Information Including Start Date, Initial Cost, Cumulative Expenditure, Financing Sources, Completion Status, and Geographical Location

72. The NYS development budget implements one (1) NYS project namely; Construction of Buildings and Other Infrastructure in NYS. This project comprises of various project components including barracks, classrooms, water and sanitation facilities located in all field Units spread across the country

4. New project Information of Financing and Feasibility

73. NYS did not have new projects.

5. Information on the Current Stock of Pending Bills and Strategy for Resolution

74. NYS has historical pending bills worth Kshs. 14,890,237,695.75, accumulated between FY 2014/2015 and 2017/2018. These bills have been submitted to the Pending Bills Verification Committee constituted by H.E the President to verify all outstanding bills in the Government. Upon approval for payment, the Service will source for funds from the National Treasury and clear them so as to restore public trust and confidence.

6. Any Pertinent Issues Affecting NYS in the Attainment o its Performance Targets

75. The main issue affecting NYS is budget deficits. It is worth noting that resource requirements for the Service for FY 2025/2026 was Ksh26.28billion which took into consideration the Presidential directive to progressively increase the youth intake to 100,000 youth annually by 2027/2028.

76. In the year under review the Service plans to recruit 40,000 recruits in two cohorts. However, with the BPS allocation, this target will not be met. Details of key underfunded areas are annexed in this report.

77. It is also important to note that the Service recruited 20,000 youth in the third quarter of FY 2024/2025 in line with the President's directive. The budget allocation for the FY 2024/2025 can only accommodate 10,000 youths. This has presented serious budget constraints that will result in pending bills rolling over to the FY 2025/26 budget thus further hampering realization of planned targets. Requests for additional funding in Supplementary II to cater for the additional 10,000 recruits but was not considered. The same has been presented in Supplementary III awaiting consideration.

78. Following the Presidential directive, the Service aims at becoming a self-sustaining government agency and reduce overreliance on the exchequer by 2027/2028. Towards this end, the Service requested for Seed Capital to implement the Commercial Enterprises Business Plans but this was not considered in the BPS thus pending achievement of this objective.

79. To adequately accommodate and train the continuously increasing number of youths, the Service needs to improve existing and develop new infrastructure and facilities including barracks, water and sanitation, kitchens and dining halls, classrooms and workshops among others. However, the FY 2025/2026 BPS has allocated **Kshs. 115Million** against a requirement of **Kshs. 487m** which is largely inadequate to meet the needs of the Service.
80. Enrollment in technical and vocational training will double in FY 2025/2026 in Ministry of Education (MoE) TVETs due to lack of internal capacity. This is occasioned by the increased intake of 15,000 recruits in FY2023/2024 in addition to the over 26,000 ongoing trainees. The allocation in the BPS will not be sufficient to pay tuition fees. It is important to note that currently, the Service has a total of **Kshs. 1,424,032,199** outstanding fees payables to various MoE TVETs.
81. In conclusion, the Budget Estimate for FY 2025/2026 as provided in the BPS ceiling has a deficit of **Kshs. 16.3Billion**. This will affect implementation of planned activities, projects and programmes and consequently the ability of the Service to achieve its performance targets.
82. Of major concern is the **Recurrent Budget** which cannot accommodate the 20,000 recruits that are intended to join national service and technical and vocational training programmes in the FY 2025/2026. The development budget has also significantly reduced over the past years with a Zero Budget this Financial Year thus affecting efforts to accommodate more Servicemen/women (SM/W) in the technical and vocational training programme internally.
83. The existing infrastructure and facilities including barracks, dining halls, classrooms, workshops, water and sanitation systems and security walls in all field units are in deplorable conditions, strained and are inadequate to accommodate all NYS SM/W in all the three programmes.
84. NYS therefore appealed to the Committee to intervene, support and assist the Service to obtain the required funding to support the youth that will be undergoing training in the three programmes in FY 2025/2026.

3.6 THE NATIONAL GENDER AND EQUALITY COMMISSION

I. Any significant deviations between MDAs budget estimates and the approved 2025 budget policy statement

85. The Commission's published budget in the 2025/2026 BPS was **Kshs 474 Million**. The budget had been rationalized to **Kshs 456 Million** resulting into a deviation of **Kshs 18 million**. This reduction has affected several critical budget lines, including essential services mainly programming that is facilitated through dialogue meetings, community based campaigns and corresponding consumables such as fuel, travel, conference facilities. Our international travel is basically for reporting to the international and regional treaty bodies on the progress Kenya is making on gender equality and non-discrimination while local travel is to reach the hard-to-reach populations including widows, violated children and families, discriminated PWDs and solve complaints related to discrimination and exclusions.

2. Provisions for the Bottom-up Economic Transformation Agenda (BETA) Project and Value Chains

86. Under the BETA, the Kenya Kwanza Plan laid forth specific commitments to women (*women charter and agenda page 48*) , youth (*under creative economy, digital superhighway, sports, technical education and training, governance*), children (*under education pillar, social protection*), older members of the society (*under universal pensions*), minority and marginalized groups (*under climate change and natural resource management, and environment*), and the Persons with Disabilities (*under social protection, built environment and mobility*). The Commission is working with the relevant state agencies to accomplish key strategic interventions that will sustain the Bottom-Up Economic Transformation Agenda particularly improved livelihoods for the SIGs.

87. NGEK committed to continue implementing programs, as an enabler, in collaboration with relevant Ministries, Departments and Agencies to mainstream the principles of gender equality, inclusion and freedom from discrimination in the five core pillars namely Agriculture, Micro and Small Medium Economy, Housing and Settlement, Healthcare, and Digital and Creative Economy and tactically on the 9 value chain elements.

3. Project Information Including Start Date, Initial Costs, Cumulative Expenditure, Financial Resources, Completions Status and Geographical Locations, County/Constituency

88. The Commission did not have any projects

4. Information on new Project financing and feasibility

89. The commission did not have any new projects for the FY 2025/2026

5. Information on the Current Stock of Pending Bills and Strategy for their Resolutions

90. The Commission did not have pending bills.

6. Any Pertinent issues affecting the MDA in the attainment of its performance targets.

91. Multiple systemic constraints continue to undermine NGEK's ability to fulfill its mandate including;

- i) **Persistent under-funding** over past years which has stifled the design, implementation and monitoring of gender-responsive and inclusion-focused programs, forcing the Commission to scale back or postpone critical interventions
- ii) **Limited regional presence** that weakens both oversight and grassroots engagement and over spread of interventions especially in the hard-to-reach areas. Even where offices exist, I have rudimentary office spaces, a staff or two at most and without vehicles.
- iii) **Inability to effectively monitor international treaties and conventions** ratified by Kenya as envisioned by the NGEK Act 2011.
- iv) **Inadequate transport infrastructure** which makes it extremely difficult to convene stakeholders or deliver services in hard-to-reach areas or even motivate communities to participate in our programs

v) **Inadequate staffing** at the Commission

92. In conclusion, the National Gender Equality Commission reiterated its commitment to promoting gender equality and freedom from discrimination, even in the face of budget constraints. However, to effectively carry out our mandate and ensure that our programs and services continue to benefit the people of Kenya, requested that the committee considers an additional budget allocation of **KES 325 Million**.

3.7 THE NATIONAL FUND FOR THE DISABLED OF KENYA

1. **Situational analysis - identification of any significant deviation between the annual estimates and the approved budget estimate**

93. Annually, the requests and the actuals of the fund are on average as follows;

	Eligible Applicants	No. Funded	Amount Kshs.	No. not funded	Amount Kshs.
Individual applicants for assistive devices and vocational tools of trade	10,077	2198	69,999,776	7,879	252,128,000
Small grants to Institutions	500	125 @200,000/-	25,000,000	300 @300,000/-	90,000,000
Flagship projects	85	10	30,000,000	75	225,000,000
Special assistance			2,000,000		3,000,000
Implementation of flagship projects			7,000,000		10,000,000
Distribution of assistance to individuals			3,000,000		21,000,000
TOTAL			137,000,000		601,128,000

NOTE: These figures are based on the current financial year — 2024/2025 and does not include implementation, distribution and Monitoring and evaluation expenses. These amounts took up some of the investments budget, which is not sustainable in the long-run as the Fund needs to be able to continually meet its mandate. Monitoring and Evaluation has been limited due to budgetary constraints.

94. The Fund would further require funds for implementation and distribution logistics as well as monitoring and evaluation. Therefore, using this as a basis for the financial year 2025/2026, the fund would require the amounts tabulated below to meet all eligible applications for the year.

		Eligible applicants	Amount Required
1.	Individual applicants for assistive devices and vocational tools of trade @32,000/- on average	10,000	320,000,000
2.	Small grants to Institutions	500	150,000,000
3.	Flagship projects	85	255,000,000
4.	Special assistance		3,000,000
5.	Implementation of flagship projects		25,000,000
6.	Distribution of assistance to individuals		15,000,000
7.	Monitoring and Evaluation		5,000,000
	TOTAL BUDGET		773,000,000
	Own Funding from Rental Income		131,000,000
	Deficit for 2025/2026		642,000,000
	Income from Government Grant (Projected interest of 10% p.a. on Kshs. 1B)		100,000,000
	Net Deficit		542,000,000

95. Note that this is an annual budget and every year this deficit is expected to recur. The Fund is thus, laying out strategies to ensure sustainability through investments. The proposed investment is to ensure a steady flow of additional income that shall go a long way in closing this gap.

2. Provisions for the bottom-up economic transformation agenda (BETA) projects and value chains

96. All of the Fund's activities align with key legislations including the Persons with Disabilities Act, Convention on the Rights of Persons with Disabilities and the 2030 Agenda on Sustainable Development. By eliminating physical and systemic barriers, the Fund promotes access to education, self-employment and economic empowerment paving way for them to

lead dignified lives as they participate in academic, social and professional activities that lead to meaningful participation in national development.

97. Over the years, the Fund has seen persons with disabilities grow their economic and financial status from being dependent to becoming successful business men & women. The institutions supported by the small grants and flagship projects are continually enabling the people they serve get skills that enable them support themselves and others. This is through developing the infrastructure and having equipment that creates an enabling environment. This is in line with the Government's Bottom-Up Economic Transformation Agenda (BETA) initiative.

3. Challenges faced by the Fund

98. The fund has continued to face the following challenges over the years including;

- i) **Inadequate resources:** Due to inadequate resources, the Fund is not able to meet the demands for services. The Fund receives over 10,000 applications for assistive devices and business start-up kits annually. Out of these applications, only 2,500 are currently being funded. For institutions, the Fund is only able to support an average of 200 annually out of 500 applications received for small grants and 15 out of 85 applications received for flagship projects. Monitoring and Evaluation has been limited due to budgetary constraints.
- ii) **Increased number of potential beneficiaries—** The number of persons with disabilities continues to increase due to culture, environmental factors, accidents and diseases. The Fund is not able to meet all the applicants' needs due to budgetary constraints.
- iii) **Partnerships and collaborations—** The Fund's partners and collaborators are not able to collectively assist the Fund to close the funding gaps. However, the Fund continues to forge partnerships through networking and proposal writing.
- iv) **Covid-19 Pandemic—** The pandemic had put on hold most of the Fund's outdoor activities were not undertaken for some time especially in the year 2020 and immediately thereafter. The activities have now resumed but the effects continue to be felt.

PART IV

4 COMMITTEE OBSERVATIONS

During the engagements and deliberations between the Committee and the various Ministries, Departments and Agencies on the Estimates of Revenue and Expenditure for the financial year 2025-26 and the medium-term, the Committee made the following observations:

- i. An analysis of Exchequer issues as at 31st March 2025 showed that the State Department for Social Protection and Senior Citizens Affairs had received 95% of its gross recurrent and development allocation. This means that much of the Social Safety Net Cash transfer which is budgeted for under recurrent expenditure has been disbursed. This is a significant shift from the previous financial years where disbursement was made at the tail end of the financial year.
- ii. There was a reduction of allocation towards the Presidential Bursary Fund, Street Family's Rehabilitation Trust Fund and the Child Welfare Society of Kenya. This is despite the increase in the numbers of orphans and vulnerable children, growth in street families and increased needs for services offered to over 700,000 children under the care of the Child Welfare Society of Kenya. Specifically, the Child Welfare Society of Kenya's Budgets has reduced from **Kshs 1.2 billion** in the FY 2024/25 to **Kshs 200 million** in the FY 2025/26.
- iii. Several projects under the State Department for Children Welfare Services, which is the new State Department that is an off-shoot of the State Department for Social Protection and Senior Citizens Affairs, have stalled majorly due to little or no allocation over many years. This may lead to the risk of cost overruns ultimately leading to additional costs that were not originally part of the budget. This risk is higher for projects under the Child Welfare Society of Kenya whereby construction of five foster care centres that are at various stages of completion have not been allocated resources for 3 financial years.
- iv. The National Government Affirmative Action Fund (NGAAF) has been given a proposed allocation of **Kshs 4.0 billion** for the FY 2025/26 up from **Kshs 3.5 billion** allocated during the BPS 2025. The additional resources will fill in for the deficit created by the reduction of a similar amount in Supplementary Estimates II FY 2024/25.
- v. The Government of Italy has shown interest in supporting National Government Affirmative Action Fund in developing a programme on Resilience, Empowerment and Socio-Economic Transformation (RESET). The programme's concept note is still in its early stages of preparation.

- vi. Whereas, the mandate/functions for various State Department created in the recent re-organization of the government is expected to be outlined in an Executive Order, the Committee was of the opinion that Street Families Rehabilitation Trust Fund, Counter Trafficking in Persons, and Renovations of Muranga Social Development Offices which all run adult-related programs should be rightly placed under the State Department for Social Protection and Senior Citizens Affairs.
- vii. National Development Fund for Persons with Disabilities has been allocated Kshs. 135 million in the FY 2025/26 and Kshs 50 million each within the medium term. This is a significant reduction in the funds allocation when compared to the base year with further reduction in the medium-term. There is no indicative target as well in the coming financial year. This is the Fund that is supposed to provide assistive and supportive devices to Persons with Disabilities.
- viii. The National Fund for the Disabled of Kenya has been allocated **Kshs 1 billion** for the financial year 2025/26 under the Executive Office of the President with a target of providing social protection services. This is a significant increase from the fund's base year allocation of **Kshs 200 million**.
- ix. Allocations towards Gender Based Violence and Anti-FGM have been gradually reducing overtime affecting effective implementation of the programmes. The eradication of these two vices has a target period for which Kenya has signed up.
- x. Electricity bills and rent arrears to NSSF silo parking offices form significant proportion of the new State Department for Child Welfare Services' pending bills. However, the Committee was observed that this ought to be a shared burden with the State Department for Social Protection and Senior Citizens Affairs from which the new State Department was hived off.
- xi. The Ministry of Labour and Social Protection, through the State Department for Children Welfare Services, is mandated under the Children's Act to establish the Child Welfare Fund through the National Treasury. However, the seed capital of **Kshs 2.0 billion** for the establishment and operationalization of the Child Welfare Fund has not been provided.
- xii. There is need to scale up the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in Alternative Family Care and provision of psycho-social support by the State Department for Children Welfare Services.

- xiii.** The National Youth Service (NYS) has several programs that it is carrying out including, stitching of uniforms for the disciplined forces, producing food, packaging water, breads, cotton production etc. The Service has huge potential of generating more revenue by revitalizing and strategically re-positioning of its commercial and enterprise activities. This requires a complete reengineering of this activities at the cost of **Kshs 4.6 billion** in the first year.
- xiv.** There is need to draft legislation that will give a fixed percentage of the National Government's share of revenues towards The National Government Affirmative Action Fund (NGAAF), which would be similar to the funding model under the National Government Constituencies Development Fund (NG-CDF). Such a funding mechanism will address persistent issues of inadequate and uncertainty of funding for NGAAF programmes.

PART V

4 COMMITTEE RECOMMENDATIONS

4.1 Financial Recommendations/Proposed Reallocations

S/No.	Vote/ State departments	Programme/Area/item	Proposed Reduction (Kshs)	Justification
1.	State department for Public Service (National Youth Service)	National Youth Service	200,000,000	This is a recurrent reduction from the program National Youth Service. The use of goods and services under this program can be rationalized with the current demands.
2.	Executive Office of the President	General Administration Planning & Support Services	150,000,000	This is a recurrent reduction for the National Fund for the Disabled of Kenya. The Funds allocation from the current financial year has increased from Kshs 200 million to Kshs 1 billion.
4.	State Department for Social Protection	National Social Safety Net	600,000,000	This is a recurrent reduction on the Cash transfer with the increase of the allocation to the program from Kshs 18.6 billion to Kshs 25.6 billion and the need for emergency relief food for children in distress across the country with the reduction of allocation towards the Child Welfare Society of Kenya by Kshs 1 billion from the base year allocation.
	Total		950,000,000	

i. Proposed increments on the Budget Estimates

S/No.	Vote/State departments	Programme/Area/item	Proposed Increases (Kshs)	Justification
1.	State Department for Children Welfare Services	Social Development and Children Services	300,000,000	This is a recurrent increase for the provision of food and non-food items for children under the care and protection of the Directorate of Children Services. and children in distress across the country.
2.	State Department for Children Welfare Services	Social Development and Children Services	350,000,000	This is for provision of food and non-food items for children under the care and protection of Child Welfare Society of Kenya whose allocation has been reduced from Kshs 1.2 billion to Kshs. 200 million.
2.	State Department for Children Welfare Services	Social Development and Children Services	100,000,000	This is a development increase towards the removal and replacement of Asbestos roofing, renovation & refurbishment of Statutory Children Institutions which is found to be carcinogenic.
3.	State Department for Children Welfare Services	General Administration, planning and support Services	46,000,000	This is a recurrent increase for the departments field services which is inadequate and poses challenge to the performance of the State Department.
4.	State Department for Social Protection	General Administration, planning and support Services	50,000,000	This is a recurrent allocation to supplement the operational needs of the State Department.

5.	State Department for Social Protection	General Administration, planning and support Services	54,000,000	This is a recurrent allocation for monitoring and evaluation of policies, programs and projects under the State Department with the need to review and consolidate the two databases of cash transfer between the National Drought Management Authority and that of the State Department for Social Protection.
5.	National Gender and Equality Commission		50,000,000	This is a recurrent increase on the Commissions General administration on their Nation-Wide Campaign Against Gender Based Violence and Femicide.
Total			950,000,000	

ii. Requests for Additional Funding

1. The scale up of the number of children reached under emergency response, education support, family tracing and re-integration to ensure that children are placed in families, interventions in alternative family care and provision of psycho-social support for children under the Child Welfare Society of Kenya requires additional resources. This requires **Kshs 250 million**.
2. The removal and replacement of Asbestos roofing, renovation and refurbishment of statutory children institutions which is found to be carcinogenic requires an additional **Kshs 200 million** to cover the children institutions.
3. The National Youth Service (NYS) Commercialization require an additional **Kshs 4.6 billion** in the financial year 2025-26 for a start-up.
4. The State Department for Youth Affairs and Creative Economy requires an addition of **Kshs. 72.6 million** for recruitment of technical staff composed of 100 Youth Development Officers and 20 Film Officers, **Kshs. 50 million** to replace obsolete ICT equipment, printers and photocopiers, **Kshs. 300 million** for countrywide youth and talent development programme in all 47 counties, and **Kshs. 458 million** for acquisition and refurbishment of the Nairobi Film Theatre.

S/No.	Vote/ State departments	Programme/A rea/item	Additional request (Kshs)	Justification
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1.	State Department for Children Welfare Services	Social Development and Children Services	250,000,000	The request is a recurrent allocation towards the Child Welfare Society of Kenya in provision of food and other emergency response to children in distress.
2.	State Department for Public Service	National Youth Service	4,600,000,000	The request is a recurrent allocation towards the National Youth Service commercialization program.
3.	State Department for Children Welfare Services	Social Development and Children Services	200,000,000	This is a development request towards the removal and replacement of Asbestos roofing, renovation & refurbishment of Statutory Children Institutions which is found to be carcinogenic.
4.	State Department for Youth Affairs and Creative Economy	Youth Development Services	880,600,000	Recurrent- Kshs. 72.6 million for recruitment of technical staff composed of 100 Youth Development Officers and 20 Film Officers, Kshs. 50 million to replace obsolete ICT equipment, printers and photocopiers, Kshs. 300 million for countrywide youth and talent development programme in all 47 counties. Development - Kshs. 458 million for acquisition and refurbishment of the Nairobi Film Theatre.
Total			5,930,600,000	

SIGNED: *Wambui* DATE..... *22/05/2025*

HON. ALICE WAMBUI NGÁNGÁ, CBS, M.P.

(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SOCIAL PROTECTION)

ANNEXURES

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Annex 2: Minutes of the Committee Sittings

Annex 3: PBO Brief on the Budget Estimates for FY 2025/26

Annex 4: MDA's submissions

Annex 4A: State Department for Social Protection and Senior Citizen Affairs

Annex 4B: State Department for Gender and Affirmative Action

Annex 4C: State Department for Children Welfare Services

Annex 4D: State Department for Youth Affairs

Annex 4E: State Department for Public Service (NYS)

Annex 4F: National Gender and Equality Commission

Annex 4G: National Fund for the Disabled of Kenya

DEPARTMENTAL
COMMITTEE ON
SPORTS & CULTURE



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES
DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE

REPORT ON THE CONSIDERATION AND SCRUTINY OF THE FY 2025/2026
BUDGET ESTIMATES FOR THE FOLLOWING VOTES:

VOTE 1132: STATE DEPARTMENT FOR SPORTS

VOTE 1134: STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE

**VOTE 1135: STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE
ECONOMY**

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

MAY, 2025

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1.1 Mandate of the Committee

5. The Departmental Committee on Sports and Culture is one of the twenty Departmental Committees of the National Assembly established under **Standing Order 216** whose mandates pursuant to the **Standing Order 216 (5)** are as follows:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - iii. *On a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. *To study and review all legislation referred to it;*
 - v. *To study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - viii. *To examine treaties, agreements and conventions;*
 - ix. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. *To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. *To examine any questions raised by Members on a matter within its mandate.*
6. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider matters of: Sports; Culture; Language; Creative Economy including promotion of music; Arts; Film promotion and Development; National Heritage and Betting & Lotteries.
7. In executing its mandate, the Committee oversees the following government ministries and departments and agencies (MDAs), namely:
 - i. State Department for Sports under the Ministry of Youth Affairs, Creative Economy and Sports;
 - ii. State Department for Youth Affairs and Creative Economy under the Ministry of Youth Affairs, Creative Economy and Sports; and
 - iii. State Department for Culture, the Arts and Heritage under the Ministry of Gender, Culture, the Arts and Heritage.

PART I

1 PREFACE

1.0 Introduction

- 1 The preparation and processing of the revenue and expenditure estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, Cap 412A and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year
- 2 Standing Order Number 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission
- 3 The National Assembly Standing Orders assigns the Departmental Committee on Sports and Culture the mandate to consider matters in relation to *Sports; Culture; Language, Creative Economy including promotion of music, Arts; Film promotion and Development, National Heritage and Betting & Lotteries.*
- 4 In that regard, the Committee is mandated to analyse, scrutinize and approve the Budget Estimates for the following government agencies under its purview
 - i 1132 State Department for Sports,
 - ii 1134 State Department for Culture, the Arts and Heritage and
 - iii 1135 State Department for Youth Affairs and Creative Economy

1.2 Committee Membership

- 8 The Departmental Committee on Sports and Culture was constituted by the House on 27th October, 2022 and comprises of the following Members

Chairperson

Hon Daniel Wanyama Sitati, MP
Webuye West Constituency
UDA Party

Vice-Chairperson

Hon James Githua Wamacukuru, MP
Kabete Constituency
UDA Party

Members

Hon Naomi Jillo Waqo, MP
Marsabit County
UDA Party

Hon Stephen Mutinda Mule, MP
Matungulu Constituency
WDM-K Party

Hon Muhanda, Elsie Busihile
Kakamega County
PAA Party

Hon Catherine Nakhabi Omanyoo, MP
Busia County
ODM Party

Hon Caroli Omondi
Suba South Constituency
ODM Party

Hon Paul Ekwom Nabuin, MP
Turkana North Constituency
ODM Party

Hon BSP (EM) Dr Jackson Kipkemot Kosgei, MP
Nominated
UDA Party

Hon Janet Jepkemboi Sitienei, MP
Turbo Constituency
UDA Party

Hon Robert Ngui Basil, MP
Yatta Constituency
WDM-K Party

Hon Charles Ngusya Nguna, MP
Mwingi West Constituency
WDM-K Party

Hon Richard Kipkemot Yegon, MP
Bomet East Constituency
UDA Party

Hon Letipila Dominic Eli
Samburu North Constituency
UDA Party

Hon Dena Joseph Hamisi
Nominated
ANC Party

1.3 Committee Secretariat

9 The Committee is facilitated by the following staff

**Mr Adan Gndicha
Principal Clerk Assistant II/Head of Secretariat**

**Ms Mary Kinyunye
Clerk Assistant III**

**Ms Christine Odhiambo
Senior Legal Counsel**

**Mr Vitus Owino
Research Officer II**

**Mr Wilson Mwangi
Fiscal Analyst II**

**Mr Moses Esamai Omot
Audio Officer III**

**Ms Josephine Osiba
Hansard Reporter II**

**Mr Peter Atsiaya
Media Relations Officer III**

**Mr Said Wako
Assistant Serjeant-At-Arms**

1.4 Overview on the Examination of the Budget Estimates for FY 2025/26

10. The Annual Estimates of Revenue and Expenditure and other budget documents for the FY 2025/26 were tabled in the House on Wednesday, 30th April 2025 and thereafter referred to Departmental Committees for consideration and reporting to the Budget and Appropriation Committee (BAC).
11. The Committee held meetings with the State Department for Sports; Youth Affairs and Creative Economy and Culture and Heritage on 19th May, 2025.

1.5 Acknowledgement

12. The Committee is grateful to the Offices of the Speaker and the Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. I wish to also express my appreciation to the Honourable Members of the Committee for their patience, sacrifice, endurance and hard work during the long sitting hours under tight schedules and the useful contributions they made towards the preparation and production of this report. I also thank the Secretariat for their overwhelming support to the Committee.
13. I also wish to express my appreciation to the Honourable Members of the Committee, the State Department for Sports, the State Department for Youth Affairs and Creative Economy and State Department for Culture, the Arts and Heritage for the useful information that they provided to the Committee on the Annual Estimates for the FY 2025/26.
14. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Signed:

Date:



22/05/25

HON. DANIEL SITATI WANYAMA, MP
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)

PART II

2.0 BROAD OVERVIEW OF THE FY 2025/2026 BUDGET ESTIMATES

- 15 The Annual Estimates for FY 2025/26 were tabled in the National Assembly on Wednesday 30th April 2025
- 16 The Standing Orders (SO 235) of the National Assembly provides that the estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committees shall consider, discuss, and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee within twenty-one days of being tabled
- 17 In examining the estimates, the Public Finance Management Act and the Standing Order require the House to take into consideration its resolutions on the Budget Policy Statement and ensure that an increase in expenditure in a proposed appropriation is balanced by a reduction in expenditure in another proposed appropriation while a proposed reduction may be used to reduce the deficit
- 18 In addition, the House examines the extent to which the resources that have been proposed for allocation in adherence to the overall PFM architecture, the fiscal consolidation regime, prioritization of needs
- 19 The specific documents that have been used in the analysis include the Medium-Term Plan IV of Vision 2030, Resolutions of the House on the 2025 Budget Policy Statement, the manifesto of the Kenya Kwanza Administration, the Sector Budget reports and Treasury circulars, among others

2.1 Overall Fiscal Framework for FY 2025/26

- 20 The Budget Estimates have been submitted against a background of slowdown in the global economy mainly occasioned by policy shifts and emerging uncertainties related to escalating trade tensions out of US imposed reciprocal tariffs to its trading partners including developing and least developed countries amongst other policy issues
- 21 Consequently, the global growth is projected to slow down to 2.8 percent in 2025 and 3 percent in 2026 from a growth of 3.3 percent in 2024. According to the National Treasury, on the domestic front, Kenya's GDP is projected to grow at 5.3 percent in 2025/26 and be sustained over the medium term on account of enhanced agricultural productivity and a resilient service sector and the ongoing implementation of BETA projects
- 22 The five sectors that are expected to contribute significantly to this growth include agricultural Transformation and Inclusive growth, transforming the Micro, Small and Medium enterprise (MSME) Economy, Housing and Settlement, Healthcare and the Digital Superhighway and Creative Industry
- 23 The 2025/26 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed

expenditures for FY 2025/26 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are shown in Table 1.

Table 1: Overall Outlook of Budget Estimates for FY 2025/26 (Ksh. Billions)

S/No.	Details	Approved Original Budget 2024/25	Supp. No. 2 2024/25	2025 Approved BPS	Budget Estimates 2025/26	Variance (BPS vs Proposed)	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,504.8	(18.7)	59.0%
	<i>o/w Executive</i>	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.2%
	<i>Parliament*</i>	40.9	42.6	49.5	49.5	-	1.2%
	<i>Judiciary*</i>	22.5	23.4	26.8	26.9	0.1	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	CG	391.1	418.3	405.1	405.1	-	9.5%
	Total	3,861.1	4,007.6	4,297.5	4,247.2	(50.4)	100.0%

Source: The National Treasury

24. The total budget for the FY 2025/26 is Kshs. 4,247.2 billion which comprises Kshs. 2,504.8 billion for the Executive, Kshs. 49.5 billion for Parliament, and Kshs. 26.9 billion for the Judiciary. The allocation to County Governments of Kshs. 405.1 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.

2.2 Analysis of Proposed Budget for FY 2025/26 and The Medium Term

State Department for Sports

25. The State Department for Sports has an allocation of Kshs. 18.59 billion comprising of Kshs. 1.49 billion for recurrent expenditure and Kshs. 17.1 billion for the development expenditure. In the 2025 BPS the allocation ceiling in the state department was Kshs. 18.67 billion. The allocation has decreased by Kshs. 86.37 million below the ceiling in the 2025 BPS. However, the allocation has increased from the baseline in FY 2024/25 by Kshs. 780.65 million of which recurrent has increased by Kshs. 144.65 million and development by Kshs. 636 million.

State Department for Culture, the Arts and Heritage

26. The State Department for the Culture, the Arts and Heritage has an allocation of Kshs. 3.10 billion comprising of Kshs. 3.05 billion for recurrent expenditure and Kshs. 46.98 million for the development expenditure. In the 2025 BPS the allocation ceiling in the state department was Kshs. 3.54 billion. The allocation has decreased by Kshs. 442.18 million below the ceiling in the 2025 BPS. In addition, the allocation has decreased from the baseline in FY 2024/25 by Kshs. 206.59 million of which recurrent has decreased by Kshs. 183.57 million and development by Kshs. 23.02 million.

State Department for Youth Affairs and Creative Economy

27 The State Department for Youth Affairs and Creative Economy comprises of two SAGAs, Kenya Film Commission and the Kenya Film Classification Board Film Development Services has an allocation of Kshs 670.56 million comprising of recurrent is Kshs 635.86 million and development is Kshs 34.70 million. In the 2025 BPS the allocation ceiling in the Film Development Service was Kshs 738.7 million. The allocation has decreased by Kshs 68.14 million below the ceiling in the 2025 BPS. In addition, the allocation has decreased from the baseline in FY 2024/25 by Kshs 78.90 million of which recurrent has decreased by Kshs 103.60 million but development has increased by Kshs 24.70 million.

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

3.1 State Department for Sports

28. The Cabinet Secretary, Ministry of Youth Affairs, Creative Economy and Sports, Hon. Salim Mvurya, EGH and the Principal Secretary State Department for Sports, Mr. Elijah Mwangi, CBS, appeared before the Committee on 19th May, 2025 and submitted as follows:
29. The State Department for Sports is domiciled in the Ministry of Youth Affairs, Creative Economy and Sports. The State Department is implementing one programme - Sports and three Sub-Programmes: Sports Training and Competition: Development and management of Sports Facilities and General Administration, Planning and Support Services.

Deviation between approved BPS 2025 and FY 2025/26 Budget Estimates (KSh.)

Classification	Approved 2025 BPS (a)	FY 2025/26 Budget Estimates (b)	Variance (c) =(b)- (a)
Recurrent Budget	1,581,442,652	1,487,760,837	(93,681,815)
Development Budget	17,100,000,000	17,100,000,000	0
Total	18,681,442,652	18,587,760,837	(93,681,815)

30. The State Department's total budget, as outlined in the approved 2025 Budget Policy Statement, amounted to KSh. 18.68 billion. During the finalization of the FY 2025/26 Budget Estimates, the budget was rationalized to KSh. 18.59 billion. Resulting to a negative variance of KSh. 93.64 million.

Recurrent expenditure

31. The Recurrent Budget Estimates for the FY 2025/26 is KSh.1,487,760,837 for Personnel Emoluments, Transfers to SAGAs, and other recurrent expenditure.
32. Recurrent Approved BPS 2025 vs 2025/26 Budget Estimates by Sub-Programmes is detailed in the table below.

Recurrent Approved BPS 2025 Allocations Vs FY 2025/26 Budget Estimates by Sub-Programmes (KSh.)

Sub-Programmes	Approved 2025 BPS (a)	FY 2025/26 Budget Estimates(b)	Variance c=(b-a)
Sports Training and Competitions	671,423,231	643,295,176	(28,128,055)
Development and Management of Sports Facilities	17,800,258,150	17,737,865,440	(62,392,710)
General Administration, Planning and Support Services	209,761,271	206,600,221	(3,161,050)
Total for Sports Programme	18,681,442,652	18,587,760,837	(93,681,815)

Recurrent BPS Allocation Vs FY 2025/26 Budget Estimates for SAGAs.

33. **The Anti-Doping Agency of Kenya (ADAK)** allocation rose from **KSh. 210.26million** in the 2025 Budget Policy Statement to **KSh. 235.23million** in the Budget Estimates for FY 2025/26, thus an increase of **KSh. 24.97million**. This additional funding is expected to enhance the efforts against doping in Kenya, but continued and increased funding for the Agency is crucial.
34. **The Kenya Academy of Sports (KAS)** in the 2025 Budget Policy Statement (BPS) was allocated **KSh. 236.32million**. This allocation has been **revised to KSh. 194.69 million** in the FY 2025/26 Budget Estimates, resulting in a budget reduction of **KSh. 41.63million**. This decrease will have a negative impact on the implementation of its mandate.
35. **Sports Kenya** in the 2025 Budget Policy Statement (BPS) was allocated **KSh. 464.26million**. This allocation has been **revised to KSh. 401.87million** in the FY 2025/26 Budget Estimates, resulting in a budget **reduction of KSh. 62.39million**. This decrease will have a negative impact on the implementation of its mandate.
36. **The Kenya National Sports Council** in the 2025 Budget Policy Statement was allocated **KSh. 10.84million**. This allocation has been **revised to KSh. 5.31million** in the FY 2025/26 Budget Estimates, resulting in a budget **reduction of KSh. 5.53million**. This decrease will hamper the operations of the Council and affect its ability to run various sports programs, develop athletes, and participate in competitions including major events like the Olympics and Africa Cup of Nations. Furthermore, the council will face challenges in coordinating sports development initiatives and implementing grassroots programs, potentially impacting the overall growth and performance of sports in the nation

Summary of Recurrent BPS Allocation Vs FY 2025/26 Budget Estimates for SAGAs (KSh.)

Name of SAGA	Approved 2025 BPS (a)	FY 2025/26 Budget Estimates(b)	Variance c=(b-a)
Anti-Doping Agency of Kenya (ADAK)	210,255,628	235,230,065	24,974,437
Kenya Academy of Sports (KAS)	236,322,777	194,690,499	(41,632,278)
Sports Kenya (SK)	464,258,150	401,865,440	(62,392,710)
Sports, Arts, and Social Development Fund (SASDF)	336,000,000	336,000,000	0
Kenya National Sports Council	10,837,600	5,310,000	(5,527,600)
TOTAL	1,257,674,155	1,173,096,004	(84,533,996)

Development Expenditure

37. On Development Expenditure, the Budget Policy Statement allocated KSh. 17.1 billion for ongoing projects. This amount has been maintained in the FY 2025/26 Budget Estimates. This funding is from Local Appropriations-in-Aid (AIA) generated from betting tax and lotteries (KSh. 17 billion), supplemented by KSh. 100 million in exchequer funding, as summarized.

Approved 2025 BPS VS FY 2025/26 Budget Estimates (KSh)

Description	Approved 2025 BPS(a)	FY 2025/26 Budget Estimates(b)	Variance c=(b-a)
Gross	17,100,000,000	17,100,000,000	0
GoK	100,000,000	100,000,000	0
Local AIA	17,000,000,000	17,000,000,000	0

38. Three ongoing projects are being funded by the exchequer: The Kenya Academy of Sports (Sports Complex Phase 1), allocated KSh. 38million; the Kenya Academy of Sports (Sports Complex Phase 1B), with an allocation of KSh. 42million; and the Automation & Digitalization of Sports Registrar Services, an allocation of KSh. 20 million.
39. The allocation of KSh. 17billion to the Sports, Arts and Social Development Fund (SASDF) is for the development and promotion of sports and arts and the promotion of social development, including universal health care.
40. The State Department for Sports' strategic direction is aligned with the Bottom-Up Economic Transformation Agenda (BETA) and the Fourth Medium Term Plan (MTP IV) 2023-2027. Demonstrating tangible progress, key sports infrastructure across Kenya is being significantly upgraded to host international events.
41. These include: Nyayo National Stadium has been refurbished with new lighting and a tartan track, securing its approval for CHAN 2024. Moi International Sports Centre Kasarani is undergoing comprehensive refurbishment. In Eldoret, Kipchoge Keino Stadium is being enhanced to international standards with expanded seating and a modern track, poised to elevate the city's sporting stature for AFCON 2027. Furthermore, construction of the expansive 60,000-seater Talanta Sports City Stadium state of the art is actively underway. The Ministry of Defence has steered the procurement and supervision of AFCON2027/CHAN2024 stadia.
42. The promotion of flagship events like the Magical Kenya Open Golf Tournament and Nairobi Marathon and the World Rally Championship (WRC) as key tourist attractions illustrates the deliberate and strategic integration of sports tourism into Kenya's broader economic agenda.
43. The construction of Constituency Sports Academies and talent development is a strategic undertaking that directly supports the Bottom-Up Economic Transformation Agenda by empowering youth, creating economic opportunities through sports, fostering grassroots development, enhancing social inclusion, and contributing to

infrastructure development at the local level. The ongoing government initiatives and the allocation of resources towards these academies demonstrate a clear commitment to leveraging sports as a tool for economic and social transformation in line with the BETA priorities.

Pertinent Issues Affecting the MDA In the Attainment of Its Performance Targets

44. The existing budgetary allocations for the State Department are inadequate to facilitate its planned programs and activities effectively. Therefore, the State Department seeks the Committee's support in securing additional funding for the following critical areas:

1) Headquarters

i. Operations and Maintenance- Additional KSh.350million

45. The approved 2025 BPS allocated **KSh. 323.8million** while the FY 2025/26 Budget Estimates rationalized it to **KSh. 314.7million** resulting to a negative variance of **KSh. 9.1million**. The Budget Estimates comprises Personnel Emoluments (**KSh. 227.5 million**) and other recurrent expenses (**KSh. 87.2million**). Notably, the provision for Personnel Emoluments does not include **KSh. 32million** for the recruitment of technical officers whose process is ongoing.

46. The State Department's budget for operations and maintenance has faced persistent constraints, hindering the funding of essential activities. To address this, the Committee is requested to consider and provide an additional allocation of **KSh. 350 million**. These funds are crucial for the implementation of core mandate activities, specifically: hosting international sports competitions, sports exchange programs, monitoring and evaluation of projects, enforcement of compliance with sports regulations, support of national teams and the review of the Sports Policy and Sports Act.

ii. Payment of Rent Arrears- KSh.105.3million

47. The State Department formerly occupied office premises at Kencom House, the National Social Security Fund (NSSF) Building, Uchumi House, and the Kenya National Library Services (KNLS) – Maktaba Kuu. These lease agreements were terminated on March 31st, 2025, leading to the relocation of all staff to Talanta Plaza, a property of the Sports Arts and Social Development Fund (SASDF) Board. During this relocation process, the former landlords restricted the movement of office furniture, equipment, and files due to unresolved historical rent arrears.

Lessor Name	Particulars	Outstanding Balance as at 31st March, 2025
Kenya Development Corporate Ltd	Uchumi House, 11th Floor	20,652,034.59
National Social Security Fund	NSSF Building Block 'A' - Eastern Wing, 24th Floor	17,341,252.83
Kenya Commercial Bank	Kencom House 2nd Floor	3,340,460.83
Kenya National Library Services	Maktaba Kuu 1st, 2nd and 3rd Floors	63,923,628.40
Total		105,257,376.65

48. The prompt settlement of these outstanding arrears is imperative to avoid the accrual of further debt and to allow staff access to necessary files and office equipment.

Consequently, the State Department requests for additional funding amounting to **KSh. 105.2 million**.

iii. AFCON hosting rights –KSh 3.9billion (USD 30 million)

49. Kenya is scheduled to host AFCON 2027 alongside Uganda and Tanzania. The hosting agreements for AFCON 2027 have been drafted and require signing, along with the settlement of **KSh 3.9 billion (USD 30 million)**. Kenya is obligated to pay the hosting rights fee by April 2026. This amount has not been provided in the FY 2025/26 Budget Estimates.

2) Anti-Doping Agency of Kenya- Additional KSh. 75million

50. The Anti-Doping Agency of Kenya (ADAK) requires additional **KSh. 75 million** to execute its anti-doping programs in accordance with the regulations set forth by the World Anti-Doping Agency (WADA). These programs include critical components such as education, testing, and results management. Further, the continued budget shortfall in the ADAK budget is one of the corrective areas pinpointed by the World Anti-Doping Agency as a compliance issue in their latest submission dated 2nd May 2025.

3) Kenya Academy of Sports –Additional KSh.372million

51. The Kenya Academy of Sports (KAS) requires **KSh.400million** to implement its core mandate programs, specifically talent development (**KSh.284million**) and technical personnel training from the grassroots to the national level (**KSh.116million**). The FY 2025/26 Budget Estimates, however, provide only **KSh.194million** to the Academy, with a limited **KSh.28million** allocated for its core functions. This significant underfunding necessitates an additional **KSh.372 million** for KAS to effectively carry out its mandate.

4) Sports Kenya – Additional KSh. 144 million

52. Sports Kenya requires **KSh. 545.86 million** to implement its operations and core mandate programs, specifically Personnel Emoluments (**KSh. 190.4 million**), Operations (**KSh. 249.66 million**), and core mandate activities (**KSh. 105.8 million**). However, Sports Kenya was allocated **KSh. 401.86 million** in the FY 2025/26 Budget Estimates. This significant underfunding necessitates an additional **KSh. 144 million** for Sports Kenya to effectively carry out its mandate.

53. The State Department's total budget as per the approved 2024 Budget Policy Statement is **KSh. 18.27 billion**. However, during the finalization of FY 2024/25 Budget Estimates, the total allocation has been reduced to **KSh. 17.72 billion** resulting in a **variance of KSh. 546.7 million**.

3.2 State Department for Culture, the Arts and Heritage

54. The Cabinet Secretary for the Ministry of Gender, Culture, the Arts and Heritage, Ms. Hannah Wendot Cheptumo appeared before the Committee on 19th May, 2025 together with the Principal Secretary, State Department for Culture and Heritage Ms Umami Bashir and submitted as follows:

55. The State Department for Culture, the Arts and Heritage is in charge of the following Semi-Autonomous Government Agencies (SAGAs).
56. The National Museums of Kenya mandate includes, to serve as the national repositories for things of scientific, cultural, technological and human interest; to serve as places where research and dissemination of knowledge in all fields of scientific, cultural, technological and human interest may be undertaken; to identify, protect, conserve and transmit the cultural and natural heritage of Kenya and promote cultural resources in the context of socio-economic development.
57. The National Heroes Council was established to provide for the recognition of heroes; to establish criteria for the identification, selection and honouring of national heroes; to provide for the categories of heroes; to provide for the establishment of the National Heroes Council and for connected purposes.
58. Bomas of Kenya Ltd (BOK) has a core mandate of maintenance, preservation, education, and development of Kenya's niche diverse cultures. This is achieved through promotion of traditional dance and music, and African cuisines.
59. Kenya National Library Services (KNLS) Board is a State Corporation established by an Act of Parliament Cap 225 of the Laws of Kenya in 1965. The Act mandates the Board to promote establish, equip, manage, maintain and develop libraries in Kenya.
60. The institution showcases the rich diversity of cultural expressions of Kenyan communities and nurtures cultural creative talents in all the genres. The Centre provides rehearsal, performance and exhibition spaces for artistic works; facilitates participation by cultural workers, particularly artistes in national discourse and dialogue. It also serves as a cultural exchange platform for the best of Kenyan arts with regional, continental and worldwide practitioners of the arts
61. The Board is responsible for initiating and coordinating legislation on copyright and related rights; conducting training programmes on copyright and related rights; enlightening and informing the public on matters related to copyright; licensing and supervising the activities of Collective Management Organizations (CMOs); and maintaining an effective databank on authors and their works.
62. In addition to Semi-Autonomous Government Agencies (SAGAs) mentioned above, the State Department is also in charge of;
 - i. **Ushanga Kenya Initiative (UKI)**– The initiative aims to create jobs and transformation for the living standards for the pastoralist women through the commercialization of beadwork.
 - ii. **Permanent Presidential Music Commission (PPMC)**– The core mandate of PPMC is to conserve, preserve and develop the music of Kenya through research, showcasing, talent identification and promotions.

Identification of the any significant deviation between the budget estimates and the approved 2025 Budget Policy Statement ceilings

63. The proposed FY 2025/2026 Annual Estimates for the State Department for Culture, the Arts and Heritage **Vote 1134**, has a significant deviation from the approved Budget Policy Statement (BPS) ceiling.
64. The proposed recurrent budget has been reduced by **Kshs. 399.08 million** while the development allocation was cut by **Kshs. 43.02 million** from the approved BPS ceilings.
65. The budget on use of goods and services which touches on the State Department core mandate and the BETA priorities has been reduced by more than **Kshs. 45.8 M**.
66. This will certainly have an adverse effect on achievement of State Department's objectives and BETA targets. Among areas that have been significantly affected are Ushanga Kenya Initiative, reduced by more than Kshs.12M, Permanent Presidential Music Commission, reduced by Kshs. 10M and Culture activities at HQ which were reduced by Ksh.9M
67. SAGA's BPS allocation has been reduced by **Kshs. 353 million**. National Museums of Kenya is the most affected with a net reduction of Kshs. 216M. The reductions will have adverse impact on SAGA's programmes performance and also on honoring non-discretionary expenses such as salaries and contractual obligations such as payment of rent and staff gratuity.

Breakdown of recurrent transfers to SAGAs

SAGA	Approved Expenditure FY 2024/25 (Ksh)	BPS 2025 Allocation 2024/25 (Ksh.)	Estimates 2025/2026 (Ksh)	Resource Deviation (Ksh)
National Museum of Kenya and Natural Products Initiative	1,465,071,788	1,499,800,303	1,283,733,273	-216,067,030.00
Bomas of Kenya	402,637,804	450,064,812	371,858,331	-78,206,481.00
National Heroes Council	121,433,435	158,504,761	162,454,285	3,949,524.00
Kenya Copyright Board	130,070,302	193,108,530	175,297,677	-17,810,853.00
Kenya National Library Service (KNLS)	473,001,625	481,492,096	443,342,886	-38,149,210.00
Kenya National Cultural Center	91,495,726	111,219,498	104,297,548	-6,921,950.00
Total	2,683,710,680	2,894,190,000	2,540,984,000	-353,206,000.00

Development Budget

68. The reduction of the development project will negatively affect the completion of the ongoing projects. It will also result in pending bills in projects such Wundanyi Cultural Center, which is contrary to the government commitment on reducing pending bills.

Analysis of Development budget by projects

Project Title	Approved Expenditure FY 2023/24	Bps Allocation (Ksh)	Estimates (Ksh)	Resource Deviation (Estimate-BPS)
Wundanyi Youth Resource (Culture & Talent) Center	50,000,000	0	0	0
Rehabilitation of Basic Facilities at Boma	69,700,000	43,020,000	0	-43,020,000
Professional & Scientific Training for	10,000,000	10,000,000	10,000,000	0
Karachuonyo Library (A Public Participation Project)	10,000,000	0	0	0
Refurbishment of Archives offices	0	36,980,000	36,980,000	0
Total		90,000,000	46,980,000	-43,020,000

Provisions for the Bottom-Up Economic Transformation Agenda (BETA) projects and value chains;

- 69 The State Department has three BETA programme, Ushanga Kenya Initiative, Natural Product Industry and promotion of County cultural festivals within the Department for cultural activities
- 70 **The State Department faces a significant budget shortfall** in FY 2025/26 for training and capacity communities on protection of traditional Knowledge, and Ushanga Kenya Initiative (UKI) From the annual requirement of Kshs 160 M, only Kshs 60 M has been proposed for protection of traditional knowledge under State Department and Museums this will result in loss of value for money in regard to previous endeavors
- 71 **There were no new projects** being undertaken by the State Department for Culture, the Arts and Heritage in the FY 2025/2026, all projects are on-going
- 72 **On pending bills**, the State Department for Culture, the Arts and Heritage has total pending bills amounting to **Kshs. 59.3 M.**
- 73 That out of the pending bills, **Kshs 34.45 M** relates to the financial years prior to 2022/23, **Kshs.8.7M** relates to FY 2022/23 and Kshs 16 11 million is for the FY 2023/24
- 74 The State Department has been unable to settle the bills as first charge due to inadequate budget As a strategy to clear the bills, they had engaged the National Treasury for verification and subsequently payment of eligible pending bills.

Pertinent issues affecting the MDA in the attainment of its performance target

- 75 The State Department for Culture, the Arts and Heritage is significantly underfunded and this was affecting the performance of their mandate They appealed to the Committee for additional funding on critical areas that were underfunded or unfunded,

76. Considerations to reinstatement of the budget for Operations at the State Department and for all SAGAs as per Budget Policy Ceiling. This will be particularly important on achievement of BETA priorities and honoring mandatory contractual obligations such as salaries and rent.
77. **Kshs. 40 million** for finalization of Kiswahili Bill and establishment of National Kiswahili Council of Kenya.
78. An additional **Kshs. 100 M** for Ushanga Kenya Initiative; **Kshs. 50 M** is for establishment of Ushanga structures and policies after transitioning to a social enterprise, and **Kshs. 50 M** for Promotion of beadworks enterprise for women and youth in 10 pastoral communities
79. **Kshs. 19M** for implementation of the National Policy on Culture and Heritage
80. **National Heroes Councils** requires an additional **Kshs.50 M** for establishment of Heroes Fund (MTP IV Project) and another **Kshs. 25 M** for development of policies and regulations for the Kenya National Heroes Act No.5 of 2014
81. An additional **Kshs.100 million** Under Permanent Presidential Music Commission (PPMC) for National Youth Development Program in Music and Dance. The objective of the program is to identify and nurture music talent, to build capacity and improve standard of music in the Country, to create a stable source of income for youth, improve standard of local music among others.

On development

82. The State Department appealed to the committee to consider funding the ongoing projects. This will be particularly necessary to pay pending bills, reducing penalties and interests as well as realizing value for money. Some of the projects that are critical and have no allocation in the proposed FY 2025/26 budget are;
 - i. Construction of Wundanyi Resource Centre required **Kshs. 35 M** in FY 2025/26
 - ii. Establishment of one music studio to support artistes required **Ksh. 51.7 M**
 - iii. Installation of Library Management Information Systems **Kshs. 35 M**
 - iv. Refurbishment of cultural homestead Bomas of Kenya Offices requires **Kshs. 48M**
 - v. Rehabilitation and Upgrading of Kapenguria six required **Kshs. 39 M**
 - vi. Construction of Marachi Cultural Centre required **Kshs. 33M**
 - vii. **Kshs. 150 M** for establishment of a licensing, monitoring, collection and distribution system of royalties to artists under Kenya Copyright Board.
83. In addition to the above, the State Department is implementing various Presidential Directives and appealed for funding as follows;
 - i. **Kshs. 202 million** to expand the coverage of the participating counties under the "Ushanga Kenya Initiative" from 7 to 10, as a national endeavor on commercialization of beadwork that is transforming lives of pastoralists women
 - ii. **Kshs. 25M** to Construct a perimeter wall around Gedi National Monument in Kilifi County to ensure its protection.

- iii **Kshs. 1.0 billion** for Infrastructure upgrade project at National Museums of Kenya to support research, exhibitions and increase storage for collection
 - iv **Kshs. 3.05 billion** for establishment of more arts and culture infrastructure including theatres, music auditoriums, art galleries and extensive refurbishing of facilities to expand spaces for artistic and cultural expression and production
- 84 Culture serves as a critical repository of identity, knowledge, skills and practices, including sustainable solutions to the pressing challenges of our time. Therefore, the State Department will endeavor to promote all forms of national and cultural expression in various forms, including traditional celebrations. The Committee to consider approving the requested reinstatement and additional funding so as to enable the department achieve its key objectives.

3.3 State Department for Youth Affairs and Creative Economy

- 85 The Cabinet Secretary, Ministry of Youth Affairs, Creative Economy and Sports, Hon Salim Mvurya, EGH and the Principal Secretary State Department for Youth Affairs and Creative Economy, Mr Fikirini Jacob Kato Kahindi, CBS, appeared before the Committee on 19th May, 2025 and submitted as follows
- 86 The State Department for Youth Affairs and Creative Economy is in charge of the following Semi-Autonomous Government Agencies (SAGAs) Kenya Film Classification Board (KFCB), Kenya Film Commission (KFC) and gives grants to Kenya Film School and African Audio-Visual Cinema Commission (AACC)
- 87 The state department had a cumulative allocation of Ksh 738.7 million in the approved BPS 2025. The proposed FY 2025/26 budget estimates varied by a KSH 68.14 million reductions to KSh 670.56 million as summarized below
- 88 On the recurrent vote, the BPS allocation has decreased from KSh 662 million to KSh 636 million, a decrease of KSh 26 million is due to budget rationalization across various items as per the National Treasury Circular No 5/2025 dated 7th May, 2025

Development Vote

- 89 On the Development Vote, the approved BPS, the Film Location Mapping and the Establishment of the Kenya Film School projects had a cumulative allocation of **KSh. 76.7 million**. This is a Ksh 42 million **reductions to Ksh. 34.70 million**. This will affect project completion time. The Summary is presented below
- 90 **On the Bottom-Up Economic Transformation Agenda (BETA)**, the department does not have any project for FY 2025/26
- 91 The State department reported that they were not undertaking any new projects in the FY 2025/26
- 92 There were no pending bills to report on that fell under the purview of the Committee

93. Factors Affecting performance targets

- i. Low Staffing Levels.
- ii. Lack of Office Furniture and Obsolete ICT Equipment.
- iii. Inadequate budgetary support for field officers.
- iv. The transfer to SAGAs and other Bodies.
- v. **Underfunding:** KFCB requires Ksh 104 million; Kenya Film Commission requires KSh. 148Million; Kenya Film School requires KSh. 94.4 million to execute their respective mandates.

Development Vote

94. **Establishment of Kenya Film School** in the new location within the Kasarani indoor arena. There is need for funding to partition the building at a cost **KSh. 25million**.
95. Further, outfitting the classrooms, studios and a staffroom requires Ksh. 60million. This shall fully operationalize the school, accommodate more students, boost revenue and promote the youth to become self-employed.
96. **Acquisition and Refurbishment of Cinema Theatre** requires **Ksh.458 million**. This shall continue to support film industry, plays, music, spoken word, conferences and other aspects of the creative economy. The Nairobi Film Centre since inception has hosted at least 2,457 events with a monthly patronage of over 14,000 from the creative economy including but not limited to film screenings and premiers, stage plays, album launches, music concerts, spoken word, conferences and seminars. The facility has also supported various artists and managed to raise annual revenue from as low as **Kshs. 3,948,000** to **Kshs. 15,870,000** with minimal equipment in place. The space has created over 3,000 jobs through the gig economy since inception. Upon the completion of the project, the Board envisages to generate an **annual revenue of at least Kshs. 120 million** from the utilization of the facility.
97. **Film location mapping** requires KSh. 15 million in FY 2025/26 to complete the project in time. This is an addition to the allocated Ksh. 15 Million to make a **total of KSh. 30 Million**.
98. In conclusion, the State department wished to emphasize the following;
 - i. Provision of **KSh. 62.1 Million in their current vote** to help in the recruitment of technical staff, acquisition of ICT equipment and support to their field offices.
 - ii. Provision of **KSh. 346.4 Million under the Recurrent Vote** for their SAGAs to help them in the execution of their mandates.
 - iii. Provision of an additional **KSh. 558 million under the Development Vote** to help in the completion of the Film Location Mapping project, the acquisition and refurbishment of the Nairobi Cinema Theatre and the Establishment of Kenya Film School.

PART V

4.0 COMMITTEE OBSERVATIONS

99 Based on analysis of submissions by the State Departments and the agencies, the Committee made the following observations

4.1 Cross-cutting observation

100 The Committee observed that despite the critical role played by the sector in creating opportunities for the youth and addressing the challenge of unemployment, the sector largely remains underfunded, reflecting a mismatch between resource allocation and the nation's priorities. Core mandate of SAGAs such as talent identification and monetization, anti-doping measures, support to the national archives, protection and rehabilitation of heritage sites, and promotion of the music, film industry and the creative economy at large, have not been adequately funded

4.2 State Department for Sports

- 1 **THAT**, the State Department for Sports has been allocated **Kshs. 18.59 billion** which comprises of **Kshs. 1.49 billion** for recurrent expenditure and **Kshs. 17.1 billion** for the development expenditure. The allocation has increased from the baseline in FY 2024/25 by **Kshs. 780.65 million** of which recurrent has increased by **Kshs. 144.65 million**, and development by **Kshs. 636 million**.
- 2 **THAT**, the Kenya Academy of Sports is challenged by lack of adequate technical staff, funding gaps affecting scouting programme, implementation and research initiatives and lack of accreditation as a Qualification Awarding Institution (QAI) to certify successful trainees on sports courses. This will require provision of a legal instrument or amendment of the Sports Act CAP 223 that will grant KAS authority to be a Qualification Awarding Institution.
- 3 **THAT**, the Sports Act of 2013, which serves as the regulatory framework for the sports sector, was enacted a decade ago. Considering the evolving nature of the industry, there is a pressing need for a comprehensive review of the act to address emerging issues and adapt to the changing landscape of the sector.
- 4 **THAT**, Kenya is scheduled to host AFCON 2027 alongside Tanzania and Uganda. However, there is no provision in the proposed annual estimates for payment of hosting rights for AFCON 2027 amounting to **Kshs. 3.9 billion (USD 30 million)** which should be paid by April 2026.
- 5 **THAT**, Anti-Doping Agency of Kenya requires an additional **Kshs. 75 million** to cater for critical underfunded programmes such as anti-doping education, testing and result management. Further, the country is placed in **CATEGORY A** by World Anti-Doping Agency (WADA) and the latest compliance report dated 2nd May 2025 has pinpointed continued shortfall of ADAK budget is one of the corrective areas.

4.3 State Department for Culture, the Arts and Heritage

1. **THAT**, the State Department for Culture and Heritage has been allocated **Kshs. 3.10 billion** which comprises of **Kshs. 3.05 billion** for recurrent expenditure and **Kshs. 46.98 million** for the development expenditure. The allocation has decreased from the baseline in FY 2024/25 by **Kshs. 206.59 million** of which recurrent has decreased by Kshs. 183.57 million, and development by Kshs. 23.02 million.
2. **THAT**, the State Department has a pending bill amounting to **Kshs. 59.3 million** of which Kshs. 34.45 million are pending bills prior to FY 2022/23, Kshs. 8.7 million relates to FY 2022/23 and Kshs. 16.11 million relates to pending bills in FY 2023/24. The State Department has been unable to settle the pending bills due to inadequate budgetary provisions.
3. **THAT**, despite culture serving as a critical repository of identity, knowledge, skills and practices, the State Department still remains underfunded. This has affected Agencies such as the National Museum of Kenya which requires adequate space for storage of fossils and research programmes, the Natural Product Industry which requires funding for protection of traditional knowledge, the National Archives which is a repository of all government records and the Ushanga Kenya Initiative which requires adequate funding to support women and girls in pastoral communities to showcase their products at local and international trade fairs and exhibitions.
4. **THAT**, there are no budget provision to rehabilitate and protect heritage sites, monuments and museums in the proposed annual estimates. Heritage sites in the country are in a dilapidated state and require sufficient funding for restoration and rehabilitation. In addition, there is risk of encroachment due to lack of title deeds and perimeter fence around these sites.
5. **THAT**, the National Heroes Council requires an additional Kshs. 50 million for the operationalization of the National Heroes' Fund. The National Heroes' Fund which was established pursuant to Section 21 of The Kenya Heroes Act CAP 216B still remains non-operational despite its critical mandate of protecting and supporting national heroes and heroines in the country.

4.4 State Department for Youth Affairs and Creative Economy

1. **THAT**, the State Department for Youth Affairs and Creative Economy, where the committee oversees the **Film Development Services** programme, has been allocated **Kshs. 670.56 million** which comprises of **Kshs. 635.86 million** for recurrent expenditure and **Kshs. 34.70 million** for the development expenditure. The allocation has decreased from the baseline in FY 2024/25 by **Kshs. 78.90 million** of which recurrent has decreased by Kshs. 103.60 million, while development has increased by Kshs. 24.7 million.
2. **THAT**, there is no budgetary provision for the African Audio-Visual Cinema Commission (AACC). This is despite the Kenyan government making a commitment and signing the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during

the 36th Ordinary Session of the African Union Heads of State and Government Kenya committed to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs 100 million

- 3 **THAT**, there is no budgetary provision to mitigate low staffing levels in the State Department which is adversely affecting achieving of targets and outputs with 13 officers set to retire by December 2027. The State Department requires Kshs 12.1 million to recruit film officers at entry level.

PART VI

5.0 COMMITTEE RECOMMENDATIONS

101 The Committee, having scrutinized the proposed Annual Estimates for FY 2025/26 recommends as follows,

5.1 Non-financial Recommendation

5.1.1 State Department for Sports

- 1 That, the Cabinet Secretary for Youth Affairs, Creative Economy and Sports in conjunction with the Sports, Arts and Social Development Fund, should submit quarterly and progress reports of all the programmes, projects and activities funded by the Fund to the National Assembly at the end of each quarter of a financial year. This is to ensure that the funds are put to prudent use.
- 2 That the Cabinet Secretary for Youth Affairs, Creative Economy and Sports should fast track the review of Sports Act and submit the same to the National Assembly by 31st December, 2025.

5.1.2 State Department for Culture, the Arts and Heritage

3. That, the Cabinet Secretary for Gender, Culture, the Arts and Heritage in conjunction with the Cabinet Secretary for National Treasury and Planning, should fast track the operationalization of the National Heroes' Fund, as established pursuant to Section 21 of The Kenya Heroes Act CAP 216B; to honour and support national heroes and to ensure they live dignified lives.

5.1.3 State Department for Youth Affairs and Creative Economy

4. The Cabinet Secretary, Ministry of Youth Affairs, Creative Economy and Sports should fast-track the formulation of policies on the monetization of talent among the youth to enable the country leverage on the creative economy in alleviating youth unemployment as envisaged in the BETA priority areas. The Creative Economy Policy should be submitted to the National Assembly by 31st December, 2025.

5.2 Financial Recommendation

5.2.1 State Department for Sports

- 1 For the **State Department for Sports**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 1,487.76 million** and the allocation for development expenditure amounting to **Kshs. 17,100 million** be **approved with the following amendment**

Reductions

Due to an enhanced appropriations in aid (AIA) collections for Sports, Arts and Social Development Fund (SASDF), **Kshs. 3,355 million** will be transferred from SASDF to the Government Implementing Agencies as follows

The reduced transfers will be from the following (Reductions)

- i. Sports, Arts and Social Development Fund – **Kshs. 3,355 million**
- ii Reduce **Kshs. 5.31 million** from the Kenya National Sports Council

Increments

The transfers from SASDF will fund projects in the following Government Implementing Agencies and as highlighted in the **2nd schedule** (Increments)

- i Sports, Arts and Social Development Fund (recurrent) – **Kshs. 89 million**
- ii Sports Registrar - **Kshs. 50 million**
- iii Kenya Academy of Sports – **Kshs. 2,185 million**
- iv Anti-Doping Agency of Kenya – **Kshs. 5.31 million**

5.2.2 State Department for Culture, the Arts and Heritage

- 2 For the **State Department for Culture, the Arts and Heritage**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 3,051.75 million** and the allocation for development expenditure amounting to **Kshs. 46.98 million** be **approved with the following amendment:**

Increments

The transfers from SASDF will fund projects in the following Government Implementing Agencies and as highlighted in the **2nd schedule** (Increments)

- i National Museums of Kenya - **Kshs. 71 million**
- ii Kenya Cultural Centre – **Kshs 280 million**
- iii State Department Headquarters - **Kshs. 50 million**
- iv Kenya Copyright Board - **Kshs. 100 million**
- v Permanent Presidential Music Commission - **Kshs 210 million**

5.2.3 State Department for Youth Affairs and Creative Economy

- 9 For the **Film Development Services** in the **State Department for Youth Affairs and Creative Economy**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 635.86 million** and the allocation for development expenditure amounting to **Kshs. 34.70 million** be approved with the following amendment:

Increments

The transfers from SASDF will fund projects in the following Government Implementing Agencies and as highlighted in the 2nd schedule (Increments)

- i Kenya Film Classification Board - **Kshs. 120 million**
- ii Kenya Film Commission – **Kshs 100 million**
- iii Kenya Film School - **Kshs. 100 million**

5.3 Request for additional request:

- 102 Additional request to cater for shortfall in salaries, payment of contracted services such cleaning services, internet and security, staff medical insurance and gratuity and funding critical core mandates implemented by the Agencies
- i Increase the recurrent expenditure by **Kshs. 50 million** to the Kenya Academy of Sports for conducting feasibility studies of Phase 2 of the construction of Constituency Sports Academies
 - ii Increase the recurrent expenditure by **Kshs. 75 million** to the Anti-Doping Agency of Kenya for conducting anti-doping tests and training on anti-doping issues Increased testing, capacity building and sensitization programmes of sports persons across the country will help mitigate doping issues as well improve compliance with the regulations from the World Anti-Doping Agency (WADA)
 - iii Increase the recurrent expenditure by **Kshs. 50 million** to the Permanent Presidential Music Commission for
 - iv Increase the recurrent expenditure by **Kshs. 68 million** to the Kenya Copyright Board for shortfall in personnel emoluments and operations and maintenance
 - v Increase the recurrent expenditure by **Kshs. 15 million** to the Headquarters State Department for Culture for repatriation of artefacts from foreign countries after the ratification of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Export and Transfer of Cultural Property
 - vi Increase the recurrent expenditure by **Kshs. 110 million** to the Natural Products Industry (NPI) for pre-clinical trials for natural health products The entity is undertaking ongoing research on vaccines/ treatment and contraceptive study NPI requires adequate funding to train technical officers on indigenous knowledge management, oversees agreements signed between Indigenous Knowledge (IK) holders and users to access IK, acquires natural products from traditional health practitioners,

- provides and train farmers on African indigenous vegetables (AIV) certified seeds and marketing Natural Products created
- vii Increase the recurrent expenditure by **Kshs. 79 million** to the Kenya Film Commission for shortfall in personnel emoluments and operations and maintenance
 - viii Increase the recurrent expenditure by **Kshs. 68 million** to the Kenya Film Classification Board for shortfall in personnel emoluments and operations and maintenance
 - ix Increase the recurrent expenditure by **Kshs. 100 million** to the African Audio-Visual Cinema Commission (AACC) - Kenyan government made a commitment and signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during the 36th Ordinary Session of the African Union Heads of State and Government Kenya committed to host and operationalize the AACC secretariat for a period of three years with an annual budget of Kshs 100 million
 - x Increase the recurrent expenditure by **Kshs. 5 million** to the Film Production Department – HQ towards finalizing the enactment of the National Film Bill, which is a fundamental Bill since it will provide a platform for showcasing and promoting creative talent with opportunities for wealth creation
 - xi Increase the recurrent expenditure by **Kshs. 50 million** to the National Museums of Kenya towards Acquisition of Enterprise Planning (ERP) system which will improve functions at the NMK headquarters as well as museums and heritage sites across the country

1st Schedule: Proposed Committee Reductions on proposed Budget for FY 2025/26 (Kshs. Millions)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
Transfers From SASDF (AIA)										
0901000 Sports	0901020 Development and Management of Sports Facilities	1132101100 Sports, Arts and Social Development Fund	Sports, Arts and Social Development Fund	-	17,000.00	-	(3,355.00)	-	13,645.00	The Sports, Arts and Social Development Fund has an enhanced AIA and the transfer will enable Government Implementing Agencies complete development projects upon receipt of the funds transferred.
Total Transfers (AIA)				-	17,000.00	-	(3,355.00)	-	13,645.00	
Reallocations										
0901000 Sports	0901010 Sports Training and competitions	1132000306 Kenya National Sports Council	Department of Sports	5.31	-	(5.31)	-	-	-	Increase the allocation to the Anti-Doping Agency of Kenya to support anti-doping programmes and testing.
Total Reallocation				5.31	-	(5.31)	-	-	-	
Grand Total				5.31	17,000.00	(5.31)	(3,355.00)	-	13,645.00	

2nd Schedule: Proposed Committee Increments on proposed Budget for FY 2025/26 (Kshs. Millions)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
VOTE 1132: STATE DEPARTMENT FOR SPORTS										
0901000 Sports	0901010 Sports Training and competitions	1132000700 Anti-Doping Agency of Kenya	Anti-Doping Agency of Kenya	235.23	-	5.31	-	240.54	-	Increase the allocation to the Anti-Doping Agency of Kenya to support anti-doping programmes and testing.
Sub-Total Reallocation				235.23	-	5.31	-	240.54	-	
Transfers From SASDF (AIA)										
0901000 Sports	0901020 Development and Management of Sports Facilities	1132000900 Sports, Arts and Social Development Fund	Sports, Arts and Social Development Fund	336.00	-	89.00	-	425.00	-	The additional allocation from development (AIA) for Sports, Arts and Social Development Fund will enhance monitoring and evaluation of recipients funded by the Fund. The funding is pursuant to Regulation 12 (4) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.
0901000	0901010	1132100300	Sports	-	-	-	50.00	-	50.00	The additional Kshs.

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
Sports	Sports Training and competitions	Establish an Automation & Digitalization System for Sports Registrar	Registrar							50 million (AIA) from Sports, Arts and Social Development Fund will enable timely completion of the project therefore enabling it operationalization.
0901000 Sports	0901020 Development and Management of Sports Facilities	1132100100 Kenya Academy of Sports	Kenya Academy of Sports	-	-	-	150.00	-	150.00	The additional Kshs. 150 million (AIA) from Sports, Arts and Social Development Fund will be enhanced funding to enable timely completion of Phase 1-B of the Kenya Academy of Sports Complex (hostels) therefore enabling it operationalization.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Mwala Sports Ground - Mwala	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Tegat Primary School - Bomet East	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Ukwala Sports Academy - Ugenya	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Weru Mixed Sec. School - Ol Joro orok								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Koitalel Arap Samoei Academy - Nandi Hills	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at St. Gabriel Asiriam Primary School - Teso South	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Chepkorio Sports Ground - Keiyo North	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroot level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Mirira Primary School - Kiharu Constituency	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroot level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Magunga Primary School - Suba South								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Mogotio Sports Ground - Mogotio	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Paul Boit Boys Sec. School - Turbo	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kenya Academy of Sports HQs - Kasarani	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kesengei Primary School - Aldai	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy Kibigos Primary School - Marakwet West								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Lunyofu Sports Grounds - Budalangi	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Burendwa Primary School - Ikolomani	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Constituency Sports Academy at Gisambai Primary School - Hamisi	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kisiiki Primary School - Yatta	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Nalondo Boys High School - Kabuchai								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Siera Girls High School - Nambale	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kombani Football Academy - Matuga	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kinyui Stadium - Matungulu	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroot level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Friends School Bokoli - Webuye West	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroot level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Kioo Secondary School - Mwingi West								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kimuchu Primary School - Thika Town	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Garbatula Boys High School - Isiolo South	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Imara Primary School - Embakasi Central	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Nzombe Sports Ground - Kitui East	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Taru Secondary School - Kinango								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at St. Patrick's Iten - Keiyo South	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Holale Primary School - Moyale	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Nakalale Sports Ground - Turkana North	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kotulo Primary School - Tarbaj	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management	Construction of Constituency Sports	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
	of Sports Facilities	Academy at Kapchebau Grounds - Marakwet East								marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Kanjeru Primary School - Kabete	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Elwak Baraza Park - Mandera South	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroots level. The Sports Academies will create an efficient platform for scouting talent during regional

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										games and other sports activities.
0901000 Sports	0901020 Development and Management of Sports Facilities	Construction of Constituency Sports Academy at Mukurenju Primary School - Kandara	Kenya Academy of Sports	-	-	-	55.00	-	55.00	The allocation will enhance talent identification, nurturing and marketing at the grassroot level. The Sports Academies will create an efficient platform for scouting talent during regional games and other sports activities.
Sub-total for State Department for Sports (AIA)				336.00	-	89.00	2,235.00	425.00	2,235.00	
VOTE 1134: STATE DEPARTMENT FOR CULTURE, THE ARTS AND HERITAGE										
0902000 Culture/Heritage	0902010 Conservation of Heritage	1134101600 Rehabilitation and Upgrade of Kapenguria 6 Facility/ Museum	National Museum of Kenya	-	-	-	45.00	-	45.00	The additional funding will enable the completion of project which has stalled for several year due to underfunding. The funding is pursuant to Regulation 7 (2) (1) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
0902000 Culture/Heritage	0902010 Conservation of Heritage	Gedi National Monument - Construction of perimeter wall	National Museum of Kenya	-	-	-	26.00	-	26.00	The additional funding will enable the completion of project which will ensure protection of the heritage site from encroachment. The funding is pursuant to Regulation 7 (2) (1) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.
0903000 The Arts	0903020 Performing Arts	1134103000 Marachi Cultural Centre	Kenya Cultural Centre	-	-	-	50.00	-	50.00	The additional allocation (AIA) from SASDF will be enhanced funding to enable timely completion and equipping of the Cultural Centre. The funding is pursuant to Regulation 7 (2) (1) of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.
0903000 The	0903020	Construction	Kenya	-	-	-	55.00	-	55.00	The completed

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
Arts	Performing Arts	of Suba Cultural Centre	Cultural Centre							cultural centre will promote Traditional Music and Dance, Cultural Exhibitions, authentic local cuisine, traditional Fashion Show and other activities in the Arts.
0903000 The Arts	0903020 Performing Arts	Construction of Mansa Culture n Heritage Centre - Tarbaj	Kenya Cultural Centre	-	-	-	55.00	-	55.00	The completed cultural centre will promote Traditional Music and Dance, Cultural Exhibitions, authentic local cuisine, traditional Fashion Show and other activities in the Arts.
0903000 The Arts	0903020 Performing Arts	Rehabilitation and refurbishment of Theatre Halls at the Kenya National Theatre	Kenya Cultural Centre	-	-	-	65.00	-	65.00	Rehabilitation and equipping of theatre halls at the Kenya National Theatre. The completed theatre will promote Traditional Music and Dance, Cultural Exhibitions, authentic local cuisine, traditional Fashion Show, theatre production and other activities in the Arts.

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
0903000 The Arts	0903020 Performing Arts	Construction of Nanyuki Cultural Centre	Kenya Cultural Centre	-	-	-	55.00	-	55.00	The completed cultural centre will promote Traditional Music and Dance, Cultural Exhibitions, authentic local cuisine, traditional Fashion Show and other activities in the Arts. The completed project will promote cultural exchange programmes in the following regions Isiolo, Meru, Laikipia, Nyeri and Nyandarua Counties.
0902000 Culture/Heritage	0902030 Development And Promotion of Culture	1134103100 Wundanyi Youth Resource (Culture & Talent) Centre	Headquarters	-	-	-	50.00	-	50.00	The additional allocation (AIA) from SASDF will be enhanced funding to enable timely completion and equipping of the Cultural Centre. The funding is pursuant to Regulation 7 (2) (I) of the Public Finance Management (Sports, Arts and Social Development Fund)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										Regulations, 2018.
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	Acquisition and Installation of a Copyright Enterprise Resource Planning (ERP) System	Kenya Copyright Board	-	-	-	100.00	-	100.00	The system will enable KECOBO to monitor the collection and distribution of music royalties by the Collective Management Organizations (CMO). The system will be free of charge to the CMOs and using the system will be a condition for licensing. The system will ensure transparency and accountability and CMOs will have two distinct accounts, one for 70% distribution of royalties and 30% for administration expenses for CMOs.
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	Establishment of Regional Music & Dance Studio - Bungoma	Permanent Presidential Music Commission	-	-	-	55.00	-	55.00	The Music and Dance Studio will enable The Permanent Presidential Music Commission establish the National Youth Talent Development

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										Program in Music and Dance, aimed at empowering and building capacity for out of school youth to create careers in music and offer them sustainable sources of livelihood, through the use of their own talents. This will result in a sector with substantial contribution to the social economic development of the country, through creation of employment opportunities for Kenyan talented youth.
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	Establishment of Regional Music & Dance Studio - Kwale	Permanent Presidential Music Commission	-	-	-	55.00	-	55.00	The Music and Dance Studio will enable The Permanent Presidential Music Commission establish the National Youth Talent Development Program in Music and

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										Dance, aimed at empowering and building capacity for out of school youth to create careers in music and offer them sustainable sources of livelihood, through the use of their own talents. This will result in a sector with substantial contribution to the social economic development of the country, through creation of employment opportunities for Kenyan talented youth.
0903000 The Arts	0903030 Promotion of Kenyan Music and Dance	National Youth Development Program in Music and Dance	Permanent Presidential Music Commission	-	-	-	100.00	-	100.00	The objective of the program is to identify and nurture music talent, to build capacity and improve standard of music in the Country, to create a stable source of income for youth,

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										improve standard of local music among others.
Sub-total for State Department for Culture, the Arts and Heritage (AIA)				-	-	-	711.00	-	711.00	
VOTE 1135: STATE DEPARTMENT FOR YOUTH AFFAIRS AND CREATIVE ECONOMY										
0221000 Film Development Services	0221010 Film Development Services	1135101500 Refurbishment of Cinema Theatre	Kenya Film Classification Board	-	-	-	120.00	-	120.00	The project is meant to create an infrastructure for the creative economy and underfunding of the project will affect the implementation and timely completion. The completed cinema theatre will be an avenue for the agency to raise its own revenue through appropriation in aid (AIA) as well as establish and sustain an efficient system for regulating the creation, distribution and exhibition of film and broadcasting content in the country in line with the Film and Stage Plays Act

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										CAP. 222.
0221000 Film Development Services	0221010 Film Development Services	1135101600 Film Location Mapping	Kenya Film Commission	-	-	-	100.00	-	100.00	The funds are meant to promote scouting of filming locations and services in the country which is intended to promote on-location shooting, as Kenya has been losing major film shoots to other destinations such as South Africa and Nigeria. The project will also create film incentives in the country therefore attracting international film makers.
0221000 Film Development Services	0221010 Film Development Services	1135101700 Establishment of Kenya Film School	Kenya Film School	-	-	-	100.00	-	100.00	The funds will assist in modernization of training equipment at the school, therefore ensuring the school meets the recommended student equipment ratio as the school intends to increase intake of students. This will increase the number of

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec	Dev	Rec	Dev	Rec	Dev	
										registered students and consequently increase the AIA collection.
Sub-total for State Department for Youth Affairs and Creative Economy (AIA)				-	-	-	320.00	-	320.00	
Total Transfers (AIA)				336.00	-	89.00	3,266.00	425.00	3,266.00	
Grand Total				571.23	-	94.31	3,266.00	665.54	3,266.00	

3rd Schedule: Requests for Additional Funding

The Committee is requesting the Budget and Appropriations Committee to consider the following additional funding requests in the sector as highlighted

1.1.1. State Department for Sports

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0901000 Sports	Kenya Academy of Sports	1132000200 Kenya Academy of Sports	50 million	The fund will cater for conducting feasibility studies of Phase 2 of the construction of Constituency Sports Academies
0901000 Sports	Anti-Doping Agency of Kenya	1132000700 Anti-Doping Agency of Kenya	75 million	The fund will cater for conducting anti-doping tests and training on anti-doping issues Increased testing, capacity building and sensitization programmes of sports persons across the country will help mitigate doping issues as well improve compliance with the regulations from the World Anti-Doping Agency (WADA)
Total Recurrent			125 million	

1.1.2. State Department for Culture, the Arts and Heritage

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0903000 The Arts	Permanent Presidential Music Commission	1134002100 Permanent Presidential Music Commission	50 million	The additional funding will cater for activities in researching and documenting the music and dance practices of all the communities in Kenya on audio and visual formats, publishing of research findings on different aspects of Kenyan music and organizing the National Symposiums on Kenyan Music to review the state of our music industry and strategize on its growth Kenya is endowed with a dynamic music heritage, diverse musical culture is spread amongst all

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
				peoples with each community having its own identifying authentic. The department is mandated to spearhead research and study of Kenyan music with the aim of documentation and identification of ways in which the sector can grow into a sustainable economic industry.
0903000 The Arts	Kenya Copyright Board	1134002200 Kenya Copyright Board	68 million	The funds will cater for shortfalls in rent at Kshs. 17 million; Board expenses at Kshs. 6 million; Internet services and other contractual obligations and court attendance at Kshs. 7 million, and Kshs 13 million for enforcement of Copyright and Kshs. 25 million for other core mandate activities at the SAGA.
0902000 Culture/ Heritage	Headquarters	1134000800 Headquarters Cultural Services	15 million	The funds will cater for repatriation of artefacts from foreign countries after the ratification of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Export and Transfer of Cultural Property. The additional funds will also cater to facilitate training activities for newly recruited staff, pre-retirement course for more than 15 officers who are due to retire.
0902000 Culture/ Heritage	Natural Products Industry (NPI)	1134000603 Natural Products Industry - BETA	110 million	The Natural Product Industry requires the funding for pre-clinical trials for natural health products. The entity is undertaking ongoing research on vaccines/ treatment and contraceptive study. NPI requires adequate funding to train technical officers on indigenous knowledge management, oversees agreements signed between Indigenous Knowledge (IK) holders and users to access IK, acquires natural products from traditional health practitioners, provides and train farmers on African indigenous vegetables (AIV) certified seeds and marketing Natural Products created.

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
0902000 Culture/ Heritage	National Museum of Kenya	Acquisition of Enterprise Planning (ERP) system	50 million	The National Museum of Kenya requires an ERP system to achieve a robust high performing organization and enhance efficiency in conservation. The system will link departments at the NMK headquarters, improve planning, financial systems, human resource, performance contracting and procurement. The ERP system will link NMK headquarters as well as museums and heritage sites across the country.
Total Recurrent			293 million	

1.1.3. State Department for Youth Affairs and Creative Economy

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent				
0221000 Film Development Services	Kenya Film Commission	1135003100 Kenya Film Commission	79 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0221000 Film Development Services	Kenya Film Classification Board	1135003000 Kenya Film Classification Board	68 million	The fund will cater for shortfall in salaries, payment of contracted services such cleaning services and security. Staff medical insurance, gratuity and rent.
0221000 Film Development Services	African Audio-Visual Cinema Commission (AACC)	1135003100 Kenya Film Commission	100 million	Allocation resources towards the African Audio-Visual Cinema Commission (AACC) of which the Kenyan government made a commitment and signed the Statute of the AACC and the Hosting Country Agreement on 18th February 2023 during the 36th Ordinary Session of the African Union Heads of State and Government. Kenya committed to host and operationalize the AACC

Programme	Head/SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
				secretariat for a period of three years with an annual budget of Kshs. 100 million.
0221000 Film Development Services	Headquarters	1135003300 Film Production Department - HQ	5 million	Funds to finalize the enactment of the National Film Bill. This is a fundamental Bill since it will provide a platform for showcasing and promoting creative talent with opportunities for wealth creation.
Total Recurrent			252 million	

Signed:



Date:

22/05/25

HON. DANIEL SITATI WANYAMA, MP
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON SPORTS AND CULTURE)



Annexures

Annex 1 Adoption List

Annex 2 Minutes of the Committee Sitings

Annex 3 PBO Brief on FY 2025/26 Annual Estimates

Annex 4 MDA's submission

DEPARTMENTAL
COMMITTEE ON
TOURISM &
WILDLIFE



**THE NATIONAL ASSEMBLY
THIRTEENTH PARLIAMENT – FOURTH SESSION**

DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE

**REPORT ON THE CONSIDERATION OF BUDGET ESTIMATES
FOR FY 2025/26:**

State Department for Tourism

State Department for Wildlife

Published by:

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

May 2025

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ACRONYMS

A-I-A	-	Appropriations in Aid
FY	-	Financial or Fiscal Year
HQ	-	Headquarters
ICT	-	Information, Communication and Technology
KSh.	-	Kenya Shilling
KICC	-	Kenyatta International Convention Centre
KSLH	-	Kenya Safari Lodges and Hotels
KTB	-	Kenya Tourism Board
KUC	-	Kenya Utalii College
KWS	-	Kenya Wildlife Service
MDAs	-	Ministries, Departments and Agencies
MICE	-	Meetings Incentives Conferences and Exhibitions
SAGAs	-	Semi-Autonomous Government Agencies
SO	-	Standing Orders
TF	-	Tourism Fund
TIA	-	Tourism Implementing Agencies
TPF	-	Tourism Promotion Fund
TRA	-	Tourism Regulatory Authority
WCK	-	Wildlife Clubs of Kenya
WRTI	-	Wildlife Research and Training Institute

PART I

1 PREFACE

1.1 Introduction

1. The preparation and processing of the revenue and expenditure Estimates is based on Article 221 of the Constitution of Kenya, 2010, Section 37 of the Public Finance Management (PFM) Act, 2012 and Regulation 32(12) of the Public Finance Management Regulation, 2015 which state that the Budget Estimates of the National Government entities or agencies shall be reviewed and consolidated and submitted to Parliament by 30th April of every financial year.
2. Standing Order Number 235 of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees, after which the Committee shall consider, discuss and review the estimates according to their mandate and make recommendations to the Budget and Appropriations Committee of the National Assembly within twenty-one days of submission.
3. The Second Schedule to the National Assembly Standing Orders assigns the Departmental Committee on Tourism and Wildlife the mandate to consider matters in relation to ***tourism and tourism promotion and management, tourism research and wildlife management.***
4. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
 - i. Vote 1202: State Department for Tourism
 - ii. Vote 1203: State Department for Wildlife

1.2 Mandate of the Committee

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

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

6. In executing its mandate, the Committee oversees the following Government Ministries and Departments:

- i. State Department for Tourism
- ii. State Department for Wildlife

1.3 Committee Membership

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

Chairperson

Hon. Mbiuki Japhet Miriti Kareke, CBS MP
Maara Constituency
UDA Party

Vice-Chairperson

Hon. Bedzimba, Rashid Juma, MP
Kisauni Constituency
UDA Party

Members

Hon. Obo, Ruweida Mohamed, MP
Lamu East Constituency
Jubilee Party

Hon. Abubakar Talib Ahmed, MP
Nominated Member
Wiper Party

Hon. Patrick Makau, CBS, MP
Mavoko Constituency
WDM-K- Party

Hon. Mugabe Innocent Maino, MP
Likuyani Constituency
ODM Party

Hon. Gichuki, Edwin Mugo, MP
Mathioya Constituency
UDA Party

Hon. Karambu Elizabeth, MP
Meru (CWR) Constituency
UDA Party

Hon. Chebor Paul Kibet, MP
Rongai Constituency
UDA Party

Hon. Kilel Richard Cheruiyot, MP
Bomet Central Constituency
UDA Party

Hon. (Dr.) Murumba John, Chikati, MP
Tongaren Constituency
FORD-K Party

Hon. Abdi, Ali Abdi, MP
Ijara Constituency
NAP-K Party

Hon. Farah, Salah Yakub, MP
Fafi Constituency
UDA Party

Hon. Shake, Peter Mbogho, MP
Mwatate Constituency
JP Party

Hon. Abdi, Khamis Chome, MP
Voi Constituency
WDM-K-Party

1.4 Committee Secretariat

8. The Committee is facilitated by the following secretariat:

Ms. Mary Lemerelle
Head of Secretariat/ Clerk Assistant I

Ms. Violet Ouma
Clerk Assistant III

Mr. Yakub Ahmed
Media Relations Officer

Ms. Terry Ondiko
Fiscal Analyst III

Mr. Bonface Mushila
Serjeant-at-Arms

Mr. Peter Mwaore
Principal Legal Counsel

Mr. Rodgers Kilungya
Audio Officer III

Mr. Oscar Onsongo
Research Officer III

Mr. Amos Tindi
Hansard Reporter

Ms. Felistas Muiya
Public Communication Officer

1.5 Overview on the Examination of the Budget Estimates for FY 2025/26

9. The Budget Estimates for the FY 2025/2026 were tabled in the National Assembly on April 30, 2025, in line with Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act CAP. 412A, Regulation 32 of the PFM (National Government) Regulations 2015, and Standing Order No. 235.
10. The Committee held meetings with the State Department for Tourism and State Department for Wildlife on 13th May 2025.

1.6 Summary of Observations and Recommendation

In considering the Budget Estimates for the FY 2025/2026 the Committee made the following key observations, that:

11. In the FY 2025/26 Budget Policy Statement (BPS), the State Department for Tourism was allocated KSh. 17,917 million—KSh. 15,933 million for Recurrent and KSh. 1,984 million for Development. However, the proposed estimates for the same period show a reduced total allocation of KSh. 17,054 million, with KSh. 11,154 million for Recurrent and KSh. 5,900 million for Development. This reflects an overall reduction of KSh. 863 million from the BPS allocation.
12. The State Department for Wildlife requested **Kshs. 16,981 million** for recurrent expenditure, but the allocation was reduced to **Kshs. 11,806 million**, creating a **resource gap of Kshs. 5,175 million**, including a **Kshs. 278 million** cut from the BPS allocation. For development, the department requested **Kshs. 6,978 million**, but received only **Kshs. 1,364 million**, resulting in a **resource gap of Kshs. 5,614 million**, including a **Kshs. 934 million** reduction from the BPS.
13. Based on the aforementioned observations, the Committee provided both financial and non-financial recommendations to adjust the budgets of the relevant State Departments, aiming to ensure financial prudence and optimal outcomes for these institutions. One recommendation was to prioritize the clearance of pending bills as the first expense, in accordance with Regulation 42(1a) of the Public Finance Management (National Government) Regulations, 2015, to prevent the accumulation of unpaid bills. Additionally, the Committee proposed a review of the Tourism Act 2011 to address the changing dynamics of the tourism sector and enhance revenue generation. For more detailed information on the Committee's observations and recommendations, please refer to Parts IV and V of this Report.

1.7 Acknowledgement

14. The Committee is grateful to the Offices of the Speaker and Clerk of the National Assembly for the logistical and technical support that enabled it to discharge its functions in considering the Budget Estimates for the FY 2023/24.
15. I also wish to express my appreciation to the Honorable Members of the Committee, the State Department for Tourism and State Department for Wildlife for the useful information that they provided to the Committee on the Budget Estimates for the FY 2025/26.
16. On behalf of the Committee and Pursuant to Standing Order 235 (4) (a) it is now my duty to present the Committee's report to the Budget and Appropriations Committee.

Hon. Japhet Kareke Mbiuki, CBS, M.P
Chairperson, Departmental Committee on Tourism and Wildlife

PART II

2 BROAD OVERVIEW OF THE EXAMINATION OF BUDGET ESTIMATES FOR FY 2025/26

17. The Budget Estimates for FY 2025/26 were tabled in the National Assembly on 30th April 2025. It lays out the revenue and expenditure estimates, including the Equalization Fund estimates, and assesses the extent to which the resources have been proposed for allocation in accordance with the overall Public Finance Management structure, considering the limited nature of the resources and competing priorities. This is the third Budget Estimates prepared under the Kenya Kwanza administration with the theme of the Bottom-Up Economic Transformation Agenda (BETA) to support inclusive growth and ensure economic turnaround through focusing on increased employment, social security while expanding the tax revenue base, increased foreign exchange earnings and a more equitable distribution of income. Furthermore, it also intends to incorporate the Fourth Medium Term Plan that spans from 2023 to 2027.

2.1 Overall Fiscal Framework for FY 2025/26

18. The total budget for the FY 2025/26 is Kshs. 4,247.2 billion which comprises Kshs. 2,504.8 billion for the Executive, Kshs. 49.5 billion for Parliament, and Kshs. 26.9 billion for the Judiciary. The allocation to County Governments of Kshs. 405.1 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.

19. The 2025/26 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2025/26 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are shown in Table 1.

S/No.	Details	Approved Original Budget 2024/25	Supp. No. 2 2024/25	2025 Approved BPS	Budget Estimates 2025/26	Variance (BPS vs Proposed)	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,504.8	(18.7)	59.0%
	<i>o/w Executive</i>	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.2%
	<i>Parliament*</i>	40.9	42.6	49.5	49.5	-	1.2%
	<i>Judiciary*</i>	22.5	23.4	26.8	26.9	0.1	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	CG	391.1	418.3	405.1	405.1	-	9.5%
	Total	3,861.1	4,007.6	4,297.5	4,247.2	(50.4)	100.0%

PART III

3 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES (MDAs)

The Ministry and Development Agencies submitted as follows when they appeared before the Committee:

3.1 Vote 1202: The State Department for Tourism

The Cabinet Secretary, Hon. Rebecca Miano, E.G.H. accompanied by Mr. John Ololtuaa, Principal Secretary for State Department for Tourism, the Chief Executive Officers of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2025/26 on Tuesday, 13th May 2025 at 10.00am. She submitted THAT:

3.1.1 Identification of any significant deviation between the State department budget estimates and the approved 2025 Budget Policy Statement ceilings

20. The State Department allocation for the FY 2025/26 at BPS level was **KSh. 17,917 million** comprising of **KSh. 15,933 million** and **KSh. 1,984 million** in Recurrent and Development respectively. However, in the proposed estimates for FY 2025/26, the State Department allocation is **KSh. 17,054 million** comprising of **KSh. 11,154 million** and **KSh. 5,900 million** Recurrent and Development respectively. This represents a reduction of Kshs 863 million from the BPS allocation.

Table 1: Comparison of BPS Allocation and Proposed Estimates for FY 2025/26 (in KShs Million)

Vote 1202	2025 BPS Allocation	Proposed Estimate FY 2025/26	Deviation
Recurrent	15,933	11,154	-4,779
Development	1,984	5,900	3,916
Total	17,917	17,054	-863

21. The deviation between the BPS and the proposed recurrent budget estimate reflects a reduction of **KShs 4,779 million**. This overall deviation is primarily explained by two key adjustments:

1. **A reorganization of KShs 3,916 million** within the **Tourism Promotion Fund (TPF)** budget from the recurrent to the development budget. This shift accounts for the entire increase in the development budget and a corresponding reduction in the recurrent budget.
2. An **additional net budget cut of KShs 863 million**, arising from a rationalization exercise undertaken by the National Treasury. This was communicated through **Treasury Circular No. 5/2025 dated 7th May 2025**, and aligns with broader fiscal consolidation efforts aimed at capping the fiscal deficit at not more than **4.5%** of GDP in

FY 2025/26. This reduction of **Kshs. 863 million** is composed of **Kshs 844.275 million** for State Department Operations and Maintenance, a reduction of SAGAs AIA and **Kshs 18.725 million** GoK Current Transfers to the following institutions under the State Department

- A) Kenya Tourism Board (KTB) – Kshs 11.175 million (From Kshs 114.055 million to Kshs 102.88 million)
- B) Kenya Utalii College (KUC) – Kshs 5.37 million (From Kshs 51.27 million to Kshs 45.9 million)
- C) Tourism Research Institute -Kshs 18.455 (From Kshs 18.45 million to Kshs 16.85 million)

22. Further the recurrent budget of KShs. **11,154 M** in the Proposed Estimate **FY 2025/26** comprises of.

- Grants and Other Transfers **KShs. 10,687M**
- Compensation to Employees **KShs. 221.7M** and
- Operations and Maintenance **KShs.244.8M**

23. The **Grants and Other Transfers** amounting to **KShs. 10,687 million** reflect both Government of Kenya (**GoK**) and Appropriations-in-Aid (**AIA**) collections from various State Corporations (SAGAs) under the state department. Table 2 presents the proposed estimates for the **Financial Year 2025/26** relating to these current transfers.

24. The comparison between the between the BPS and the proposed Budget estimates for recurrent has a variance of **KSh. 444 million** due to reduction in current grant transfers to agencies kshs.393.4m and use of good and services in the department by **KSh. 50.6 million**.

Table 2 Show the SAGAS BPS Allocation Vs Budget Estimates and their deviation for FY 2024/25.

Table 2: PROPOSED ESTIMATES FY 2025/26 CURRENT TRANSFERS TO SAGAS

SAGA	GOK (KSH. MILLIONS)	AIA (KSH. MILLIONS)	GROSS (KSH. MILLIONS)
Kenya Tourism Board	102.88	300	402.88
Tourism Regulatory Authority	0	390	390
Tourism Research Institute	16.85	0	16.85
Tourism Fund	0	8,073	8,073
Kenya Utalii College	45.9	410	455.90
Kenyatta International Convention Centre	0	1,348	1,348
TOTAL	165.63	10,521	10,687

PROPOSED ESTIMATE FY 2025/26 CAPITAL TRANSFERS TO SAGAS

SAGA	GOK (KSH. MILLIONS)	AIA (KSH. MILLIONS)	GROSS (KSH. MILLIONS)
Tourism Promotion Fund		5,900	5,900
TOTAL		5,900	5,900

3.1.2 Provisions for the Bottom -UP Economic Transformation Agenda (BETA) projects and value Chain.

25. The State Department supports the realization of the **BETA** agenda through; Creation of employment (direct and indirect); Expanding tax revenue base (development of niche products, registration of tourism facilities) and earning foreign exchange.
26. Its commitments under the **BETA** agenda include; Nurture a tourism ecosystem that supports independent travel particular for young people including quality secure budget hotels and bed & breakfast (b&b facilities affordable budget air travel to all parts of the country and safe road travel; Diversify Kenya's tourism by promoting niche market products notably adventure tourism, sports, cultural tourism and Diversify source markets and especially African markets.
27. The key development outcomes and outputs for the period up to **2027** include Increase tourist earnings from **352Bn** in 2023 to **824Bn** in 2027; Increase bed-nights by Kenyans from **6M** to **12M** by 2027 and Increase tourist arrivals from **2M** to **5M** by 2027.
28. To achieve this, the total allocation of **KSh 17,054 million** provided in **FY 2025/26**, has been distributed across three key programs that directly align with BETA priorities as outlined in table 3

Table 3: Provisions for the Bottom -UP Economic Transformation Agenda (BETA)

Programme	Estimates FY 2025/26 (KSh million)	Link to BETA Agenda
Tourism Promotion and Marketing	1,494	Supports foreign exchange earnings by expanding source markets (especially Internationally and within Africa), promoting niche products (adventure, sports, culture, Agri tourism, medical and wellness tourism), and boosting tourist arrivals as well as improving quality, safety, hygiene, and professionalism of tourism enterprises
Tourism Product Development and Diversification	15,277	Drives job creation and enterprise growth through development of new tourism products and value chains, supports youth and community empowerment, and expands domestic tourism through affordable, inclusive offerings and Tourism Training & Capacity building.
General Administration, Planning and Support Services	283	Provides enabling structures for effective planning, monitoring and delivery of BETA-linked programs
Total	17,054	

3.1.3 Project Information including the start date, initial cost, cumulative expenditure, financing Sources, Completion status and geographical location.

29. **Annex 1. provides** detailed information on each project, including the start date, initial cost, cumulative expenditure, financing sources, completion status, and geographical location.

29.1.1 Information on project financing and feasibility with respect to new projects

30. In line with the State department's strategic objectives the following new programmes have been identified for implementation in the upcoming financial year. These initiatives are geared towards enhancing sustainability, resilience, innovation, youth engagement, and digital integration in the tourism sector. The projects will be financed through **Appropriation in Aid (AIA)** from the **Tourism Promotion Fund (TPF)**.

31. These Projects are categorized as small projects under **Clause 18(4)** of the **Public Finance Management (Public Investment Management) Regulations, 2022** and therefore do not require feasibility or prefeasibility studies. However, their selection was informed by tourist feedback, the Tourism Development Blueprint 2030, the Tourism Strategic Plan 2023–2027, and consultations with tourism stakeholders. Details of the proposed projects and their core activities are as outlined below:

No	Project Name	Estimates FY2025/26 (kshs, Million)	Project Activity
i.	Tourism Innovation and Sustainability Programme	210	<ul style="list-style-type: none"> • Establishment of the youth in tourism and conservation Hub • Regional Youth tourism mentorship programmes-Regional • Destination awareness and campaigns in form of short positive stories, videos, images and documentaries; media engagements; and social media campaigns through competition • Implementation of youth in tourism and conservation strategy • Promoting Youth centric tourism products (Road trips, Mountain climbing, rock climbing, mountain biking, zip lining, Conduct Biannual beach, water sports and ocean activities
ii.	Tourism sector capacity development Programme	100	<ul style="list-style-type: none"> • Hold Regional collaborative meetings with stakeholders. • Capacity building of Tourism MSMEs

			<ul style="list-style-type: none"> • Establish and operationalize the National Tourism Crisis Steering Committee • Capacity Building Programmes to tourism stake holders on Emerging issues in the Tourism sector (Country Wide) • Operationalization of Tourism Crisis and Communication Management Centre • Support Global Tourism Resilience and Crisis Management Centre programs
iii.	Ecotourism and Resilience Programme	220	<ul style="list-style-type: none"> • Conduct climate risk and vulnerability assement in tourism sector • Developing climate resilient action plans for the sector • Tree growing initiatives and smart climate initiatives • Mainstream climate change unit in tourism
iv.	Community Based Tourism initiatives	155	<ul style="list-style-type: none"> • Organize and participate annual/seasonal cultural festivals to showcase local music, dance, cuisine, and traditions • Capacity build and Support Community best tourism villages
v.	Tourism Data Integration Programme	50	<ul style="list-style-type: none"> • Develop a country tourist App to provide information on nearby attractions, connection to digitized guided tours available offline. • Development of automated feedback mechanisms (Point of entry, Exit, Stay, Travel) • Development of digital platform to facilitate sharing of information in the tourism sector

3.1.4 Information on the current stock of pending bills and strategy for their resolution

32. As of 31st March 2025, the State Department has a total of **Ksh. 28,828,857.40** in pending bills under the Use of Goods and Services category. These bills are recurrent in nature and have accumulated primarily due to insufficient budgetary provision during the financial year 2024/25.
33. To address the outstanding pending bills, the State Department is actively pursuing an increase in its budgetary allocation, particularly from enhanced **Appropriations-in-Aid (AIA)**. This strategy aims to bridge the financing gap not covered by the Exchequer and ensure timely settlement of obligations. In addition, expenditure planning has been tightened to align commitments strictly with available budget ceilings. See detailed pending bill information as **Annex 2**.

3.1.5 Pertinent issues affecting the State Department in attainment of its performance targets for FY 2025/2026.

34. The State Department is currently addressing pending bills totaling **Kshs. 28 million**, primarily due to insufficient exchequer funding over the past financial periods.
35. Further, the expenditure rationalization amounting to **Kshs. 863 million** will adversely impact service delivery and the implementation of prioritized programs and projects in the upcoming financial year for the State Department and its agencies. The Government of

Kenya's reduction in current transfers for Kenya Utalii College, the Tourism Research Institute, and the Kenya Tourism Board will affect their operational funding. Reductions in domestic travel, foreign travel, and related operational expenses will hinder the Department's ability to achieve its performance targets. As tourism promotion is inherently travel-intensive, requiring both domestic and international engagement, these expenditure reductions will negatively affect our promotional efforts, undermining our capacity to position Kenya competitively in the global tourism market.

3.2 Vote 1203: State Department for Wildlife

36. The Cabinet Secretary, Hon. Rebecca Miano, E.G.H. accompanied by the Principal Secretary for the State Department for Wildlife, the Chief Executive Officers of the SAGAs and officers from the Department, appeared before the Committee to present their Budget Estimates for FY 2024/25 on Tuesday, 13th May 2024 at 12.00pm. She submitted THAT:

SUMMARY OF BUDGET ESTIMATE AND APPROVED 2025 BUDGET POLICY STATEMENT CEILINGS

37. The budget allocation for Vote 1203 in the FY 2025/26 is **Kshs.13, 170 million** comprising **Kshs.11, 806 million** for Recurrent expenditure and **Kshs.1,364 million** for Development expenditure.

Budget Estimate Allocation by Programme (Amount ksh millions)

Programme & Sub-Programme	Draft Budget Estimates
	FY 2025/26
Wildlife Conservation and Management	
Wildlife Security, Conservation and Management	11,976.00
Wildlife Research and Development	953.00
Administrative Services	241.00
Sub- Total	13,170.00
Grand- Total	13,170.00

38. The Recurrent Draft Budget Allocation of **Kshs.11,806 million** is against the State Department request of **Kshs.16,981 million** and the BPS allocation of **Kshs.12,084 million** for the FY 2025/26. Subsequently, leaving the State Department with a resource gap of **Ksh.5,175 million** after suffering a further reduction of **Kshs.278 million** in BPS allocation.

39. The Development Draft Budget Allocation of **Kshs.1,364 million** is against the State Department request of **Kshs.6,978 million** and the BPS allocation of **Kshs.2,298 million** for the FY 2025/26. Under development budget Hon chair and committee members, the department has a resource gap of **Kshs.5,614 million** after further reduction of **Kshs.934 million** from the BPS allocation.
40. The Department therefore has a total resource gap of **Kshs.10,789 million** and a total reduction of **Kshs.1,212 million (Detailed Annex 1 attached)**. Consequent to this, the department has to reduce its planned activities including extending the project's completion period, reducing verification and payments of Human Wildlife Compensation (HWC) and others as per the **attached Annex 3**

3.2.1 Identification of significant Deviation between MDA budget Estimate and approved 2025 Budget Policy Statement Ceilings:

41. The Department therefore has a total resource gap of **Kshs.10,789 million** and a total reduction of **Kshs.1,212 million (Detailed Annex 1 attached)**. Consequent to this, the department has to reduce its planned activities including extending the project's completion period, reducing verification and payments of Human Wildlife Compensation (HWC) and others as per the **attached Annex 2**

3.2.2 Analysis of Reccurent Draft Budget Estimate Allocation versus BPS Allocations and Resource Requirements (Amount ksh millions)

Economic Classification	Approved Estimates	Requirement			Draft Budget Estimate			BPS Allocations		
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2025/26	FY 2026/27	FY 2027/28	FY 2025/26	FY 2026/27	FY 2027/28
Gross	12,055	16,981	17,315	17,675	11,806	12,585	13,108	12,084	12,585	13,109
AIA	8,185	8,841	9,769	10,783	8,156	8,156	8,156	8,156	8,156	8,156
NET	3,870	8,140	7,546	6,892	3,650	4,429	4,952	3,928	4,429	4,953

Economic Classification	Approved Estimates	Requirement			Draft Budget Estimate			BPS Allocations		
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2025/26	FY 2026/27	FY 2027/28	FY 2025/26	FY 2026/27	FY 2027/28
Compensation of employees	175	178	184	189	171	177	182	171	177	182
Transfers	9,790	12,500	13,163	13,509	9,627	10,281	10,794	9,790	10,281	10,794
Other Recurrent	2,090	4,303	3,968	3,977	2,008	2,127	2,132	2,123	2,127	2,133
Of which										
<i>Utilities</i>										
<i>Rent</i>	58	58	58	58	58	58	58	58	58	58
<i>Insurance</i>					-	-	-	-	-	-
<i>Subsidies</i>					-	-	-	-	-	-
<i>Gratuity</i>					-	-	-	-	-	-
Contracted Guards & Cleaners Services	3	3	3	4	3	3	3	3	3	4
Others (O&M)	2,029	4,242	3,907	3,915	1,947	2,066	2,071	2,062	2,066	2,071

42. The BPS allocation of **Kshs12,084 million** in recurrent budget has been reduced to **Kshs.11,806 million** in the draft budget estimates for **FY 2025/26**, increasing the resource gap by **kshs.278 million**.

3.2.3 Analysis of Development Draft Budget Estimate Allocation versus BPS Allocations and Resource Requirements (Amount ksh millions)

Description	Approved Estimates	REQUIREMENT				Draft Budget Estimate			BPS Allocations	
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2025/26	2026/27	
Gross	360	6,978	5,015	5,123	1,364	3,394	4,073	2,298	3,394	
GOK	25	6,843	4,880	4,952	1,194	3,259	3,902	2,163	3,259	
Grants	335	135	135	171	170	135	171	135	135	

43. The BPS allocation of **Kshs.2,298 million** in development budget has been reduced to **Kshs.1,364 million** in the draft budget estimates for **FY 2025/26** increasing the resource gap by **kshs.934 million**

3.2.3 Recurrent Draft Budget Estimate Allocation versus BPS Allocations (Amount ksh millions) For Sagas (Amount Ksh. Million)

There are four Semi-Autonomous Government Agencies (SAGAs) under State Department

Vote	Approved Estimates	Draft Budget Estimate Allocation				BPS Allocations		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
Kenya Wildlife Service								
AiA	7,922	7,922	7,922	7,922	7,922	7,922	7,922	
GoK	1,161	1,045	1,616	2,093	1,161	1,616	2,093	

Vote	Approved Estimates	Draft Budget Estimate Allocation			BPS Allocations		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Sub-Total	9,083	8,967	9,538	10,015	9,083	9,538	10,015
Wildlife Research & Training Institute							
AiA	212	212	212	212	212	212	212
GoK	444	399	477	511	444	477	511
Sub-Total				723	656		
Wildlife Clubs of Kenya							
AiA	22	22	22	22	22	22.00	22
GoK	29	26	32	34	29	32	34
Sub-Total	51	48	54	56	51	54	56
Grand Total	9,790	9,627	10,281	10,794	9,790	10,281	10,794

3.2.4 Development Draft Budget Estimate Allocation versus BPS Allocations for Sagas (Amount Ksh. Million)

Vote 1203	Approved Estimates	Draft Allocation			BPS Allocations		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Kenya Wildlife Service (KWS)							
GoK	-	580	1,750	1,998	815	1,635	1,907
Donor	135	135	135	171	135	135	171
Sub-Total	135	715	1,885	2,169	950	1,770	2,078
Wildlife Research & Training Institute (WRTI)							
GoK	25	331	617	593	531	617	894
Donor	-	-	-	-	-	-	-
Sub-Total	25	331	617	593	531	617	894
Wildlife Clubs of Kenya (WCK)							
GoK	-	19	50	80	19	50	80
Donor	-	-	-	-	-	-	-
Sub-Total	-	19	50	80	19	50	80
Grand Total	160	1,065	2,552	2,842	1,500	2,437	3,052

3.2.5 Provision of Bottom-Up Economic Transformation Agenda (BETA) Projects and Value Chains

BETA Projects Draft Budget Estimate Allocation versus BPS Allocations (Amount Ksh. Million)

Project Code & Project Title	Approved Estimate 2024/25	Draft Budget Estimate Allocation for FY 2025/26	BPS Allocation for FY 2025/26	Reduction
	GoK	GoK	GoK	
1203100201 Human Wildlife Conflict Mitigation Programme - BETA (Fencing)	-	150	250	(100)
1203102401 Water for Wildlife in Conservancies	-	57	257	(200)
1203101701 Construction and Equipping of Four Research and Training Centers	-	100	200	(100)
1203102101 Habitat Restoration Programme Headquarters	-	60	100	(40)
1203102102 Habitat Restoration Programme - KWS	-	150	300	(150)
1203102103 Habitat Restoration Programme - WRTI	-	100	200	(100)
Total	-	617	1,307	(690)

44. Reduction of **Kshs.690 million** under the BETA Projects will adversely affect the intended implementation of the Bottom-Up Economic Transformation Agenda

3.2.6 Projects Information Including Start Date, Initial Cost, Cumulative Expenditure, Financing sources,

45. Annex 4 provides details of Completion Status, and Geographical Location (County/Constituency)

3.2.7 With respect to New Projects, Information on project financing and feasibility

46. The State Department does not have new projects in the FY 2025/26

3.2.8 Information on the current stock of pending bills and strategy for their resolution

47. The State Department has **Kshs.2.77 billion** Recurrent pending bills and **Kshs.56.86 million** Development pending bills as at 30th April, 2025. The State Department has prioritized the payment of these pending bills by making them 1st charge in the budget subject to availability of funds. Also, the Department will continue to engage the National Treasury for provision of funds. (refer Annex 3 attached)

3.2.9 Any pertinent issues affecting the MDA in attainment of its performance target

a). The budget cuts

The State Department has been experiencing budget cuts in the last 3years and this has adversely affected its capacity to implement its goals and activities.

b). Insufficient budget allocation

This means the State Department will not be in a position to implement fully its strategic plan including the payment of Human Wildlife Conflict (HWC) Compensation Claims.

- i. **WRTI** has been allocated **Ksh.399.6 million** in recurrent which is not sufficient to cover Personnel emoluments whose total cost is **Ksh.482 million** leaving a gap of **Ksh.82.4 million** in recurrent while they have shortage of **Ksh.276 million** in development
- ii. **KWS** has suffered additional reduction of **Kshs.116 m** in this draft estimate and considering that they also suffered a cut of **Kshs.700m** from last year budget, it will be very difficult for them to meet all their financial obligations including personnel emoluments
- iii. **WCK** lost **Ksh.2.9 million** in recurrent budget despite the fact that they have been straining in financing their operations.

C) Late/ None release of exchequer

This affects implementation of the State Department work plan. In addition, it creates unnecessary pending bills.

PART IV

4.0 COMMITTEE OBSERVATIONS

After considering the submissions by the State Department for Tourism and State Department for Wildlife on the Budget Estimates for FY 2025/26, the Committee observed. THAT:

Vote 1202: State Department for Tourism

1. The State Department for Tourism has been allocated **Kshs. 17,053.58 million** which comprises of **Kshs. 11,153.58 million** for recurrent expenditure and **Kshs. 5,900 million** for development expenditure in the Budget Estimates for FY 2025/26.
2. There is a reorganization of the Tourism Promotion Fund (TPF) from the recurrent budget to the development budget which accounts for the increase in the development budget.
3. The total pending bills as at 31st March, 2025 for the State Department for Tourism is **Kshs. 28.83 million** under the goods and service category which have accumulated due to insufficient budgetary provision in FY 2024/25.
4. There were discussions with the National Treasury to ring fence Kshs. 4.5 billion annually from both the Tourism Promotion Fund and Tourism Fund towards the construction of the Bomas International Convention Centre (BICC) and there was need for further consultations on this process including submitting to the Committee a comprehensive report including MOUs between different MDAs involved in the process. The State Department has not furnished the Committee with clear funding modalities for the project, including projected costs, source and funding arrangements and timelines.
5. The operationalization of Ronald Ngala Utalii College is still pending. Although key infrastructure has been established, final steps, including staffing, curriculum rollout, and regulatory approvals, remain to be completed.

Vote 1203: State Department for Wildlife

6. The State Department for Wildlife has been allocated **Kshs. 13,169.58 million** which comprised of **Kshs. 11,805.50 million** for recurrent expenditure and **Kshs. 1,364.08 million** for development expenditure in the Budget Estimates for FY 2025/26.
7. The total pending bills as at 30th April, 2025 for the State Department for Wildlife is **Kshs. 2,774.63 million** for recurrent which includes pending bills on human wildlife conflict compensation amounting to **Kshs. 2,764.27 million** and **Kshs. 56.86 million** for development.
8. The Ranger Housing Programme has been allocated kshs. 100 million targeting 36 units in FY 2025/26, however the funding geared towards construction and rehabilitation of ranger housing is inadequate with a resource gap of Kshs. 50 million.
9. Park roads required sufficient funding for repairs and rehabilitation after destruction caused by heavy rainfall across the country.

PART V

5.0 COMMITTEE RECOMMENDATIONS

5.1 Non- Financial Recommendations

The Committee after scrutinizing the Budget Estimates for FY 2025/26 for the State Department for Tourism and State Department for Wildlife makes the following non-financial recommendations. THAT:

5.1.1 Vote 1202: State Department for Tourism

1. By 30th June 2025, the Cabinet Secretary for the Ministry of Tourism and Wildlife, the Cabinet Secretary Ministry of Gender, Culture, the Arts & Heritage and the Cabinet Secretary for the National Treasury should submit a report on the funding modalities for the Bomas International Convention Centre. The Report should entail the total projected cost of the project, the current status, memorandum of understanding, funding arrangements, exchequer contribution if any, and the projected timelines for completion.
2. By 30th June, the Cabinet Secretary for the Ministry of Tourism and Wildlife should update the Committee on the status of operationalization of Ronald Ngala Utalii College.

5.1.2 Vote 1203: State Department for Wildlife

2. The Cabinet Secretary for the Ministry of Tourism and Wildlife and the Cabinet Secretary for the Ministry of Lands, Public Works, Housing and Urban Development should come up with funding modalities and strategies to incorporate construction of ranger houses into the affordable housing programme and submit a report to the National Assembly within thirty (30) days of the tabling of this report.

5.2 Financial Recommendations

Based on the review of the proposed Budget Estimates for FY 2025/26 for the State Department for Tourism and State Department for Wildlife, as well as engagement with sector stakeholders, the Committee recommends the following. THAT:

1. For the **State Department for Tourism**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 11,153.58 million** and the allocation for development expenditure amounting to **Kshs. 5,900 million** be approved with the following amendment.

Due to enhanced Appropriations in Aid (AIA) collections, the State Department for Tourism-headquarters, transfer funds amounting to **Kshs. 1,775 million** to the Tourism Implementing Agencies.

a. Reductions:

The reduced transfers will be from the following projects: (Reductions)

- i. State Department for Tourism – Headquarters – **Kshs. 1,275 million**
- ii. Promotion of Kenya Home of Human Origin – **Kshs. 100 million**
- iii. National Tourism Amenities – **Kshs. 150 million**
- iv. Tourism Innovation and Sustainability – **Kshs. 100 million**
- v. Ecotourism and Resilience – **Kshs. 100 million**
- vi. Community Based Tourism Initiatives – **Kshs. 50 million**

b. Increments:

The transfers will fund the following key projects: (Increments)

- i. Eco-Tourism Project - Hirola Ishakbini – **Kshs. 200 million**
- ii. Eco-Tourism Project - Kamuthe grevy's zebras – **Kshs. 150 million**
- iii. Eco-Tourism Project - Likuyani, Kakamega – **Kshs. 50 million**
- iv. Mawe Tatu Heritage Site in Kakamega – **Kshs. 100 million**
- v. Eco-Tourism Project – Mt. Kenya Routes – **Kshs. 300 million**
- vi. KICC Premises commercialization contracted professional services- **Kshs 85 million**

2. For the **State Department for Wildlife**, the proposed allocations in the Expenditure Estimates for the FY 2025/26 comprising the allocation for recurrent expenditure amounting to **Kshs. 11,805.50 million** and the allocation for development expenditure amounting to **Kshs. 1,364.08 million** be approved with the following amendments:

a. Increments:

- i. The transfers will fund the following key projects: (Increments)
- ii. Meru Mulika Airstrip – **Kshs. 300 million**
- iii. Support Acquisition of Enterprise Planning (ERP) software- **Kshs 100 million**
- iv. Installation of solar power back up CCTV camera for eCitizen revenue gates- **Kshs 100 million**
- v. Jomo Kenyatta Beach Rejuvenation - KWS Mombasa – **Kshs. 100 million**
- vi. Kiunga Marine Conservancy Water Pan – **Kshs. 50 million**
- vii. Kamuthe Conservancy Water Pan – **Kshs. 50 million**
- viii. Ishakbini Community Conservancy Water Pan – **Kshs. 50 million**
- ix. Bura Ranch Community Conservancy Water Pan – **Kshs. 30 million**
- x. Mbale Community Conservancy Water Pan – **Kshs. 30 million**
- xi. Iwalenyi Community Conservancy Water Pan – **Kshs. 30 million**
- xii. Langata Emuny Community Conservancy Water Pan – **Kshs. 50 million**

5.3 Request for Additional Funding

In light of the fiscal consolidation measures undertaken by the Government, the Committee requests that the Budget and Appropriations Committee take into consideration the following budgetary needs for financing for the State Department of Wildlife as outlined in **Schedule 3** of this Report.

1. First Schedule: Committee Reductions on proposed Budget for FY 2025/26 (Kshs. Millions)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104001 Headquarters	Tourism Promotion Fund	-	3,816.00	-	(1,275.00)	-	2,541.00	The Tourism Promotion Fund has an enhanced AIA and the transfer will enable the Tourism Implementing Agencies undertake their roles effectively upon receipt of the funds transferred.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104009 Promotion of Kenya Home of Human Origin	Tourism Promotion Fund	-	400.00	-	(100.00)	-	300.00	The funds will be geared towards construction and development of water facilities, rehabilitation of a heritage sites, development

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
										and provision of water in conservancies and additional funding to ongoing projects that have not been allocated funding in FY 2025/26 Annual Estimates.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104006 National Tourism Amenities	Tourism Promotion Fund	-	350.00	-	(150.00)	-	200.00	The funds will be geared towards construction and development of water facilities, rehabilitation of a heritage sites, development and provision of water in conservancies and additional funding to ongoing

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
										projects that have not been allocated funding in FY 2025/26 Annual Estimates.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104012 Tourism Innovation and Sustainability	Tourism Promotion Fund	-	210.00	-	(100.00)	-	110.00	The funds will be geared towards construction and development of water facilities, rehabilitation of a heritage sites, development and provision of water in conservancies and additional funding to ongoing projects that have not been allocated funding in FY 2025/26

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
										Annual Estimates.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104010 Ecotourism and Resilience	Tourism Promotion Fund	-	220.00	-	(100.00)	-	120.00	The funds will be geared towards construction and development of water facilities, rehabilitation of a heritage sites, development and provision of water in conservancies and additional funding to ongoing projects that have not been allocated funding in FY 2025/26 Annual Estimates.
0313000 Tourism Promotion	0313020 Tourism Promotion	1202104011 Community Based	Tourism Promotion Fund	-	155.00	-	(50.00)	-	105.00	The funds will be geared towards construction

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
and Marketing		Tourism Initiatives								and development of water facilities, rehabilitation of a heritage sites, development and provision of water in conservancies and additional funding to ongoing projects that have not been allocated funding in FY 2025/26 Annual Estimates.
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104002 Coastal Beach Management Programme	Tourism Promotion Fund	-	134.00	-	-	-	134.00	approved without amendment
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104003 National Tourism Service	Tourism Promotion Fund	-	45.00	-	-	-	45.00	approved without amendment

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
		Digital Platform								
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104004 Tourism Policy and Legislative Reforms	Tourism Promotion Fund	-	80.00	-	-	-	80.00	approved without amendment
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104013 Office Modelling and Security System	Tourism Promotion Fund	-	40.00	-	-	-	40.00	approved without amendment
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104005 National Development of Mapped Tourism Niche Products	Tourism Promotion Fund	-	200.00	-	-	-	200.00	approved without amendment
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104007 Tourism Sector Capacity Development	Tourism Promotion Fund	-	100.00	-	-	-	100.00	approved without amendment
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104008 Tourism Data Integration	Tourism Promotion Fund	-	50.00	-	-	-	50.00	approved without amendment

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
0313000 Tourism Promotion and Marketing	0313020 Tourism Promotion	1202104014 Tourism Promotion and Marketing	Tourism Promotion Fund	-	100.00	-	-	-	100.00	approved without amendment
Total Transfers				-	5,900.00	-	(1,775.00)	-	4,125.00	

2. Second Schedule: Committee Increments on the proposed Budget for FY 2025/26 (Kshs. Million)

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
VOTE 1202: STATE DEPARTMENT FOR TOURISM										
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	Eco-Tourism Project - Hirola Ishakbini	Tourism Fund	-	-	-	200.00	-	200.00	Infrastructure
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	Eco- Tourism Project - Kamuthe Grévy's zebra	Tourism Fund	-	-	-	150.00	-	150.00	Infrastructure
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	1202103200 Eco-Tourism Project - Likuyani, Kakamega	Tourism Fund	-	-	-	50.00	-	50.00	Infrastructure
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	1202103300 Mawe Tatu Heritage Site in Kakamega	Tourism Fund	-	-	-	100.00	-	100.00	Protection and development of the heritage site
0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	Eco-Tourism Project – Mt. Kenya Routes	Tourism Fund	-	-	-	300.00	-	300.00	Infrastructure

0314000 Tourism Product Development and Diversification	0314020 Tourism Infrastructure Development	KICC Premises commercializa tion contracted professional services	KICC	-	-	-	85.00	-	85.00	Infrastructure
Sub-total for State Department for Tourism				-	-	-	885.00	-	885.00	

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
VOTE 1203: STATE DEPARTMENT FOR WILDLIFE										
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203102900 Meru Mulika Airstrip	Kenya Wildlife Service	-	-	-	300.00	-	300.00	Open up Meru and Kora National Parks, including the northern circuit hence increase revenue and promote employment of the local community
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	1203102200 Jomo Kenyatta Beach Rejuvenation - KWS Mombasa	Kenya Wildlife Service	-	-	-	100.00	-	100.00	Construction of walkways, parking, public park, street lighting, drainage and water system, modernized fishing landing bay
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Kiunga Marine Conservancy Water Pan	State Department for Wildlife Headquarters	-	-	-	50.00	-	50.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Kamuthe Conservancy Water Pan	State Department for Wildlife Headquarters	-	-	-	50.00	-	50.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Ishakbini Community Conservancy Water Pan	State Department for Wildlife Headquarters	-	-	-	50.00	-	50.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife	1019010 Wildlife	Bura Ranch Community	State Department	-	-	-	30.00	-	30.00	Development and provision of water for

Programme	Sub-programme	Project	Head/SAGA	Approved Estimates		Increase/decrease amount by committee		Committee revised estimate		Justification
				Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	Rec (AIA)	Dev (AIA)	
Conservation and Management	Security, Conservation and Management	Conservancy Water Pan	for Wildlife Headquarters							Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Mbale Community Conservancy Water Pan	State Department for Wildlife Headquarters	-	-	-	30.00	-	30.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Iwalenyi Community Conservancy Water Pan	State Department for Wildlife Headquarters	-	-	-	30.00	-	30.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Langata Emuny Community Conservancy water pan in kuku group ranch	State Department for Wildlife Headquarters	-	-	-	50.00	-	50.00	Development and provision of water for wildlife in community conservancies
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	Installation of solar power back up CCTV camera for eCitizen revenue gates	Kenya Wildlife Service	-	-	-	100.00	-	100.00	Safeguard and enhance revenue collection, improve visitor experience by reducing system downtime.
1019000 Wildlife Conservation and Management	1019000 Wildlife Conservation and Management	Support Acquisition of Enterprise Planning (ERP) software	Kenya Wildlife Service software	-	-	-	100.00	-	100.00	Achieve a robust high performing organization to enhance efficiency in conservation.
Sub-total for State Department for Wildlife				-	-	-	890.00	-	890.00	
Total Transfers				-	-	-	1,775.00	-	1,775.00	

Third Schedule: Requests for Additional Funding

State Department for Wildlife

Programme		Head/ SAGA	Project/ Delivery Unit	Amount (Kshs.)	Reason for additional Funding
Recurrent					
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Kenya Wildlife Service	1203000500 Kenya Wildlife Service	200 million	The current operational budget is inadequate to support continued availability, especially for helicopters and the emerging and demanding conservation challenges. The Kshs. 200 million additional request comprises of Kshs. 120 million for Aircraft running and maintenance and Kshs. 80 million for aviation fuel. Additionally, the 2 Bell Helicopters are grounded and due for mandatory maintenance after exhausting flight hours. The cost for each engine overhaul is Kshs. 60 million each. Due to increased HWC, translocations, veterinary interventions and security operations, the airwing requires addition running and operational budget to last up to end of Financial Year.
1019000 Wildlife Conservation and Management	1019010 Wildlife Security, Conservation and Management	Kenya Wildlife Service	1203100200 Human wildlife mitigation programme- BETA	1,000 million	To cater for the current HWC pending bills of Kshs. 2,764.27 million.
Total Recurrent				1,200 million	

SIGNED:

DATE: 15/05/2025

HON. JAPHET KAREKE MBIUKI, CBS, M.P
(CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TOURISM AND WILDLIFE)

DEPARTMENTAL
COMMITTEE ON
REGIONAL
DEVELOPMENT



**REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY**

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

**REPORT ON THE CONSIDERATION ON THE BUDGET ESTIMATES FOR FY
2025/26;**

- 1) VOTE 1032: STATE DEPARTMENT FOR DEVOLUTION;
- 2) VOTE 1033: STATE DEPARTMENT FOR SPECIAL PROGRAMMES; AND
- 3) VOTE 1036: STATE DEPARTMENT FOR THE ASALS &
REGIONAL DEVELOPMENT

**DIRECTORATE OF DEPARTMENTAL COMMITTEES
CLERK'S CHAMBERS
PARLIAMENT BUILDINGS
NAIROBI
MAY 2025**

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CHAIRPERSON'S FOREWORD

The proposed Budget Estimates for the Financial Year 2025/26 was tabled in the House on Wednesday, 30th April 2025 pursuant to the provisions of Article 221 of the Constitution, Sections 37 and 38 of the PFM Act CAP 412A and Standing Order 235 of the National Assembly.

Standing Order 235 (4) of the National Assembly Standing Orders provides that the Estimates, upon being laid in the House, are deemed to have been committed to the respective Departmental Committees for scrutiny and report to the Budget and Appropriations Committee which reports to the House.

The Committee held a total of four (4) sittings scrutinizing the Budget Estimates and considering and adopting its report. All agencies under the Committee's purview appeared before the Committee on Thursday 15th March, 2025 and made their submissions concerning the proposed Budget Estimates. The Committee considered and unanimously adopted its report on the consideration of the proposed Budget Estimates for FY 2025/26.

May I take this opportunity to express my gratitude to the Committee Members for their devotion and commitment to duty which made scrutiny of the proposed 2025/26 Budget Estimates successfully. May I also extend my sincere gratitude to the Parliamentary Budget Office for providing expert advice, Offices of Speaker and Clerk of the National Assembly for providing overall guidance and direction and the Committee secretariat for providing technical and logistical support.

On behalf of the Departmental Committee on Regional Development, it is my pleasure and privilege and duty to present to the Budget and Appropriations Committee the report of the Committee on the scrutiny of the proposed Budget Estimates of the FY 2025/26.

Hon. Lochakapong Peter, M.P.
Chairperson, Departmental Committee on Regional Development

CHAPTER ONE

1.0 Mandate of the Committee

1. The Departmental Committee on Regional Development is one of the twenty (20) Departmental Committees of the National Assembly established under **Standing Order 216** whose mandate pursuant to the **Standing Order 216 (5)** is as follows: -
 - (a) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;
 - (b) study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;
 - (c) on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
 - (d) study and review all legislation referred to it;
 - (e) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;
 - (f) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointment)
 - (g) examine treaties, agreements and conventions;
 - (h) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
 - (i) Examine any questions raised by Members on a matter within its mandate.

1.1 Subjects under the Committee

2. The Second Schedule of the Standing Orders on Departmental Committees further outlines the Subjects of the Committee, as follows
 - (a) Regional development, including regional development authorities;
 - (b) Refugee affairs;
 - (c) Devolution;
 - (d) inclusive growth;
 - (e) Arid and semi-arid areas;
 - (f) Disaster risk management;
 - (g) Drought, famine and disaster response; and
 - (h) Post- disaster recovery and rehabilitation.
3. The Committee in executing its mandate oversights the **State Department for the ASALS & Regional Development, State Department for Devolution, State Department for Special Programmes** and the **Department of Refugee Affairs (DRS)**

1.2 Committee Membership

4. The Committee was constituted by the House on Thursday 27th October, 2022 and comprises the following Members:

Chairperson

Hon. Lochakapong Peter, M.P.
Sigor Constituency
United Democratic Alliance (UDA)

Vice Chairperson

Hon. Paul Abuor, M.P.
Rongo Constituency
Orange Democratic Movement (ODM)

Hon. Munyoro Joseph Kamau, M.P.
Kigumo Constituency
United Democratic Alliance (UDA)

Hon. Kalasinga Joseph Majimbo, M.P.
Kabuchai Constituency
Ford-Kenya Party

Hon. Sudi Oscar Kipchumba, M.P.
Kapseret Constituency
United Democratic Alliance (UDA)

Hon. Maina Mwago Amos, M.P.
Starehe Constituency
Jubilee Party

Hon. Tungule Charo Kazungu, M.P.
Ganze Constituency
Pamoja African Alliance (PAA)

Hon. Otucho Mary Emaase, M.P.
Teso South Constituency
United Democratic Alliance (UDA)

Hon. Basil Robert Ngui, M.P.
Yatta Constituency
Wiper Democratic Movement–Kenya

Hon. Mawathe Julius Musili, M.P.
Embakasi South Constituency
Wiper Democratic Movement–Kenya

Hon. Nabolindo Peter Oscar, M.P.
Matungu Constituency
Orange Democratic Movement (ODM)

Hon. Njeru Pamela Njoki, M.P.
Embu County Women Representative
United Democratic Alliance (UDA)

Hon. Abdi Khamis Chome, M.P.
Voi Constituency
Wiper Democratic Movement–Kenya

Hon. CPA Geoffrey Wandeto, M.P.
Tetu Constituency
United Democratic Alliance (UDA)

Hon. Umul Ker Kassim Sheikh, M.P.
Mandera County Women Representative
United Democratic Movement (UDM)

1.3 Committee Secretariats

5. The Committee is facilitated by the following staff:

Mr. Mohamed Boru
Clerk Assistant I/Head of Secretariat

Mr. Sisto Macharia
Clerk Assistant III

Ms. Agnes Ibara
Hansard Reporter II

Mr. Moses Mwariri
Legal Counsel II

CPA. Cyrille Mutali
Fiscal Analyst II

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CHAPTER TWO

2.1 Introduction

6. This brief presents an analysis of annual estimates for FY 2025/26 for the MDAs under the purview of the Departmental Committee on Regional Development. The estimates of revenue and expenditure for FY 2025/26 and the Medium Term were submitted and tabled to National Assembly on Wednesday, 30th April 2025. This is in accordance with Article 221 of the Constitution, as well as Sections 37 and 38 of the Public Finance Management (PFM) Act CAP 412A and Standing Order No. 235 (1).
7. Upon tabling of the Budget Estimates, they stand committed to the respective committee for consideration, review, and provision of recommendations under Section 39 of the PFM Act CAP 412A, Sections 3, 4, and 5 of Article 221 of the Constitution 2010, and Standing Order No. 235 (4). The brief will assist the committee to evaluate the extent to which the resources have been proposed for allocation by the overall framework.
8. The Departmental Committee on Regional Development is mandated to oversight matters related to regional development, including regional development authorities; Refugee affairs, Devolution, Inclusive growth, Arid and semi-arid areas, Disaster risk management, Drought, famine and disaster response and post-disaster recovery and rehabilitation line with Standing Order No. 216. To this end, the Committee will scrutinize the proposed allocations of various programmes under the following agencies.
 - i. Vote 1032 – State Department for Devolution;
 - ii. Vote 1033 – State Department for Special Programmes; and
 - iii. Vote 1036 – State Department for the ASALs and Regional Development and
 - iv. Refugee Affairs (Vote 1024 - State Department for Immigration and Citizen Services).

2.2 Highlights of the 2025/26 Budget Estimates

9. The total budget for the FY 2025/26 is Kshs. 4,247.16 billion which comprises Kshs. 2,504.77 billion for the Executive, Kshs. 49.48 billion for Parliament, and Kshs. 26.88 billion for the Judiciary. The allocation to County Governments of Kshs. 405.07 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion.
10. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.32 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.

Table 1: Overall Outlook of Budget Estimates for FY 2025/26 (Kshs. Billions)

S/No.	Details	Approved Estimates FY 2024/25	Supplementary No. 2 FY 2024/25	2025 BPS	Estimates FY 2025/26	Variance (Proposed vs 2025 BPS)
1	National Government	2,232.76	2,346.55	2,523.47	2,504.77	(18.71)
	Executive	2,169.39	2,280.5	2,447.24	2,428.40	(18.84)
	Parliament	40.87	42.58	49.49	49.49	-
	Judiciary	22.51	23.42	26.75	26.88	0.13
2	Consolidated Fund Services (CFS)	1,237.23	1,242.74	1,368.99	1,337.32	(31.67)
3	County Government Equitable Share	391.12	418.26	405.07	405.07	-
	Total	3,861.11	4,007.55	4,297.54	4,247.16	(50.38)

Source: National Treasury, 2025

2.3 Review of Budget Performance

2.3.1 Expenditure Trends (FY 2021/22 - 2023/24)

11. The State Department for Devolution absorbed an average of 91% of its approved budget allocation of Kshs. 4.4 billion, Kshs. 1.8 billion and Kshs. 2.4 billion from FY 2021/22 to 2023/24. The actual expenditure was Kshs. 4.1 billion, Kshs. 1.7 billion and 2.1 billion for the FY 2021/22 to 2023/24.
12. The State Department for the ASALs and Regional Development absorbed an average of 83% of its approved budget allocation of Kshs. 10.6 billion, Kshs. 20.8 billion and Kshs. 30.5 billion from FY 2021/22 to 2023/24. The actual expenditure was Kshs. 10.4 billion, Kshs. 14.2 billion and 25.2 billion for the FY 2021/22 to 2023/24.

Table 2: Past Financial performance FY 2021/22-2023/24 (Kshs. Billions)

State Department	Details	2021/22	2022/23	2023/24	Average absorption
Devolution	Allocation	4.40	1.81	2.38	91%
	Expenditure	4.14	1.66	2.09	
	Absorption Rate	94%	92%	88%	
ASALs & Regional Development	Allocation	10.59	20.81	30.47	83%
	Expenditure	10.37	14.23	25.22	
	Absorption Rate	98%	68%	83%	

Source: Sector Reports, 2025

2.3.2 Review of FY 2024/25 Budget Performance

13. The gross approved estimates for the State Department for Devolution and the State Department for ASALs and Regional Development amounted to Kshs. 3,036.67 million and Kshs. 14,287.19 million respectively.

Table 3: MDAs Expenditure, Period Ending 31.03.2025 (Kshs. Millions)

Details		Gross Estimates	Appropriations In Aid (A.I.A)	Net Estimates	Actual Exchequer Issues as at 31.03.2025	Variance	% of Exchequer issues to Net Estimates
State Department for Devolution	Rec.	1,470.92	-	1,470.92	825.15	278.04	56%
	Dev.	1,565.75	-	1,565.75	514.56	559.76	33%
	Total	3,036.67	-	3,036.67	1,339.70	937.80	44%
State Department for ASALs & Regional Development	Rec.	10,102.70	485.75	9,616.96	3,377.98	3,834.73	35%
	Dev.	4,966.79	296.56	4,670.23	1,509.71	1,992.97	32%
	Total	15,069.50	782.31	14,287.19	4,887.70	5,827.70	34%

Source: National Treasury, 2025

CHAPTER THREE

3.1 Overview of Budget Estimates for FY 2025/26

3.1.1 The State Department for Devolution

14. In the FY 2025/26, the proposed estimates for the State Department is **Kshs. 17,226.35 million** and comprises **Kshs. 1,311.23 million** allocated to recurrent expenditure and **Kshs. 15,915.12 million** to development expenditure. The proposed estimates represent a decrease of Kshs. 159.35 million on account of recurrent expenditure and an increase of Kshs. 14,349.38 million on the development expenditure when compared to the approved estimates for the FY 2024/25.
15. Over the medium-term, the allocation to the State Department is projected to be Kshs. 7,795.33 million in FY 2026/27 and Kshs. 5,686.16 million in FY 2027/28 as shown in table 3.

Table 3: State Department for Devolution Estimates for FY 2025/26 and Medium-term (Kshs. Millions)

Details	Approved Estimates	2025 BPS	Proposed Estimates	Projections	
	2024/25		2025/26	2026/27	2027/28
Recurrent expenditure	1,470.92	1,511.91	1,311.23	1,275.03	1,350.96
Development expenditure	1,565.75	2,876.00	15,915.12	6,520.30	4,335.20
Total	3,036.67	4,387.91	17,226.35	7,795.33	5,686.16

Source: National Treasury, 2025

a) Analysis of Recurrent Expenditure

16. The State Department's proposed recurrent budget for FY 2025/26 is **Kshs. 1,311.23 million**, reflecting a reduction of Kshs. 159.69 million (10.9% decrease) from the FY 2024/25 allocation of Kshs. 1,470.92 million.
17. The table 4 presents a comparison of the State Department's approved recurrent budget for FY 2024/25 and the proposed allocation for FY 2025/26, highlighting changes across various delivery units.

Table 4: Comparison of FY 2024/25 Approved Recurrent Budget and FY 2025/26 Proposed Recurrent Estimates (Kshs. Millions)

Delivery Units	Approved Budget 2024/25	Proposed FY 2025/26	Change	% change
1032000100 Management of Devolution Affairs	52.85	48.12	(4.72)	(8.9)
1032000300 Capacity Building and Technical Assistance	63.69	68.94	5.25	8.2

Delivery Units	Approved Budget 2024/25	Proposed FY 2025/26	Change	% change
1032000400 Headquarters and Administrative Services	358.89	368.56	9.68	2.7
<i>Of which: World Scout Parliamentary Union Secretariat</i>	69.23	20.38	(48.84)	(70.6)
<i>Of which: Devolution Conference</i>	-	37.50	37.50	100
1032001200 Intergovernmental Relations	770.10	813.58	43.47	5.6
<i>Of which: Council of Governors (CoG)</i>	207.40	211.23	3.83	1.8
<i>Of which: IGRTC</i>	511.70	524.52	12.82	2.5
1032002400 Central Planning and Project Monitoring Unit	9.83	12.03	2.20	22.4
1032002600 Nairobi Rivers Commission	215.57	-	(215.57)	(100.0)
Total	1,470.92	1,311.93	(159.69)	(10.9)

Source: National Treasury, 2025

18. From table 4, the State Department's budget has been reduced by Kshs. 159.69 million. Of note is that the World Scout Parliamentary Union Secretariat has been adjusted downwards by 70.6% from Kshs. 69.23 million in FY 2024/25 to Kshs. 20.38 million in FY 2025/26. This reduction may likely affect the completion of specific activities previously supported under this line item.
19. The State Department has been allocated Kshs. 37.5 million for the upcoming Devolution Conference in August 2025, which will take place in HomaBay County. The objective of this year's conference is to evaluate the role of devolution in promoting equity, inclusion, and social justice, while providing a platform for dialogue on accelerating development and narrowing socio-economic disparities. The Committee should therefore seek clarity on the Department's level of preparedness, including planning progress, stakeholder coordination, and logistical arrangements, to ensure the conference delivers its intended outcomes effectively.
20. IGRTC's proposed allocation has increased by Kshs. 12.82 million (2.5%), from Kshs. 511.70 million in FY 2024/25 to Kshs. 524.52 million in FY 2025/26. The CoG has also an enhancement of Kshs. 3.83 million (1.8%). The Committee should enquire about the planned use of the said funds.
21. The allocation to the Nairobi Rivers Commission has been reduced to zero in the FY 2025/26 budget, with its previous allocation of Kshs. 215.57 million in FY 2024/25 entirely removed. This 100% reduction is in line with the reallocation of the Commission's activities to the State Department for Housing and Urban Development through Gazette Notice No. 13907.
22. Based on the economic classification, table 5 shows a breakdown of the proposed 2025/26 recurrent estimates compared to the baseline (FY 2024/25).

Table 5: Summary of Recurrent Expenditure by Economic Classification (Kshs. Millions)

S/No.	Head	Approved 2024/25 (Baseline)	Estimates 2025/26	Change	% change
1	Personnel Emoluments	331.07	243.89	(87.18)	(26)
2	Pension and Retirement Benefits	9.97	-	(9.97)	(100)
3	Training	12.44	6.92	(5.53)	(44)
4	Hospitality	64.98	61.40	(3.58)	(6)
5	Domestic Travel	30.82	25.01	(5.82)	(19)
6	Fuel	17.67	8.29	(9.39)	(53)
7	Insurance	15.44	-	(15.44)	(100)
8	Operations & Maintenance	142.89	62.63	(80.27)	(57)
9	Purchase of PPE & Office Furniture	8.33	1.05	(7.28)	(87)
10	Transfer to Government Agencies	719.10	735.75	16.65	2
11	Rent	118.20	166.30	48.10	41
	TOTAL	1,470.92	1,311.23	(159.69)	(11)

Source: The National Treasury, 2025

23. From table 5, the proposed allocation for FY 2025/26 for all expenditure items have been reduced except for transfer to government agencies and rent that have posted an increase when compared to the baseline.

b) Analysis of Development Expenditure

24. The State Department has a proposed development budget of **Kshs. 15,915.12 million** to fund the following projects:

- i) Increase in allocation to the Maarifa Centre for Knowledge Management Among Counties by Kshs. 30 million. The expenditure is fully funded by GoK and is aimed at documenting and sharing ten (10) best practices.
- ii) 47 counties receiving program grants under the Kenya Devolution Support Programme II (KDSP II) with a total allocation of Kshs. 15,885.12 million. This includes Kshs. 141.12 million from GoK and Kshs. 15,744 million from foreign funding sources.

Issues of Concern

25. The following are issues worth noting regarding the State Department for Devolution:

- i) **Slow rate of completion of project** – The projects undertaken by the State Department are below 30% as at 31st December 2024. The Maarifa Centre for Knowledge Management among Counties, with a total project cost of Kshs. 60.53 million is at 8% completion rate with a cumulative cost of Kshs. 5 million. Further, the construction of the Kisumu Convention Centre stands at 28% completion rate with cumulative expenditure at Kshs. 250 million against a total cost of Kshs. 890 million. The slow implementation negates the value for money of the projects to taxpayers.

- ii) **Court awards** – The State Department has court awards amounting to Kshs. 454.34 million, with only Kshs. 1.78 million paid to date.

3.1.2 State Department for Special Programmes

26. The State Department is mandated to promote comprehensive disaster preparedness and awareness, to help vulnerable communities adapt to future challenges and mitigate impact of disaster.
27. In the FY 2025/26, the key deliverable encompasses the implementation of drought response interventions, develop ward drought contingency plan to inform response plans, provision of humanitarian emergency assistance to needy population and develop relief assistance management information system. The state department executes this mandate through the Accelerated ASAL Development Programme, which comprises two sub-programmes: Drought Management and Administrative Services.
28. The proposed allocation for this new state department in the FY 2025/26 is **Kshs. 609.50 million** comprising of **Kshs. 443.89 million** to recurrent expenditure and **Kshs. 165.60 million** to development expenditure. Over the medium-term, the allocation to the state department is projected at Kshs. 1,601.95 million in FY 2026/27 and Kshs. 1,567.24 million in FY 2027/28 as shown in table 6.

Table 6: State Department for Special Programmes Estimates for FY 2025/26 and Medium-term (Kshs. Millions)

Details	Approved Estimates	2025 BPS	Proposed Estimates	Projections	
	2024/25		2025/26	2026/27	2027/28
Recurrent expenditure	-	-	443.89	736.62	604.06
Development expenditure	-	-	165.60	865.33	963.18
Total	-	-	609.50	1,601.95	1,567.24

Source: National Treasury, 2025

a) Analysis of Recurrent Expenditure

29. The proposed recurrent allocation of **Kshs. 443.89 million** is presented in the table 7.

Table 7: Allocation of Estimated Recurrent Expenditure per Delivery Unit

No.	Delivery Unit	FY 2024/25	Estimates 2025/26	Change
1	1033000200 Relief & Rehabilitation	-	287.31	287.31
2	1033000300 General Administrative Services – Special Programmes	-	156.58	156.58
	Total	-	443.89	443.89

Source: National Treasury, 2025

30. The proposed allocation of Kshs. 287.31 million under relief and rehabilitation is aimed at providing assistance with food and non-food support. Specifically, 400,000 households are being targeted to be supported with relief food to address immediate food insecurity, and an additional 200,000 households aimed to receive essential non-food items. Further, the funds will enable the successful 100% completion of the Relief Assistance Management Information System (RAMIS). This system enhances the efficiency, transparency, and coordination of relief operations by digitizing beneficiary data and resource tracking.
31. Under the general administrative services, Kshs. 156 million is proposed to enable key planning and evaluation activities which include 100% appraisal of staff under the performance appraisal system and the preparation of three (3) budget reports, four (4) budget implementation reports and four (4) monitoring and evaluation reports.
32. Based on the economic classification, table 8 shows a breakdown of the proposed 2025/26 recurrent estimates compared to the baseline (FY 2024/25).

Table 8: Summary of Recurrent Expenditure by Economic Classification (Kshs. Millions)

S/No.	Head	Approved Estimates 2024/25	Estimates 2025/26	Change	% change
1	Personnel Emoluments	-	15.29	15.29	100
2	Refurbishment of Buildings	-	8.50	8.50	100
3	Training	-	2.40	2.40	100
4	Hospitality	-	15.33	15.33	100
5	Domestic Travel	-	27.37	27.37	100
6	Fuel	-	5.18	5.18	100
7	Emergency Relief & Refugee Assistance	-	159.80	159.80	100
8	Operations & Maintenance	-	85.47	85.47	100
9	Purchase of PPE, Vehicles & Office Furniture	-	19.56	19.56	100
10	Other Current Transfers, Grants and Subsidies	-	100.00	100.00	100
11	Rent	-	5.00	5.00	100
	Total	-	443.89	443.89	100

Source: The National Treasury, 2025

b) Analysis of Development Expenditure

33. The proposed development allocation to state department's is **Kshs. 165.60 million** aimed at addressing disaster management under the National Drought Emergency Fund (NDEF). With the proposed allocation by GoK, the key targets include:
- i) 81 wards drought contingency plans produced to inform response plans;
 - ii) 175 sector-specific drought response interventions funded; and
 - iii) 130 drought coordination forums held at both national and county level.

Issues of Concern

34. The following is an issue worth noting regarding the State Department:

- i) **NDEF** – The fund continues to experience limited liquidity support from the exchequer. While the PFM (NDEF) Regulations, 2021 sets out a seed capital of Kshs. 2 billion, the fund received a cumulative amount of Kshs. 483.3 million¹ as at 30 June 2024. The delayed release of the seed capital may affect the optimal implementation of the envisaged drought risk management actions.

3.1.3 State Department for the ASALs & Regional Development

35. In the financial year 2024/25, the proposed estimates of **Kshs. 10,880.83 million** comprises of **Kshs. 8,368.58 million** allocated to recurrent expenditure while development expenditure has received an allocation of **Kshs. 2,512.25 million**. The proposed estimates represent a decrease of Kshs. 1,734.13 million and Kshs. 2,454.55 million on account of recurrent expenditure and development expenditure respectively as compared to the approved estimates for the FY 2024/25.

Table 9: State Department for the ASALs & Regional Development Estimates for FY 2025/26 and Medium-term (Kshs. Millions)

Details	Approved Estimates	2025 BPS	Proposed Estimates	Projections	
	2024/25		2025/26	2026/27	2027/28
Recurrent expenditure	10,102.70	4,845.36	8,368.58	6,495.48	9,184.47
Development expenditure	4,966.79	2,532.30	2,512.25	5,265.55	5,881.50
Total	15,069.50	7,377.66	10,880.83	11,761.03	15,065.97

Source: National Treasury, 2025

36. Over the medium-term, the allocation to the state department is expected to increase to Kshs. 11,761.03 million in FY 2026/27 and Kshs. 15,065.97 million in FY 2027/28.

1.1.1 Analysis of Expenditure by Programme

37. The total proposed allocation for FY 2025/26 stands at Kshs. 10,880.83 million, which represents an increase of Kshs. 3,503.16 million above the 2025 BPS projection of Kshs. 7,377.66 million. However, this amount is still significantly lower than the FY 2024/25 baseline of Kshs. 15,069.50 million.

38. The State Department will be implementing three programmes during the FY 2025/26 with the following proposed allocations: Accelerated ASALs Development – Kshs. 7,292.75 million, Integrated Regional Development – Kshs. 3,308.71 million, and General Administration, Support Services, and Planning – Kshs. 279.36 million as presented in table 10

¹ Report of the Auditor General on the National Drought Emergency Fund for the year ended 30 June 2024

Table 10: Proposed Allocation per program FY 2025/26 in (Kshs. Million)

S/No.	Programme	Approved Estimates FY2024/25	2025 BPS	Proposed Estimates FY 2025/26	Deviation of 2025 BPS from FY 2025/26	Deviation of FY 2024/25 from FY 2025/26
1	Accelerated ASALs Development	9,033.13	4,582.50	7,292.75	2,710.25	(1,740.37)
	Recurrent	7,276.52	2,774.80	6,162.00	3,387.20	(1,114.52)
	Development	1,756.61	1,807.70	1,130.75	(676.95)	(625.86)
2	Integrated Regional Development	5,614.58	2,505.50	3,308.71	803.21	(2,305.87)
	Recurrent	2,404.39	1,780.90	1,927.21	146.31	(477.18)
	Development	3,210.19	724.60	1,381.50	656.90	(1,828.69)
3	General Administration, Support Services and Planning	421.79	289.66	279.36	(10.30)	(142.42)
	Total	15,069.50	7,377.66	10,880.83	3,503.16	(4,188.67)

Source: National Treasury, 2025

a) Analysis of Recurrent Expenditure

39. The State Department's proposed recurrent budget for FY 2025/26 is **Kshs. 8,368.58 million**, reflecting a reduction of Kshs. 1,824.13 million (17% decrease) from the FY 2024/25 allocation of Kshs. 10,102.70 million.
40. The table 11 presents a comparison of the State Department's approved recurrent budget for FY 2024/25 and the proposed allocation for FY 2025/26, highlighting changes across various delivery units.

Table 11: Allocation of Estimated Recurrent Expenditure per Delivery Unit

S/No	Delivery Units	FY 2024/25	Proposed FY 2025/26	Change	% change
1	Arid Resource Management Project	46.31	58.57	12.26	26
2	Relief and Rehabilitation	4,819.62	-	(4,857.12)	(100)
3	General Administrative Services	289.92	237.43	(52.49)	(18)
4	Peace and Conflict Management	15.16	28.52	13.36	88
5	Conservation Department - Regional Development	37.07	31.17	(5.90)	(16)
6	Finance Management Services	79.26	21.92	(57.34)	(72)
7	Central Planning & Project Monitoring Unit	52.60	20.01	(32.59)	(62)
8	ASALs GIS and Knowledge Management Centre	40.68	46.27	5.59	14
9	National Drought Management Authority (NDMA)	2,354.74	5,668.64	3,313.89	141
10	Kerio Valley Development Authority (KVDA)	437.38	333.92	(103.46)	(24)
11	Tana and Athi Rivers Development Authority (TARDA)	589.12	429.98	(159.14)	(27)
12	Lake Basin Development Authority (LBDA)	568.51	501.56	(66.95)	(12)

S/No	Delivery Units	FY 2024/25	Proposed FY 2025/26	Change	% change
13	Ewaso Ngiro South Development (ENSDA)	327.06	309.41	(17.65)	(5)
14	Coast Development Authority (CDA)	193.86	140.28	(53.58)	(28)
15	Ewaso Ngiro North Development (ENNDA)	251.41	180.89	(70.52)	(72)
16	National Council for Nomadic Education in Kenya (NACONEK)	-	360.00	360.00	100
	Total	10,102.70	8,368.58	(1,824.13)	(17)

Source: National Treasury, 2025

41. The National Drought Management Authority (NDMA) has a total proposed allocation of Kshs. 5,668.64 million – Kshs. 736.09 million for HQ, Kenya Hunger Safety Net Programme Kshs. 4,919.04 million and Kshs. 13.5 million towards the Kenya Drought Early warning Data collection. The funding to Kenya Hunger Safety Net Programme has a target of providing a total of 142,600 beneficiary households will receive regular assistance aimed at enhancing food security and supporting 70,000 households under the emergency scale-up component, which provides timely relief in response to shocks such as droughts or other crises.
42. Kshs. 1,896.04 million has been allocated for recurrent expenditure across six (6) regional development authorities to support their operational and administrative functions. The distribution includes Kshs. 333.92 million to KVDA, TARDA (Kshs. 429.88 million), LBDA (Kshs. 501.56 million - includes Kshs. 135 million for paddy rice mopping), ENSDA (Kshs. 309.41 million), CDA (Kshs. 140.28 million) and ENNDA (Kshs. 180.89 million).
43. With a proposed allocation of Kshs. 360 million, the National Council for Nomadic Education in Kenya (NACONEK) is tasked with expanding education opportunities in ASALs by ensuring 100% enrollment of students.
44. Based on the economic classification, table 12 shows a breakdown of the proposed 2025/26 recurrent estimates compared to the baseline (FY 2024/25).

Table 12: Summary of Recurrent Expenditure by Economic Classification (Kshs. Millions)

S/No.	Head	Approved Estimates 2024/25	Estimates 2025/26	Change	% change
1	Personnel Emoluments	257.20	283.96	26.76	10
2	Training	30.59	6.92	(24)	(77)
3	Pension	1.50	0.31	(1.19)	(80)
4	Hospitality	24.38	13.34	(11.05)	(45)
5	Domestic Travel	85.78	15.83	(69.95)	(82)
6	Foreign Travel	0.60	0.06	(0.54)	(90)
7	Fuel	8.92	4.44	(4.47)	(50)

S/No.	Head	Approved Estimates 2024/25	Estimates 2025/26	Change	% change
8	Emergency Relief & Refugee Assistance	4,204.80	-	(4,204.80)	100
9	Operations & Maintenance	636.78	26.50	(610.28)	(96)
10	Purchase of PPE & Office Furniture	4.94	0.84	(4.10)	(83)
11	Transfer to Government Agencies	4,754.90	7,924.67	3,169.77	67
12	Rent	92.31	91.70	(0.61)	(1)
	Total	10,102.70	8,368.58	(1,734.13)	(17)

Source: The National Treasury, 2025

b) Analysis of Development Expenditure

Accelerated ASALs Development Programme

45. The programme will be implementing 5 development projects with a proposed allocation of Kshs. 1,130.75 million in FY 2025/26 of which Kshs. 106.66 million is GoK and Kshs. 1,024.09 million is external funding as presented in table 13.

Table 13: Summary of Development Projects in Kshs. Millions and Targeted outputs

S/No.	Project	FY 2024/25	FY 2025/26	GoK	Foreign	Targets
1	National Drought Emergency Fund	0.03	-	-	-	-
2	Kenya Social and Economic Inclusion Project-BETA	301.00	-	-	-	-
3	Ending Drought Emergencies: Support to Resilient Livelihood II	27.44	45.00	15.00	30.00	<ul style="list-style-type: none"> Implementation of 25 resilience projects and 20 drought recovery interventions to be implemented
4	Resilience and Sustainable Food Systems Programme	10.50	-	-	-	-
5	Sustainable Food Systems and Resilience Livelihood Activities-BETA	17.50	12.00	12.00	-	<ul style="list-style-type: none"> 8 primary schools and 16 community groups implementing nutrition improvement through vegetable production
6	Ending Drought Emergencies, Ecosystem Based Adapt in ASAL - TWENDE	425.06	407.53	30.00	377.53	<ul style="list-style-type: none"> 11 counties with functioning landscape management mechanisms to be supported 14 ward rangeland restoration plans developed
7	Dry Land Climate Action for Community Drought Resilience	858.51	555.00	35.00	520.00	<ul style="list-style-type: none"> 25 resilience projects to be implemented 20 drought recovery interventions to be implemented

S/No.	Project	FY 2024/25	FY 2025/26	GoK	Foreign	Targets
8	Integrated Resilience for Sustainable Food Systems - BETA	20.00	111.22	14.66	96.56	<ul style="list-style-type: none"> 300 drought early warning bulletins produced and disseminated. 50 food security assessment reports produced and disseminated.
	Total	1,660.04	1,130.75	106.66	1,024.09	

Source: National Treasury, 2025

Integrated Regional Development Programme

46. The programme with a total proposed development allocation of Kshs. 1,381.50 million will be implementing various development projects under the six (6) RDAs.

Table 14: Summary of projects being undertaken by the RDA's

No	Description	FY 2025/26	Targets
EWASO NG'IRO SOUTH DEVELOPMENT (ENSDA)			
1	Ewaso Ngiro Leather Factory	20.00	100% completion of the project
2	Pulunga Borehole	10.00	Borehole construction
3	Ololtoto Borehole	10.00	
4	Kiserian (Ereteti Village KJD)	10.00	100% completion of the project
5	Isinet spring rehabilitation	25.00	
6	Loodokilani water pan	25.00	Water pan construction
7	Oloollii water pan	20.00	
	Sub-Total	120.00	
LAKE BASIN DEVELOPMENT AUTHORITY (LBDA)			
1	Kimira-Oluch Smallholder Irrigation Project	19.50	Construction of tertiary canals
2	BETA Priorities and Flood Control	90.00	Construction of community water pans: (Nyangande – 20m), (Oboro – 20m), (Bar Olengo – 20m), (Nyamage/East Gem – 15m) and (Riege - 15m)
3	Construction of Dykes	100.00	Construction of dykes in Muhoroni and Nyando
4	St. Celestino Nyangubo Girls water project	15.00	Water pan construction
5	St. Francis Wiga Girls water project	15.00	
6	Sibuoche Mixed water project	15.00	100% completion of the project
7	Drilling of boreholes	100.00	
8	Modernizing Ndhwa Honey Processing Plant	100.00	100% completion of the project
	Sub-Total	454.50	

No	Description	FY 2025/26	Targets
TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY (TARDA)			
1	Tana Delta Rice Irrigation Project (TDIP)	21.00	<ul style="list-style-type: none"> 71% of rehabilitation of irrigation infrastructure 50% rehabilitation of farm buildings, plant and equipment 700 tonnes of white rice produced
	Sub-Total	21.00	
COAST DEVELOPMENT AUTHORITY (CDA)			
1	Malindi Integrated Social & Health Dev. Programme (MISHDP)-BETA	300.00	<ul style="list-style-type: none"> 100% completion of ICU at Malindi sub-county hospital 5 classrooms constructed and furnished
2	Wananchi Cottages	20.00	15 accommodation rooms furnished
	Sub-Total	320.00	
KERIO VALLEY DEVELOPMENT AUTHORITY (KVDA)			
1	Wei Wei Phase III Irrigation Project	220.00	<ul style="list-style-type: none"> 100% completion of Wei Wei Phase III irrigation infrastructure 1,400 tonnes of maize harvested
	Sub-Total	220.00	
EWASO NG'IRO NORTH DEVELOPMENT (ENNDA)			
1	Gum Arabic & Resins Integrated Development Programme	16.00	<ul style="list-style-type: none"> 100% completion of Gum Arabic and Resins processing factory. 5 tonnes of gums and resins purchased and produced.
2	BETA Priorities and Flood Control	210.00	Construction of water pans in Marmar - 100m; Riba - 30m; Rodha - 70m; and Haro Girisa - Qilta location - 10m.
3	Sololo Ramata Water Supply Project	10.00	100% completion of the project
4	Eldas Lakoley South Water Supply Project	10.00	
	Sub-Total	246.00	
	TOTAL	1,381.50	

Source: National Treasury, 2025

1.1.2 Issues of Concern

47. The following are the key issues identified from the analysis of the proposed FY 2025/26 budget estimates for the State Department for ASALs & Regional Development
- i) **Outstanding loans to State Department and other agencies** – As of 30th June 2024, LBDA owes Kshs. 2 billion with no repayments made on the loan. The committee should seek clarity on repayment plans and enhance oversight of financial and operational performance in the institution.

- ii) **Reduced budget allocation to RDAs** – The RDAs have seen a reduction in their total budget allocation, from Kshs. 5.6 billion in FY 2024/25 to a proposed Kshs. 3.3 billion in FY 2025/26. This raises the question as to whether the reduced funding is guided by the Cabinet Memo on the unbundling and transfer of functions of RDAs. It is therefore important for the committee to be appraised on the status of this policy directive, including the transitional arrangements done so far.
- iii) **National Council for Nomadic Education in Kenya (NACONEK)** – With a recurrent allocation of Kshs. 360 million, NACONEK aims to expand educational opportunities in ASAL regions by promoting 100% student enrollment. The committee should therefore seek more information on the targeted beneficiaries as well as the capacity of the institution to ascertain its alignment with promoting accelerated and sustained socio-economic development in the ASALs.
- iv) **Court awards** – The State Department has various court awards amounting to Kshs. 863.03 million, with no amount paid to date.

3.1.4 Directorate of Refugee Affairs (State Department for Immigration & Citizen Services)

48. During FY 2024/25, the allocation towards the sub-programme for refugee affairs is Kshs. 138.14 million, of which Kshs. 110.96 million is for the Refugees Affairs Department and Kshs. 27.18 million is for Refugees Affairs Field Services. This allocation is inclusive of Kshs. 20 million received as A.I.A in the Refugees Affairs Department and Kshs. 10 million in for Refugees Affairs Field Services, which are receipts from administrative fees and charges.

Table 15: Proposed Allocation for the sub-programme in Kshs. Million

Details	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Refugees Affairs Department	110.96	119.91	126.44	128.33
Refugees Affairs Field Services	27.18	24.41	25.34	25.77
Total	138.14	144.32	151.78	154.10

Source: National Treasury, 2025

49. The proposed allocation for the **Refugee Affairs Department** for the FY 2025/26 is **Kshs. 119.91 million**, of which Kshs. 108.57 million is for the Refugee Affairs Department HQ and Kshs. 11.35 million is for the Refugee Appeals Board. **Refugee Affairs Field Services** has a proposed allocation of **Kshs. 24.41 million**. The allocations are recurrent in nature and is expected to fund operational costs. Table 16 highlights a breakdown of the proposed recurrent estimates by economic classification.

Table 16: Summary of Recurrent Expenditure by Economic Classification (Kshs. Millions)

S/No.	Head	Baseline 2024/25	Estimates 2025/26	Change	% change
1	Personnel Emoluments	41.36	48.85	7.49	18
2	Training	1.70	1.52	(0.17)	(10)
3	Hospitality	8.82	6.50	(2.32)	(26)
4	Domestic Travel	14.96	8.01	(6.95)	(47)
5	Foreign Travel	1.58	1.29	(0.29)	(18)
6	Fuel	4.26	3.43	(0.83)	(20)
7	Emergency Relief & Refugee Assistance	12.21	14.92	2.72	22
8	Operations & Maintenance	31.74	27.49	(4.25)	(13)
9	Purchase of Office Furniture	-	0.03	(0.03)	100
10	Rent	21.50	32.27	10.77	48
	Total	138.14	144.32	6.18	4

Source: National Treasury, 2025

50. For the FY 2025/26, the Department of Refugee Affairs has outlined key targets for the upcoming year which include: registration of 154,621 refugees; 12,000 refugees to be issued with decision regarding their asylum status and 25% operationalization of the Shirika Plan. The Refugee Affairs Field Services will focus on facilitating the relocation of 5,489 refugees.

CHAPTER FOUR

4.0 Submissions by the State Departments and Agencies

4.1 State Department for Devolution

51. The Principal Secretary for State Department for Devolution, Mr. Loikenu Lenasalon, appeared before the Committee on Thursday 15th May 2025 and submitted as follows;

A. Financial Performance for FY 2024/25

52. The total allocation for the FY 2024/25 is **Kshs. 3,036.7 million** of which **Kshs. 1,470.9 million** is for Recurrent while **Kshs. 1,565.7 million** is for Development.

53. The overall absorption rate is **58%** of which recurrent is **77%** while development is **39%**. The absorption rate in development is low due to delay in the approval of the County Government Additional Allocation Bills (CGAA) which facilitate the transfer of Level 1 Grants to County Governments.

54. The summary of the performance is as shown below:

ITEM	PRINTED ESTIMATES	REVISED ESTIMATES	EXPENDITURE AS AT 31ST APRIL, 2024	BALANCE	% ABSORPTION
Recurrent Vote					
Compensation of employees	512,300,000	331,067,481	234,078,603	96,988,878	70.70%
Operations and Maintenance	408,221,679	420,752,439	288,076,687	132,675,752	68.47%
Current Grants to Semi-Autonomous Government Agencies	619,100,000	719,100,000	615,787,500	103,312,500	85.63%
Sub Total Recurrent	1,539,621,679	1,470,919,920	1,137,942,790	332,977,130	77.36%
Development Vote					
GOK	87,000,000	87,000,000	67,330,000	53,873,490	77.39%
Revenue	2,566,000,000	1,478,750,000	552,253,615	926,496,385	37.35%
Sub Total Development	2,653,000,000	1,565,750,000	619,583,615	980,369,875	39.57%
Grand Total	4,192,621,679	3,036,669,920	1,757,526,405	1,313,347,005	57.88%

B. Key Outputs Achieved Relative to Approved Targets in the FY 2024/2025

55. The PS highlighted outputs for that have been achieved relative to the approved targets in the FY 2024/25. They include:

- i) Draft Intergovernmental Relations Sector Forums Framework developed and scheduled for stakeholder validation and submission to Cabinet;
- ii) Draft Regulations for Transfer of Functions developed

- iii) County Government Act (CAP 265) reviewed with stakeholder inputs incorporated and draft Amendment Bill.
- iv) Performance of Concurrent Functions Bill finalized with stakeholder engagements done and input incorporated awaiting submission to Cabinet.
- v) Draft County Public Service Management Framework validated and finalization underway to enable rollout and sensitization;
- vi) Draft Devolution Performance Results Framework updated and validated, pending finalization and pilot of the performance assessment tool;
- vii) 10,000 trees planted under the National Tree Planting Initiative
- viii) Implementation of the Second Devolution Support Program:
 - Integration of Human Resource Management has been undertaken with onboarding of both National and County governments staff on the IHRIS.
 - Template for pending bills developed and verification of the pending bills guidelines is under development.
 - Developed and disseminated revenue forecasting models and revenue mapping guidelines for increasing collection for Own Source Revenue (OSR)
 - Performance management guidelines have been disseminated to counties.
 - Automation of the exchequer request for counties is underway to reduce time it takes to process.
 - Community led project guidelines were shared with counties to support their establishment; project stock-taking guidelines provided to counties as a start towards effective management of projects; and project screening guidelines for climate change, environment and risk developed and shared with counties.

C. Key Policies Underlying FY 2025/26 Budget Estimates

56. The following are the key policies under the State Department:

- i. **Management of Intergovernmental Relations:** To facilitate cooperation, coordination and consultation between the national and the county governments, the state department will prioritize implementation of strategic interventions that include; providing platforms for consultation and cooperation between the two levels of government and developing of necessary policy framework to guide cooperation between the two levels of government.
- ii. **Management Of Devolved System of Government:** The implementation of the devolved system of government has registered considerable success since its inception. To fully achieve the objects of devolution, the challenges facing implementation of the system of governance must strategically be addressed. The strategic interventions that the state department will implement towards this include; reviewing of existing policies and laws/legislations to align them with the constitution; undertaking targeted operational research for evidence based decision making; monitoring and evaluation to establish existing gaps and emerging issues towards attainment of the objects of

devolution and establishing structured and coordinated partnerships, linkages and collaborations with development partners and non-state actors.

- iii. **Performance of devolved functions:** This is geared towards enhancing the capacity of counties to deliver quality services and public participation and citizen engagement on decision making at the county level. Key focus will be on developing an objective mechanism for assessing the performance of devolved functions in order to identify their performance gaps and capacity challenges, prepare status of devolution reports, assist in formulating capacity building interventions and sharing of best practices in service delivery at the county level. further, civic education and public participation programs will be implemented to inform and empower the public on engaging with the county governments.

D. Indicative Performance Targets Linked to the Policies and Programmes in the Draft Estimates

57. Major Services/Output to be provided in FY 2025/26 and the Medium Term include the following:

- i) Assessment of selected policies and laws in relation to devolved functions
- ii) Policy and Legal Framework
 - Finalization of the county assemblies service act amendment bill
 - Development of regulations on concurrent functions framework
 - County government amendment bill
 - Regulations on Intergovernmental Relations Act
 - Regulations on County Government Act
 - Amendment Bill on Assumption of the office of the Governor Act, Cap 265A
- iii) Implementation of Second Kenya Devolution Support Program (KDSP II)
- iv) Convening of two Intergovernmental sector forums for devolved functions
- v) Development of Intergovernmental Relations Resolutions Tracker
- vi) Holding Of Bi-annual Devolution Conference and Implementation of resolutions
- vii) Development of alternative Disputes Resolutions Mechanism
- viii) Finalization of Valuation and Transfer of Registrable Assets
- ix) Development of a training Manual/Module for Capacity Building of Governors
- x) Development of Guidelines for Dispute Resolution among Counties
- xi) Finalization of the County Public Service Management Framework
- xii) Costing and Transfer of unbundled devolved functions in 12 Sectors
- xiii) Resolution of Intergovernmental/Intra Governmental Disputes
- xiv) Capacity building of Counties on the Devolution Performance Results Framework
- xv) Preparation of annual State of Devolution Report
- xvi) Development of compendium of best practices

E. FY 2025/26 Draft Budget Estimates

58. The State Department total allocation for the FY 2025/26 is Kshs. 17,226 million of which Kshs. 1,311 million is for Recurrent while Kshs. 15,915 million is for Development. This is

against a requirement of Kshs. 20,860 million of which Kshs. 3,490 million is for recurrent while Kshs. 17,370 million is for Development. The summary of the allocations is as per the table:

Description	Approved Budget (Supplementary II)	Requirements	BPS Allocation	Draft Estimates Allocation	Difference
	FY 2024/25	FY 2025/26	FY 2025/26	FY 2025/26	
Recurrent	1,470	3,490	1,519	1,311	(208)
Development	1,565	17,370	2,876	15,915	13,039
Total	3,035	20,860	4,377	17,226	12,831

FY 2025/26 Recurrent Budget Break Down

59. The recurrent expenditure budget is as presented in the table below:

Description	Approved Budget (Supplementary II)	Requirements	BPS 2025/26 Allocation	Draft Estimates 2025/26 Allocation	Difference
	FY 2024/25	FY 2025/26	FY 2025/26	FY 2025/26	
Gross	1,470.90	3,489.90	1,518.90	1,311.0	(207.90)
AIA	0	0	0	0	0
NET	1,470.90	3,489.90	1,518.90	1,311.0	(207.90)
Compensation to Employees	331.1	512.2	506	243.0	(263.0)
Grants and Transfers	719.1	1,237.20	646.4	735.7	89.3
Other Recurrent	419.8	1,740.50	366.5	332.3	(34.2)
Of which					
Utilities	4.1	4.1	4.1	0.1	(4.0)
Rent	110.3	131.2	131.2	166.3	35.1
Insurance	0	13.1	13.1	0	(13.1)
Gratuity	0	0	0	0	0
Contracted Guards & Cleaners Services	16.2	16.2	16.2	14.0	(2.2)
Others	288.4	1,575.90	201.9	151.9	(50.0)

FY 2025/26 Development Budget Break Down

60. This development expenditure budget is as presented in the table below:

Description	Approved Budget (Supplementary II)	Requirements	BPS Allocation	Draft estimates Allocation	Difference
	FY 2024/25	FY 2025/26	FY 2025/26	FY 2025/26	
Gross	2,653	17,370	2,866	15,915	13,049
GOK	87	1,596	310	171	(139)
Loans	2,566	15,774	2,806	15,744	12,938
Grants	-	-	-	-	-
Local AIA	-	-	-	-	-

F. Brief Explanation on the Deviations from the BPS

61. The changes in recurrent and development budget are on account of the following:

❑ Changes in Recurrent Budget

- ❖ Personnel emoluments decreased by Kshs. 263 million from Kshs.506Million to Kshs. 243 million due an amount for Nairobi Rivers Commission Transferred to State Department for Housing.
- ❖ The Grants and Transfers allocation increased by Kshs. 89.3 million as a result of additional funding of Kshs. 170 million for IGRTC and Kshs. 27 million for COG and a further decreased by Kshs. 107 million as a result of budget Rationalization
- ❖ Utilities cost decreased by Kshs. 4 million as a result of Nairobi Rivers Commission
- ❖ Rent cost has increased by Kshs. 35.1 million as a result additional allocation United Cities and Local Governments of Africa (UCLG-A) East Africa Regional Offices
- ❖ Insurance cost decreased by Kshs. 13.1 million as a result of Nairobi Rivers Commission
- ❖ Contracted Guards & Cleaning service decreased by Kshs. 2.2 million as a result of Nairobi Rivers Commission
- ❖ Other operational and maintenance items decrease by Kshs.50 million as a result an increase of Kshs. 37.5 million for Devolution Conference and decrease of Kshs. 43 million for NR and Kshs. 44 million for as a result of the budget rationalization.

❑ Changes in Development

- ❖ The development vote has increased by Kshs. 12,938 million as a result of an additional allocation of Kshs. 13,178 million by IDA world bank for KDSP II level II grants to county governments and a decrease of Kshs. 148.9 milion for KDSP II counterpart funding from Kshs. 290 million to Kshs. 141.2 million.

G. Budget Rationalization Impact and Request for Exemption

❑ Impact

- a. The mandate of the State Department is service in nature as earlier pointed out and include the following: management of devolution affairs; fostering intergovernmental relations; capacity development and technical assistance to county governments; management of civic education & public participation; management of devolution collaborations, partnerships and linkages.
- b. The budget cuts in recurrent will therefore impact negatively on the implementation of the activities planned in line with the mandate. Additionally Monitoring and Evaluation is key in the discharge of the function for the State Department which covers all the 47 counties.

- c. The budget cuts under development will negatively impact the Implementation of KDSP II in the following areas: procurement of an independent verification agent firm (IVA) whose report will form the yardstick for county accessibility of conditional grants; technical assistance (TA) to the counties on the achievement of disbursement link indicators (DLIs)-; monitoring and Evaluation of program activities to identify and address any challenges; and national program coordination unit (NPCU) operation and coordination expenses.

□ Request for Exemption

- a. There is need therefore for sustained financing towards the devolution sector to ensure greater service delivery to the public. This can only be achieved if the State Department is enabled to discharge its mandate. The State Department is requesting the Committee to grant exemption from the budget cuts implemented by the National Treasury amounting to **Kshs.173 million** in Recurrent and **Kshs. 148 million** in Development to ensure achievement of the goals and objectives

H. Itemized Budget for SAGAs

62. The State Department has two Semi-Autonomous Government Agencies;

- a) Intergovernmental Relations Technical Committee (IGRTC) – Kshs. 524.52 million
b) Council of Governors (CoG) - Kshs. 211.23 million

I. List of Projects Information and Respective Expenditure Allocation

63. The State Department has no new projects in the FY 2025/26. The projects being undertaken are presented in the table below.

Project Code & Title	Financing		Geographical location	Cumulation Expenditure as at 31ST April 2025		Approved Estimate Budget 2024/25		Cumulative expenditure as at 31st April 2025		Draft Estimates FY 2025/2026	
	GOK	Foreign		GOK	Foreign	GOK	Foreign	GOK	Foreign	GOK	Foreign
Kenya Devolution Support Programme II	78,150.00	22,500.00	47	95.66	556.89	87.00	2,566.00	67.33	552.393	80.00	15,805.00
Maarifa Centre for Knowledge Management among Counties	60.53	-	-	5.00	-	-	-	-	-	20	-
Total	78,210.53	22,500.00	47	100.66	556.89	87.00	2,566.00	67.33	552.39	100.00	15,805.00

J. Pending Bills

64. The State Department has a total pending bills amounting to **Kshs. 2,845.99 million** out of which **Kshs. 4.9 million** are carry overs from FY 2023/24 while **Kshs. 2,841 million** are historical pending bills. The State Department has paid Kshs. 3.79 million from the carry overs and a balance of **Kshs. 1.3 million** is being processed and will be paid by the end of the financial year. The historical pending bills were submitted to the Pending Bills Verification Committee.

K. Unfunded priority Programmes in FY 2025/26

No.	Descriptions	Amount (Ksh. Million)
1	Development of regulations for devolution Laws (Review of County Governments Act, Framework for Concurrent Functions)	42.9
2	Headquarters Maintenance and Operations	100
3	Intergovernmental Sector Forums and Regulations for Transfer of Functions	18.7
4	Bi-annual Devolution Conference	62.5
5	Second Kenya Devolution Support Programme (KDSP II) GOK	650
6	Capacity Building and Technical Assistance	200
7	Service gratuity for Contract that are expiring at IGRTC	124
8	Monitoring and Evaluation (M&E)	30
9	Communication Unit Budget- Directive from National Treasury	60
10	Delineation and Transfer of Devolved Functions - IGRTC	84
11	Performance Assessment of National and County Governments Functions in a Devolved System of Governance- Sector approach	50
12	Convening of Council of Governors Affairs, Sectorial Committees; Capacity Building for Governors; Administration costs/Operations and maintenance; and Monitoring and Evaluation	165
13	Office rent - COG	4.2
14	World Scout Parliamentary Union (WSPU)	130
15	Contracted Guards and cleaning - COG	2.8
16	Utilities – COG	4.4
17	Knowledge Management	65
	Total	1,793.9

4.2 State Department for Special Programmes

65. The Principal Secretary for State Department for Special Programmes, Mr. Ismail Madey, appeared before the Committee on Thursday 15th May 2025 and submitted that;

A. IDENTIFICATION OF ANY SIGNIFICANT DEVIATION BETWEEN THE BUDGET ESTIMATES AND THE APPROVED 2025 BUDGET POLICY STATEMENT CEILINGS (BPS);

66. The State Department for Special Programmes came into existence after the Budget Policy Statement had been finalised. State Department's Vote, therefore, was not included in the approved 2025 Budget Policy Statement Ceiling.

67. However, in the 2025/26 Draft Estimates, the State Department has an allocation of **Ksh. 443,893,420** on Recurrent. To set up the State Department, a total of **Ksh. 11,146,700,000** is required to cater for Administrative and Support units costs.
68. The proposed allocations for the Financial Year 2025/2026 and deviations from the State Department's budgetary requirements are shown in the following table.

Comparison Between Draft Budget Estimates for FY 2025/26 and State Department's requirements

Vote 1033	Draft Budget Estimates FY 2025/26	Requirements	Deviation
Recurrent	443,893,420	11,146,700,000.00	(10,702,806,580.00)
Development	165,602,460	165,602,460	-
Total	609,495,880	11,312,302,460.00	(10,702,806,580.00)

Comparison Between Recurrent Draft Budget Estimates for FY 2025/26 and State Department's Requirements - Economic Classification Breakdown

Economic Classification	Requirements	Draft Budget Estimates FY25/26	Shortfall
Compensation of Employees	150,000,000	15,289,432	(99,710,568)
Use of Goods and Services	441,700,000	140,747,988	(517,352,012)
Grants and Other Transfers	10,100,000,000	259,800,000	(9,840,200,000)
Acquisition of Non-financial Assets	455,000,000	28,056,000	(326,944,000)
SUM	11,146,700,000	443,893,420	(10,784,206,580)

69. There is a significant deviation between the budget draft estimates allocation to the State Department and its requirements, resulting to a budget Shortfall of **Ksh. 10,784,206,580**. This shortfall will negatively impact on the setting up and operationalization of the State Department, hence its inability to achieve the mandate given.

B. ITEMIZED BUDGET FOR THE STATE DEPARTMENT AND THE SAGAS UNDER YOUR PURVIEW

70. The State Department does not have any Semi-Autonomous Government Agency under its Purview.

C. PROVISION FOR BOTTOM-UP ECONOMIC TRANSFORMATION AGENDA (BETA) PROJECTS AND VALUE CHAIN

71. The State Department has no Bottom-up Economic Transformation Agenda (BETA) Projects and value chain provided for in the 2025/26 Financial Year Budget Estimates. However, the State Department supports the food security pillar that assures the availability of food to all Kenyan citizens.

D. PROJECT INFORMATION INCLUDING START DATE, INITIAL COST, CUMULATIVE EXPENDITURE, FINANCING SOURCES, COMPLETION STATUS, AND GEOGRAPHICAL LOCATION (COUNTY/CONSTITUENCY)

72. The State Department has one project, namely National Drought Emergency Fund (NDEF) with an allocation of Ksh.165,602,460.00 in the 2025/2026 FY draft estimates. This is an ongoing Fund that is being implemented as a disaster risk financing strategy to support early and effective drought response, anchored by the establishment of a multi-donor National Drought Emergency Fund (NDEF) domicile in the National Treasury. The Fund ensures availability of dedicated resources for drought preparedness, response, and recovery, with financing drawn from national budget appropriations, donor support, private sector contributions, and global climate finance mechanisms.

E. NEW PROJECTS INFORMATION ON PROJECT FINANCING AND FEASIBILITY

73. The State Department does not have any new project to be implemented in the FY 2025/26.

F. CURRENT STOCK OF PENDING BILLS AND THE STRATEGY FOR THEIR RESOLUTION

74. The State Department does not have any stock of pending bills given that it has not been in existence prior to the 2024/2025 FY.

G. ANY PERTINENT ISSUES AFFECTING THE MDA IN THE ATTAINMENT OF ITS PROGRAM PERFORMANCE TARGETS

75. The allocation given in the draft estimates is not sufficient to set up and operationalize this new State Department. The most urgent pertinent issues include:
- i. Sourcing for office space enough to house the State Department staff and directorates.
 - ii. Recruitment of more technical staff for the State Department and building their capacity.
 - iii. Purchase of equipment and other supplies to be used by the new staff (computers/laptops, projectors, furniture, vehicles, etc.).
 - iv. Digitalization and digitization of the State Department processes to enhance e-government service provision.

4.3 State Department for the ASALs & Regional Development

76. The Principal Secretary for State Department for the ASALs & Regional Development, Mr. Harsama Kello, appeared before the Committee on Thursday 15th May 2025 and submitted that;

A. SIGNIFICANT DEVIATIONS BETWEEN MDAS BUDGET ESTIMATES AND THE APPROVED 2025 BUDGET POLICY STATEMENT CEILINGS

77. In the 2025/26 BPS, the State Department was allocated **KSh. 7.38 billion** of which recurrent budget allocation was **KSh. 4.84 billion** while **KSh. 2.53 billion** was under the development vote. The allocation is against a total Sector Budget requirement of **KSh. 53.21 billion** of which **KSh. 16.39 billion** and **KSh. 36.82 billion** is for recurrent and development budget respectively. In relation to the FY 2025/26 Annual Estimates of Revenue and Expenditure, the State Department has been allocated **KSh. 10.88 billion** of which, the recurrent budget allocation is **KSh. 8.368 billion** while **KSh. 2.512 billion** is under the development budget.

Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure (Recurrent and Development)

VOTE 1036	2025 Budget Policy Statement Allocation	FY 2025/26 Annual Estimates	Total Deviation	% Deviation
Recurrent	6,434,860,471	8,368,576,046	1,933,715,575	30%
Development	894,769,163	2,512,249,612	1,617,480,449	81%
TOTAL	7,329,629,636	10,880,825,658	3,551,196,022	48%

Programme and Sub-Programme Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure (Recurrent and Development)

Programme and Sub-Programme Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure (Recurrent and Development)				
Programmes and Sub-Programmes	BPS 2025/26 ALLOCATION MILLIONS (KSH)	FY 2025/26 ANNUAL ESTIMATES ALLOCATION MILLIONS (KSH)	DEVIATION MILLIONS (KSH)	% DEVIATION
1036: STATE DEPARTMENT FOR ASALS AND REGIONAL DEVELOPMENT				
PROGRAMME 1: Accelerated ASAL Development				
SP 1. ASAL Development	864.63	13150	- 733.13	-85%
SP 2. Drought Management	3,674.86	6,772.73	3,097.87	84%
SP 3. Community Integration & Peace Building	43.02	28.52	- 14.50	-34%
SP 4 Expanding Education Opportunities in ASALs	-	360.00	360.00	
Total Programme	4,582.51	7,292.75	2,710.24	59%
PROGRAMME 2: Integrated Regional Development				
SP 1. Integrated basin based Development	2,505.50	3,308.71	803.21	32%
Total Programme	2,505.50	3,308.71	803.21	32%
SP 1. General Administration	290.99	279.36	- 11.63	-4%
Programme 3: General Administration and Support Services	290.99	279.36	- 11.63	-4%
Total for Vote	7,379.00	10,880.83	3,501.83	87%

B. IDENTIFICATION OF ANY SIGNIFICANT DEVIATION BETWEEN THE MDA'S BUDGET ESTIMATES AND THE APPROVED 2025 BUDGET POLICY STATEMENT CEILINGS;

i) RECURRENT BUDGET

a) National Drought Management Authority

NDMA Recurrent Budget Shortfall

78. The recurrent budget for NDMA reduced from the 2025 Budget Policy Statement amount of **Kshs. 792,885,385** to **Kshs. 736,096,845** in the FY 2025/26 Annual Estimate. The Authority thus received a budget cut of **Kshs. 56,788,540** from the FY 2024/25 budget allocation. This budget cut will have serious implication on the following: Insurance; which includes medical, Work Injury Benefits (WIBA) and motor vehicle that had an allocation of Kshs. 32.67 million but now has no allocation; Board expenses that had been allocated **Kshs. 22.55 million** but has now been reduced to **Kshs. 14.66 million** (Kshs. 7.89 million reduction); Other expenses that include internet costs, Motor vehicle and OAG - audit fees, whose budget has now been reduced from **Kshs. 66.81 million** to **Kshs. 50.58 million** (Kshs. 16.23 million reduction).

• Kenya Drought Early Warning Data Collection

79. The Kenya Drought Early Warning Data Collection budget reduced from the 2025 Budget Policy Statement amount of **Kshs. 30 million** to the current **Kshs. 13.5 million**.

80. Drought early warning is the core mandate of the Authority and it is the early warning information that informs timely and early response by both state and non-state actors to mitigate effects of drought.

81. Drought monitoring is done at two levels; The **first level** involves technology where environmental indicators including rainfall and vegetation conditions are monitored through use of satellite imagery technology. This level indicates whether there is drought or no drought. The **second level** is impact monitoring indicators which shows the impact of drought on livelihoods/households. The impact indicators are collected by field monitors and include Livestock prices, Markets, Milk production, Household stock, water access, available stock, Health and Nutrition. Response undertaken is based on impact indicators which must be collected on monthly basis by physical means to monitor how drought evolves. In this respect, the Authority has field monitors who collect information on these indicators at designated **sentinel sites** on a monthly basis in 23 ASAL counties and transmitting the data to NDMA for analysis and production of monthly early warning bulletins. It is therefore the request of the State Department that the budget be reinstated to **Kshs. 30 million** to enable the system fully achieve its mandate.

- **Kenya Hunger Safety Net Programme**

82. The Kenya Hunger Safety Net Programme implemented by the National Drought Management Authority supports shock responsiveness due to drought. In the FY 2025/26 Annual Estimates the programme has received an additional allocation of **Kshs. 3.387 billion**.

83. The Programme under the BPS ceiling had an approved allocation of **Kshs. 1.531 billion** against a requirement of **Kshs. 5.465 billion** for regular cash transfers and **Kshs. 700 million** for the scaleup cash transfers to cover all the enlisted households for the full year. Currently, the total shortfall for the programme is **Kshs. 546.56 million** so as to fully respond to recurrent shocks due to drought by supporting the affected households.

NDMA Recurrent Budget Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure

S/No.	VOTE 1036	2025 BPS Allocation	FY 2025/26 Annual Estimates	FY 2025/26 Increase/Deficit
1.	National Drought Management Authority - Headquarters	792,885,385	736,096,845	(56,788,540)
2.	Kenya Drought Early Warning Data Collection	30,000,000	13,500,000	(16,500,000)
3.	Kenya Hunger Safety Net Programme	1,531,859,000	4,919,040,000	3,387,181,000
	TOTAL	2,354,744,385	5,668,636,845	3,313,892,460

b) Regional Development Authorities

84. Under the 2025 Budget Policy Statement, the Six Regional Development Authorities had a total allocation of **KShs. 994,826,773**. Under the FY 2025/26 Annual Estimates Allocation, the Authorities have received a total of **KShs. 1,282,535,656** which translates to an additional allocation of **KShs. 287,708,883**.

RDAs Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure deviations

No.	RDAs	FY 2025/26 BPS Allocation (KShs)	FY 2025/26 Annual Estimates Allocation (KShs)	Additional allocation (KShs)
1	TARDA	231,715,910	272,975,422	41,259,512
2	LBDA	156,205,655	290,560,106	134,354,451
3	ENSDA	263,262,289	291,911,460	28,649,171
4	ENNDA	136,405,022	165,889,060	29,484,038
5	CDA	95,862,475	122,275,199	26,412,724
6	KVDA	111,375,422	138,924,409	27,548,987
	TOTAL	994,826,773	1,282,535,656	287,708,883

Recurrent Budget Shortfall

85. However, the RDAs still require the require a total of **KShs. 1,190,476,199.20** in order to meet their obligations. Below is a breakdown for their full year recurrent budget requirement;

Recurrent Analysis for Regional Development Authorities

No.	RDAs	FY2025/26 Recurrent Requirement (Kshs)	FY 2025/26 Annual Estimates Allocation (Kshs)	FY2025/26 Budget Shortfall (Kshs)
1	TARDA	557,860,596.84	272,975,422	284,885,174.84
2	LBDA	475,043,158.42	290,560,106	184,483,052.42
3	ENSDA	458,680,340.60	291,911,460	166,768,880.60
4	ENNDA	343,116,721.02	165,889,060	177,227,661.02
5	CDA	249,469,163.39	122,275,199	127,193,964.39
6	KVDA	388,841,874.93	138,924,409	249,917,465.93
	TOTAL	2,473,011,855.20	1,282,535,656	1,190,476,199.20

c) State Department for the ASALs and Regional Development

Use of Goods and Services

86. The State Department requires adequate allocation for its operations budget of **Kshs. 279,032,249** under the operations budget in order to effectively fulfill its mandate.

No.	Economic Classification	FY2025/26 Approved BPS allocation	FY 2025/26 Annual Estimates Allocation	Deficit
1.	Use of Goods and Services	586,255,367	307,223,118	(279,032,249)

d) The National Council for Nomadic Education in Kenya (NACONEK)

87. The National Council for Nomadic Education in Kenya (NACONEK) is a Semi- Autonomous Government Agency established under Section 94 (1) of the Basic Education Act, 2013. Its establishment was informed by twin documents of Policy Framework for Nomadic Education in Kenya, 2009 and Sessional Paper No. 8 of 2012 on the National Policy for the Sustainable Development of Northern Kenya and other Arid Lands.

88. In the FY 2025/26 Annual Estimates, the State Department has been allocated NACONEK as an additional SAGA with an allocation of **KShs. 360 million**. NACONEK was hitherto domiciled in the State Department for Basic Education. The budgetary allocations for NACONEK include:

- **Development of Low-Cost Boarding Schools (LCBS)**

89. Low-Cost Boarding Schools have consistently proven to be transformative in enhancing access to education for children from nomadic and marginalized communities.

90. The allocation will go towards rehabilitation and expansion of existing infrastructure, provision of learning materials, sanitation facilities, and establishment of mobility-responsive school models estimated to cost **Kshs. 400 million**.

- **Recurrent Expenditure for Low-Cost Boarding Schools**

91. This request covers essential operational costs such as feeding programmes, boarding upkeep, staffing support, school health, and provision of uniforms and sanitary products. These operational components are vital in sustaining the gains made in these regions. As per Regulation 27 of the Public Finance Management (National Government) Regulations, 2015, it is important to note that adequate recurrent expenditure is provided to complement funding and ensure programme sustainability. The State Department therefore requests for **Kshs. 800 million** in order to achieve its mandate.

- **Institutional Clean Cooking for Innovative, Sustainable Financing of Universal Climate-Smart School Meals Programme**

92. As part of the broader School Meals Programme (SMP), we are implementing a clean energy transition in public institutions in line with Kenya's commitment to climate-smart education infrastructure. This budget will support procurement and installation of clean cooking solutions, training of cooks and school managers and environmental conservation activities such as tree planting in schools. This is in line with the National Climate Change Action Plan (NCCAP) 2023-2027 and supports Kenya's Green Growth Strategy.

- **Co-implementing the Secondary Education Equity and Quality Improvement Program (SEEQIP) alongside the Ministry of Education and other Education Agencies for a 5 years' duration (2024-2028) on clean cooking**

93. The programme aims to promote equitable access to quality basic education across the country. The project is financed by the World Bank through a results-based financing (RBF) model. Under this model, funds are disbursed based on the achievement of specific, pre-agreed results or performance indicators, which requires an initial funding. The State Department therefore requests for **Kshs. 500 million** in order to fully implement the programme.

- **Scale-Up of SMART ACCESS/ICT program in ASAL regions**

94. This initiative aligns with the Government's commitment to ensure educational access for learners in marginalized areas. Our pilot program at Kuno Primary School in Garissa County has demonstrated remarkable success, doubling enrollment rates with 50% female participation and significantly improving educational outcomes.

95. The requested funds will enable expansion of transformative digital education model to additional schools across multiple ASAL counties, establishing ICT infrastructure that creates

sustainable pathways for continued learning despite geographic challenges. The State Department therefore requests for Kshs. 450 million in order to fully implement the programme.

ii) DEVELOPMENT BUDGET

a) National Drought Management Authority

- 96. The National Drought Emergency Fund (NDEF) is a GoK fund operated by NDMA. The project aims at linking Drought Early Warning to Early Action. During emergencies, it supports cash transfers to the vulnerable to meet their basic needs and ensure provision of critical socio-economic facilities. In the approved 2025 Budget Policy Statement ceilings, the project was allocated KShs. 500million whereas in the FY 2025/26 Annual Estimates, it has not been allocated any funds.
- 97. The State Department therefore requests for KShs. 500 million to enable full implementation of the planned objectives for this project.
- 98. The State Department wishes to appreciate the additional allocation of Kshs.219.53million under Ending Drought Emergencies, Ecosystem Based Adapt. in ASAL –(TWENDE). The additional allocation will focus on reducing the cost of climate change-induced drought on Kenya’s national economy by increasing resilience of the livestock and other land use sectors in restored and effectively governed rangeland ecosystems. It will also be used to build capacity in pastoral communities to respond to periodic climate-induced drought emergencies by establishing resilient and replicable rangeland management models in arid and semi-arid landscapes (ASAL).
- 99. Dry Land Climate Action for Community Drought Resilience Project is implemented by Gok and European Union - European Development Fund. In the approved 2025 BPS ceilings, the project was allocated KShs.595million whereas in the FY2025/26 Annual Estimates the amount has been reduced to KShs. 555 million resulting in budget cut of KShs. 40 million. The reinstatement of KShs. 40 million will assist to address frequent and intense droughts particularly in the ASALs, with implications on food security, nutrition, and long-term development.

National Drought Management Authority Development Budget Summary of 2025 BPS Vs FY 2025/26 Annual Estimates of Revenue and Expenditure

No.	Project	2025 Budget Policy Statement Allocation	FY 2025/26 Annual Estimates	Total Deviation
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1.	1036100900 - National Drought Emergency Fund (NDEF)	500,000,000	0	(500,000,000)
2.	1036101601 - Ending Drought Emergencies: Support to Resilient Livelihood II	45,000,000	45,000,000	0
3.	1036102801 - Ending Drought Emergencies, Ecosystem Based Adapt. in ASAL -TWENDE	188,000,000	407,530,000	219,530,000
4.	1036103201 - Dry Land Climate Action for Community Drought Resilience	595,000,000	555,000,000	(40,000,000)
	TOTAL	1,328,000,000	1,007,530,000	(320,470,000)

b) Project Information And Bottom-Up Economic Transformation Agenda (Beta) Projects And Value Chains

100. In the FY 2025/26 and the Medium Term, the State Department will be implementing various Capital projects; and the table below is a Summary of the Capital Projects including the priority Bottom-up Economic Transformation (Agenda BETA) and their respective allocations for a total allocation.

Summary of Capital Projects Budget

S/NO.	Project Code & Project Title	Financed by:	Allocation for 2025/26	
			GoK (Ksh Million)	Foreign (Ksh Million)
Bottom-up Economic Transformation (Agenda BETA) Projects				
1	1036102500 Sustainable food systems - BETA	GoK & WFP	12.00	0.00
2	1036104400 Wei Wei Phase 3 Irrigation - BETA	GoK & Italy	20.00	200.00
3	Tana Delta Rice Irrigation Project (TDIP) - Headquarters - BETA	GoK	21.00	-
4	Ewaso Ng'iro Leather Factory - BETA.	GoK	20.00	-
5	1036108100 - Kimira Oluch Smallholder Farm Irrigation Project - BETA	GoK	19.50	-
6	1036105700 Wananchi Cottages in Kilifi County - BETA	GoK	20.00	-
7	1036108000 Malindi Integrated Social Health Development Programme -Phase II - BETA	Gov. of Italy	-	300.00
8	1036103300 Gum Arabic and Resins Integrated Development Programme-BETA.	GoK	16.00	-
9	1036116100 BETA Priorities and Flood Control-ENNDA.	GoK	230.00	-
10	Drought Mitigation - ESNDA	GoK	100.00	-
11	1036116300 BETA Priorities and Flood Control - LBDA.	GoK	190.00	-
12	Drought Mitigation - LBDA	GoK	145.00	-
13	1036121600 Modernizing Ndhwa Honey Processing Plant	GoK	100.00	-

S/NO.	Project Code & Project Title	Financed by:	Allocation for 2025/26	
			GoK (Ksh Million)	Foreign (Ksh Million)
	TOTAL BETA PRIORITIES		893.5	500.00
14	36113500 Integrated Resilience for sustainable food systems	GoK & USAID	14.66	96.56
15	Ending Drought Emergencies: Support to Resilient Livelihood II		15.00	30.00
16	1036102800 Ending Drought Emergencies Eco System based Adaptation in Kenya's Arid and Semi- Arid Rangelands (TWEENDE)	GoK & Green Climate Fund	30.00	377.53
17	1036103200 Dryland Climate Action for Community Drought Resilience (DCADR)	GoK&EU	35.00	520.00
	Total Capital Projects Allocation		94.66	1,024.09

c) Unfunded Priorities

101. The following projects were approved during 2025 approved BPS ceilings but during the FY 2025/26 Annual Estimates the allocations funds were not provided for. The State Department therefore wishes for reinstatement of KShs. 262.30 million which represents KShs. 110.30 million for GoK and KShs. 152 million for development partners.

- **Improvement of Food and Nutrition Security through Building Adaptive Capacity to Climate Change in ASALs**

102. The Project on Improvement of Food and Nutrition Security through Building Adaptive Capacity to Climate Change in ASALs is implemented by GoK and JICA. This project is aimed at contributing to improvement of food and nutrition of households in Arid and Semi-arid Lands that are vulnerable to the effects of climate change by strengthening effective food and nutrition improvement approach in ASALs through demonstration of food and nutrition activities in Turkana County and Kitui County. During the approved 2025 BPS Ceiling, the project was allocated Kshs. 9.70 million for Gok and the donor to contribute Kshs.72 million.

- **Production of 5 Billion Fruit Tree seedling**

103. This is a Presidential Directive project to provide 5 Billion fruit tree seedlings (Approx 30%) of 15 billion trees target by 2032. The Project is financed by GoK and is aimed at producing 1.19 billion fruit seedlings through the RDAs and Kshs. 510 million fruit tree seedlings through community groups and institutions by the year 2029. During the approved 2025 BPS Ceiling, the project was allocated Kshs. 30 million

- **Resilience Approaches in Natural Rangeland Ecosystems (RANGE)**

104. The Project on Resilience Approaches in Natural Rangeland Ecosystems (RANGE) is financed by GoK and Mercycorps from Netherlands.

105. The goal of this project is to strengthen resilience of the ASAL communities by contributing to sustainable economic and social development in a well-managed landscape. During the approved 2025 BPS Ceiling, the project was allocated Kshs. 10 million for Gok and Kshs. 80million for the development partner.

- **Kenya Pastoralist Feedlot Systems Programme**

106. The Project on Kenya Pastoralists Feedlot Systems financed by GoK whose objective is to cushion the pastoralists from the effects of climate change and build resilience by implementing sustainable rangeland management practices and commercialization of pastoral livelihoods through the establishment of 450 feedlots in 30 ASAL Counties. During the approved 2025 BPS Ceiling, the project was allocated Kshs. 30 million.

- **Integrated Food Security & Climate Change Mitigation Project**

107. The Project on Integrated Food Security & Climate Change Mitigation Project financed by GoK whose goal is to promote food security and nutrition through climate smart agriculture and sustainable utilization of natural resources. During the approved 2025 BPS Ceiling, the project was allocated Kshs.20million.

- **ASALs fodder production**

108. The Project on ASALs Fodder Production Project financed by GoK whose goal is to ensure sustainable production of livestock fodder that enhances food security, and promotes the resilience of the ASALs community. The project will be implemented in Wajir County as a pilot county. During the approved 2025 BPS Ceiling, the project was allocated Kshs. 10.6 million.

State Department Headquarters Development Budget Projects Summary of 2025 Budget Policy Statement Allocation Vs FY 2025/26 Annual Estimates of Revenue and Expenditure

No.	Project Code & Project Title	Source of Funds	2025 Approved BPS		FY 2025/26 Annual Estimates
			GoK	Foreign	
			Ksh Million		
1.	Improvement of Food and Nutrition Security through Building Adaptative Capacity to Climate Change in ASALs	GoK & JICA	9.70	72.00	0.00
2.	Production of 5 Billion Fruit Tree seedling	GoK	30.00	-	0.00
3.	Resilience Approaches in Natural Rangeland Ecosystems (RANGE)	GoK & Mercy Corps (Netherlands)	10.00	80.00	0.00
4.	ASALs fodder production	GoK	10.60	-	0.00
5.	Kenya Pastrolist Feedlot Systems Programme	GoK	30.00	-	0.00
6.	Integrated Food Security and Access to Water Project	GoK	20.00	-	0.00

No.	Project Code & Project Title	Source of Funds	2025 Approved BP ^c		FY
			GoK	Foreign	2025/26
			Ksh Million		Annual Estimates
	Total Allocation		110.30	152.00	0.00
	Grand Total			262.30	0.00

- **Taita Taveta Drought Mitigation - CDA**

109. H.E. The President visited Taita Taveta County and promised the citizenry several drought intervention projects geared towards alleviating the drought situation in the area. The Coast Development Authority requires Ksh 100 million to implement the drought mitigation projects in the area. This is an urgent intervention of addressing severe water shortage in the region.

iii) NEW PROJECTS, INFORMATION ON PROJECT FINANCING AND FEASIBILITY

110. The State Department developed several New Projects in line with the National Treasury guidelines and submitted for funding. The following new projects were submitted;

Summary of New Projects and their Budget Estimates

No.	Project Code & Project Title	Source of Funds	Project Duration (Years)	Estimated cost of the Project
1.	Improvement of Food and Nutrition Security through Building Adaptative Capacity to Climate Change in Asals.	GoK & JICA	5	513,000,000
2.	Production of 5Billion Fruit Tree seedling	GoK	5	128,396,860,290
3.	Resilience Approaches in Natural Rangeland Ecosystems (RANGE)	GoK & Mercy Corps (Netherlands)	4	600,000,000
4.	ASALs fodder production	GoK	2	250,000,000
5.	Kenya Pastrolist Feedlot Systems Programme	GoK	5	248,050,000,000
6.	Integrated Food Security and Access to Water Project	GoK	5	498,000,000

iv) CURRENT STOCK OF PENDING BILLS AND STRATEGY FOR THEIR RESOLUTION

SAGAs Pending Bills

111. During the closure of the FY 2023/24, the Regional Development Authorities did not receive the total development exchequer for their ongoing projects. Further, the budget was reduced by Kshs. 5.7 billion during FY 2024/25 Supplementary Estimates No. 1.

112. This led to accumulation of pending bills and has immensely affected implementation of ongoing development projects. Further, the RDAs had historical pending bills forwarded to the Pending Bills Verification Committee in the National Treasury. The State Department therefore wishes to request for consideration for budgetary allocation of Kshs.10.4 billion to clear the pending bills.
113. Further, during FY 2024/2025, the National Council for Nomadic Education in Kenya (NACONEK) was allocated KShs. 3 billion for the implementation of the School Meals Programme, out of which, KShs 1.2 billion was utilized to settle part of the pending bill of KShs. 2.6 billion arising from the FY 2023/24. Currently, the outstanding pending bill stands at KShs. 1,447,990,866 79.

Summary of RDAs Pending Bills

S/No.	Name of SAGA	Amount
1.	Ewaso Ng'iro South Development Authority (ENSDA)	142,500,000
2.	Ewaso Ng'iro North Development Authority (ENNDA)	429,167,000
3.	Tana and Athi River Development Authority (TARDA)	116,354,199
4.	Kerio Valley Development Authority (KVDA)	385,000,000
5.	Lake Basin Development Authority (LBDA)	9,026,417,209
6.	Coast Development Authority (CDA)	283,818,098
	RDAs Sub - Total	10,383,256,506
7.	National Council for Nomadic Education in Kenya (NACONEK)	1,447,990,866
	GRAND TOTAL	11,831,247,372

CHAPTER FIVE

5.0 Committee Observations and Recommendations

5.1 Committee Observations

114. The Committee having considered the submission by the MDAs, made the following observations:

5.1.1 State Department for Devolution

- i) That, in the FY 2024/25, the State Department for Devolution had an approved budget allocation of **Kshs. 3.04 billion** comprising of **Kshs. 1.47 billion** for recurrent expenditure and **Kshs. 1.57 billion** for development expenditure.
- ii) That, the Committee observed that the Department's actual expenditures as at 31st April 2025, stood at **Kshs. 1.76 billion** representing an absorption rate of 58%. The expenditure comprised of **Kshs. 1.14 billion** (77%) for recurrent expenditure and **Kshs. 619.58 million** (39%) for development expenditure. The absorption rate in development is low due to delay in the approval of the County Government Additional Allocation Bill which facilitate the transfer of Level 1 Grants to County Governments.
- iii) That, in the FY 2025/26, the State Department for Devolution has a budget allocation of **Kshs. 17.23 billion** comprising of **Kshs. 1.31 billion** for recurrent expenditure and **Kshs. 15.92 billion** for development expenditure.
- iv) That, under the Budget Estimates for the FY 2025/26, the State Department's budget has been revised upwards by **Kshs. 14.19 billion** from the approved estimates of FY 2024/25 representing a decrease of **Kshs. 159 million** under recurrent expenditure and **Kshs. 14.35 billion** increase under development expenditure.
- v) That, the increase of **Kshs. 14.35 billion** from the FY 2024/25 is primarily attributable to the KDSP II level II grants to County Governments.
- vi) That, the State Department has total pending bills amounting to **Kshs. 2.85 billion**, comprising **Kshs. 4.9 million** in carryovers from FY 2023/24 and **Kshs. 2.84 billion** in historical pending bills. The Committee noted that **Kshs. 3.79 million** of the carryover amount has been paid, with the remaining **Kshs. 1.3 million** under processing and expected to be settled by the end of the financial year, while the historical pending bills have been submitted to the Pending Bills Verification Committee.
- vii) That, the rent costs increased by **Kshs. 35.1 million** due to additional allocation for the United Cities and Local Governments of Africa (UCLG-A) East Africa Regional Offices.

- viii) That, the allocation for the Nairobi Rivers Commission has been reduced to zero in the FY 2025/26 budget, representing a 100% reduction from the Kshs. 215.57 million allocated in FY 2024/25. This is in line with the reallocation of the Commission's functions to the State Department for Housing and Urban Development as outlined in Gazette Notice No. 13907.
- ix) That, an allocation of Kshs. 37.5 million has been made for the upcoming Devolution Conference scheduled for August 2025 in Homa Bay County. However, the Committee questioned the relevance of the biannual conference, noting the lack of tangible outcomes or measurable impact from previous editions.
- x) That, the proposed allocation for the Intergovernmental Relations Technical Committee (IGRTC) has increased by Kshs. 12.82 million (2.5%) from Kshs. 511.70 million allocated in FY 2024/25 to Kshs. 524.52 million in FY 2025/26, and the Council of Governors (CoG) has received an enhancement of Kshs. 3.83 million (1.8%) from Kshs. 207.40 million in FY 2024/25.
- xi) That, the State Departments has critical unfunded priority areas that include: Second KDSP II GoK counterpart funding (Kshs. 650 million) and the World Scout Parliamentary Union Secretariat (Kshs. 130 million).

5.1.2 State Department for Special Programmes

- i) That, in the FY 2025/26, the State Department for Special Programmes has a budget allocation of **Kshs. 609.50 million** comprising of **Kshs. 443.89 million** for recurrent expenditure and **Kshs. 165.60 million** for development expenditure.
- ii) That, the State Department for Special Programmes was established after the finalization of the Budget Policy Statement, and consequently, its vote was not factored into the approved budget ceiling for FY 2025/26. However, the State Department submitted that its total resource requirement amounts to Kshs. 11.31 billion, comprising Kshs. 11.15 billion for recurrent expenditure and Kshs. 165.60 million for development expenditure.
- iii) That, the State Department for Special Programmes has a proposed development allocation of Kshs. 165.60 million towards the National Drought Emergency Fund (NDEF). The Committee noted that the Fund supports early and effective drought response through a multi-donor financing mechanism domiciled at the National Treasury, drawing resources from the national budget, donors, private sector, and global climate finance.

- iv) That, the State Department does not have any pending bills. It previously operated as a department within the State Department for the ASALs, which also did not have any outstanding pending bills.
- v) That, the allocation provided in the FY 2025/26 Draft Estimates is not sufficient to adequately set up and operationalize the newly established State Department for Special Programmes. The Committee observed that the most urgent and pressing needs include: sourcing appropriate office space to accommodate staff and directorates; recruitment and capacity building of technical personnel; procurement of essential equipment and supplies; and the digitalization of departmental processes to support efficient e-government service delivery.

5.1.3 State Department for the ASALs and Regional Development

- i) That, in the FY 2024/25, the State Department for the ASALs and Regional Development had an approved budget allocation of **Kshs. 15.07 billion** comprising of **Kshs. 10.10 billion** for recurrent expenditure and **Kshs. 4.97 billion** for development expenditure.
- ii) That, in the FY 2025/26, the State Department has a budget allocation of **Kshs. 10.88 billion** comprising of **Kshs. 8.37 billion** for recurrent expenditure and **Kshs. 2.51 billion** for development expenditure.
- iii) That, under the Budget Estimates for the FY 2025/26, the State Department's budget has been revised downwards by **Kshs. 4.19 billion** from the approved estimates of FY 2024/25. This is on account of a decrease of **Kshs. 1.73 billion** under recurrent expenditure and **Kshs. 2.45 billion** under development expenditure.
- iv) The State Department will be implementing 28 development projects with a total allocation of Kshs. 2.51 billion of which Kshs. 1.13 billion is for the Accelerated ASALs Development programme implementing 5 projects and Kshs. 1.38 billion is for Integrated Regional Development Programme implementing 23 projects.
- v) The Committee observes that the Paddy Rice mopping initiative is not achieving its intended objectives, as feedback from farmers indicates they have yet to realize the full benefits of the programme. This suggests gaps in implementation, accessibility, or support services, which may be limiting productivity and impact at the community level. The Committee recommends a thorough review of the programme's design and extension support to enhance its effectiveness and ensure value for money.
- vi) The Committee notes that despite an allocation of Kshs. 19.50 million in the FY 2025/26 budget, the Kimira-Oluch Smallholder Farm Improvement Project (KOSFIP) continues to face significant implementation challenges. Initiated in 2006 and with over Kshs. 8.4

billion invested to date, the project remains incomplete and this has resulted in many farmers not being able to fully benefit from the irrigation scheme.

- vii) The National Council for Nomadic Education in Kenya (NACONEK) is a Semi-Autonomous Government Agency established under Section 94 (1) of the Basic Education Act, 2013. In the FY 2025/26 Annual Estimates, the State Department has been allocated NACONEK as an additional SAGA with an allocation of Kshs. 360 million. NACONEK was hitherto domiciled in the State Department for Basic Education.
- viii) That, the State Department for Regional Development does not have any pending bills. However, the Committee noted that Regional Development Authorities (RDAs) have pending bills amounting to Kshs. 10.38 billion, out of which Kshs. 9 billion relates to the Lake Basin Development Authority (LBDA) of which of Kshs. 4.4 billion is owed to Co-operative Bank for the construction of the LBDA Mall. In addition, the National Commission for Nomadic Education in Kenya (NACONEK) has pending bills totaling Kshs. 1.45 billion.
- ix) That, the State Departments has critical unfunded priority areas that include: Oloitoktok Agro processing Factory Project (Kshs. 250 million), Ewaso Ng'iro Leather Factory (Kshs. 150 million) and production of 5 billion fruit tree seedlings (Kshs. 30 million).

5.1.4 Refugee Affairs

- i) The Committee in its previous deliberations with the Directorate of Refugee Affairs noted that the Directorate recently launched the Shirika Plan. The plan is aimed at promoting the socio-economic inclusion of refugees and host communities in Kenya. The Committee noted that the plan aligns with the Refugees Act, 2021, and Kenya's commitment to the Global Compact on Refugees by facilitating self-reliance and integration through access to services, livelihoods, and local opportunities. Further, the Committee further observed that the Directorate requires financial support to conduct effective sensitisation of the Shirika Plan among host communities and other relevant stakeholders.

5.2 Committee Recommendations

5.2.1 Non-Financial Recommendations

115. The Committee recommends THAT:

- a) The PS State Department for Immigration and Citizen Services and the Commissioner for Refugee Affairs to enhance the monitoring and evaluation framework of the Shirika Plan and submit a report on it to the National Assembly by 1st October 2025.

- b) The PS State Department for the ASALs and Regional Development submit a comprehensive status report on the Kimira-Oluch Smallholder Farm Improvement Project, detailing total cost incurred, progress, challenges, and a clear completion roadmap, by 1st October 2025.

5.2.2 Financial Recommendations

116. The Committee recommends THAT:

a) State Department for Devolution

The total gross allocation for the State Department is **Kshs. 17.23 billion** of which **Kshs. 1.31 billion** is recurrent and **Kshs. 15.92 billion** is development. The Committee approves the proposed budget with the following amendments:

Reductions

- i) Reduce the allocation for the Council of Governors by **Kshs. 10 million** (recurrent).

Increments

- i) Increase the allocation to the World Scout Parliamentary Union (WSPU-K) by **Kshs. 30 million** (recurrent) that will necessitate WSPU-K in hosting the 11th General Assembly in 2025.

b) State Department for Special Programmes

The proposed allocation for the State Department is **Kshs. 609.50 million** of which **Kshs. 443.89 million** is recurrent and **Kshs. 165.60 million** is development. The Committee approves the proposed budget as tabled.

c) State Department for the ASALs & Regional Development

The total gross allocation for the State Department is **Kshs. 10.88 billion** of which **Kshs. 8.37 billion** is recurrent and **Kshs. 2.51 billion** is development. The Committee approves the proposed budget with the following amendments:

Reductions

- i) Reduce the allocation for the Hunger and Safety Net Programme by **Kshs. 1 billion** (recurrent);
- ii) Reduce the allocation for rice paddy mopping by **Kshs. 65 million** (recurrent).

Increments

- i) Increase the development allocation to NDMA by **Kshs. 775 million**.
- ii) Increase the development allocation to RDAs by **Kshs. 230 million**: KVDA - Kshs. 75 million, CDA - Kshs. 10 million, ENNDA - Kshs. 30 million, ENSDA - Kshs. 40 million, TARDA - 45 million, LBDA Kshs. 30 million.

d) Directorate of Refugee Affairs

The total gross allocation to the refugee affairs sub-programme is **Kshs. 144.32 million**. The Refugee Affairs Department has an allocation of Kshs. 119.91 million and Refugee Affairs Field Services has a proposed allocation of Kshs. 24.41 million.

Increments

- i) Increase the recurrent allocation to the Refugee Affairs Department by **Kshs. 40 million** to sensitize host communities and other stakeholders on the Shirika Plan.

5.2.3 Request for Additional Funding

117. Further, the Committee requests for the Budget Committee to consider the following budgetary needs for funding key priority projects:

State Department for Devolution

- a) Kshs. 650 million for GoK support towards the Second Kenya Devolution Support Programme;
- b) Kshs. 150 million allocated for citizen engagement, public participation, and monitoring and evaluation under the Kenya Devolution Support Programme Phase II (KDSP II);
- c) Kshs. 130 million for the World Scout Parliamentary Union (WSPU).

State Department for Special Programmes

- a) Kshs. 4 billion for Emergency relief and refugee assistance;
- b) Kshs. 500 million to operationalize the office.

State Department for the ASALs and Regional Development

- a) Kshs. 500 million for water accessibility projects in drought hot spot counties by NDMA;
- b) Kshs. 250 million for the Oloitoktok Agro processing Factory Project;
- c) Kshs. 150 million for the Ewaso Ng'iro Leather Factory;
- d) Kshs. 103 million for furnishing of Wananchi Cottages;
- e) Kshs. 30 million to provide 5 billion fruit tree seedlings.

SIGNED.....



DATE.....

21/5/2025

HON. LOCHAKAPONG PETER, CBS, M.P.

CHAIRPERSON, DEPARTMENTAL COMMITTEE ON REGIONAL DEVELOPMENT

ANNEXURES

Annexure 1: Proposed schedule of decreases and increases

Annexure 2: Adoption List

Annexure 3: Minutes

Annexure 4

Annexure 1: Schedule of Increases and Decreases

Programme	Sub-programme	Head/SAGA	Increase/decrease amount by committee		Justification
			Rec	Dev	
State Departments for Devolution					
0712000 Devolution Services	0712020 Intergovernmental Relations	1032000413 World Scout Parliamentary Union Secretariat	30,000,000	-	Increase Kshs. 30 million (recurrent) to World Scout Parliamentary Union Secretariat (WSPU) that will necessitate the WSPU in hosting the 11 th General Assembly in 2025.
		1032001203 Council of Governors	(10,000,000)	-	Reduce Kshs. 10 million (recurrent) from COG
TOTAL			(20,000,000)	-	
State Departments for the ASALs & Regional Development					
0733000 Accelerated ASAL Development	0733020 Drought Management	NDMA	-	775,000,000	Increase Kshs. 775 million (development) for Drought Mitigation Interventions: Mashaptarit Waterpan Lomut (Kshs. 30 million), Loperot Waterpan Orwa (Kshs. 30 million) Boji waterpan Isiolo (Kshs. 30 million), Sheikh Hajir Waterpan (Kshs. 30 million), Camel restocking pokot central Kshs. 15 million), Koloa (DRMPA) monument borehole - Tiaty (Kshs. 10 million), Napeyelel Waterpan kiwawa (Kshs. 30 million), Akiriamet village borehole Alale Kshs. 10 million), Akodong Waterpan (Turkana west) (Kshs. 30 million) Migujini Waterpan Ganze (Kshs. 30 million), Alany Waterpan disilting (Ksh. 10 million) Lotongot borehole masol (Ksh. 10 million), Magwede Village Borehole (Voi) (Ksh. 10 million), Yemwatu Community Borehole (Ksh. 15 million), Mbingoni Community Borehole (Ksh. 15 million), Lomermer Waterpan (Kshs. 30 million), Desilting of Kurbuta Water pan (Kshs. 15 million), Desilting of Milsadet Water pan (Kshs. 15 million), Desilting of Harade water pan (Kshs. 15 million), Desilting of Tuluroda water pan (Kshs. 15 million), Desilting of Suraya water pan (Kshs. 15 million), Desilting of Golbo water pan (Kshs. 15 million), Desilting of Garade water pan (Kshs. 15 million), Desilting of Qarsa-abulla water pan (Kshs. 15 million), Desilting of Karaduse water pan (Kshs. 15 million), Desilting of Qarari Water pan (Kshs. 15 million), Desilting of Elboruido Water pan (Kshs. 15 million), Desilting of Jarte Water pan (Kshs. 15 million), Desilting of Hote Water pan (Kshs. 15 million), Desilting of Garseake Water pan (Kshs. 15 million), Desilting of Watiti Water pan (Kshs. 15 million), Kamor Budo Dam (Libehia Ward) Mandera East Kshs. 35 million), Sakale sec school borehole (Ksh. 10 million), Mukuri borehole Losam (Ksh. 10 million), Oltiasilele borehole (Kajiado south) (Ksh. 10 million), Kyangulumi Sub Chief's Office (Kshs. 15 million), Desilting of Hagare Water pan (Lagdera) (Kshs. 15 million), Expansion, Desilting and Rehabilitation of Segera Earth Dam (Laikipia East) (Kshs. 15 million), Lagbogal North borehole (Kshs. 15 million), Fatuma Noor borehole (Kshs. 15 million), Sere Rongai water pan (Kshs. 30 million), Mathakwaini Secondary School Borehole (Tetu) (Kshs. 15 million), Rehabilitation of Chemorongion Water pan (Kshs. 20 million), Auskuyon Prmiary Kapenguria borehole (Kshs. 10 million).

Programme	Sub-programme	Head/SAGA	Increase/decrease amount by committee		Justification	
			Rec	Dev		
Integrated Regional Development	1036000704 Kenya Hunger Safety Net Programme		(1,000,000,000)	-	Reduce Kshs. 1 billion (recurrent) under Kenya Hunger Safety Net Programme.	
	Kerio Valley Development Authority (KVDA)			75,000,000	Increase Kshs. 75 million (development) for 1036112900 Drought Mitigation KVDA: Kasogon Waterpan (Chepareria ward) (Kshs. 30 million), Tirken borehole (Chepareria ward) (Kshs. 10 million), Kakitongin borehole Lomut (Kshs. 10 million), Drought mitigation livelihood support (Kshs. 15 million), Chemkenge Secondary School Borehole (Kshs. 10 million).	
	Coast Development Authority (CDA)			10,000,000	Increase Kshs. 10 million for 1036114501 Drought mitigation Programme CDA: Kalembe Village borehole (Kshs. 10 million).	
	Ewaso Ngiro North Development Authority (ENNDA)			30,000,000	Increase Kshs. 30 million for Eldas Lakoley Water Supply Project	
	Ewaso Ngiro South Development Authority (ENSSDA)			40,000,000	Increase Kshs. 40 million for 1036114500 Drought mitigation programme ENSDA: Entarara sec school borehole (Kajiado south) (Kshs. 10 million), Kilgoris Water Project (Kshs. 30 million).	
	Tana and Athi Rivers Development Authority (TARDA)			45,000,000	Increase Kshs. 45 million for 1036116400 BETA Priorities and Flood Control – TARDA: Gwakanju Market (Kshs. 15 million), Muthanjara Primary School (Kshs. 15 million), Pipeline Primary School (Kshs. 15 million).	
	Lake Basin Development Authority (LBDA)			30,000,000	Increase Kshs. 30 million for 1036114700 Drought Interventions – LBDA: Desilting of Khalaba Dam (Kshs. 30 million).	
	1036001104 Paddy Rice Mopping			(65,000,000)	Reduce Kshs. 65 million (recurrent) from paddy rice mopping.	
	TOTAL			(1,065,000,000)	1,005,000,000	
	Refugee Affairs – Vote 1024					
0605000 Migration & Citizen Service	0605080 Refugee Affairs	1024001300 Refugees Affairs Department	40,000,000	-	Increase Kshs. 40 million to 1024001300 Refugees Affairs Department to sensitize host communities on the Shirika Plan	
TOTAL			40,000,000	-		

DEPARTMENTAL
COMMITTEE ON
TRANSPORT AND
INFRASTRUCTURE



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION - 2025

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

**REPORT OF THE DEPARTMENTAL COMMITTEE ON TRANSPORT AND
INFRASTRUCTURE ON THE CONSIDERATION OF THE FINANCIAL YEAR
2025/2026 ANNUAL ESTIMATES OF REVENUE AND EXPENDITURE FOR:**

- 1. VOTE 1091 – STATE DEPARTMENT OF ROADS**
 - 2. VOTE 1092 – STATE DEPARTMENT OF TRANSPORT**
 - 3. VOTE 1093 – STATE DEPARTMENT OF SHIPPING AND MARITIME
AFFAIRS**
 - 4. VOTE 1097 – STATE DEPARTMENT OF AVIATION AND AEROSPACE
DEVELOPMENT**
-

**CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI**

MAY, 2025

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Submissions from State Departments

ABBREVIATIONS

AIA	-	Appropriations in Aid
BETA	-	Bottom UP Economic Transformation Agenda
FY	-	Financial Year
GoK	-	Government of Kenya
HQs	-	Headquarters
NTSA	-	National Transport and Safety Authority
KeNHA	-	Kenya National Highways Authority
KURA	-	Kenya Urban Roads Authority
KeRRA	-	Kenya Rural Roads Authority
KCAA	-	Kenya Civil Aviation Authority
KPA	-	Kenya Ports Authority
LAPSSET	-	Lamu Port-South Sudan-Ethiopia Transport
MDAs	-	Ministries, Departments and Agencies
NaMaTA	-	Nairobi Metropolitan Area Transport Authority
PFMA	-	Public Finance Management Act
SAGAs	-	Semi-Autonomous Government Agencies
SDoT	-	State Department for Transport

CHAIRPERSON'S FOREWORD

This is a report on the consideration of the Financial Year 2025/26 Annual Estimates of revenue and expenditure for the Ministries and Departments under the purview of the Departmental Committee on Transport and Infrastructure. The report is as a result of deliberations between the Committee and various State Departments under its purview.

The Annual Estimates of Revenue and Expenditure for the Financial Year 2025/26 were submitted to the National Assembly in line with Article 221 of the Constitution and Section 37(2) of the Public Finance Management Act, 2012 as read together with Standing Order 235(4) and subsequently tabled in the House on 30th April 2025.

The report contains the discussions, observations and recommendations of the Committee as regards to the Financial Year 2025/26 Annual Estimates for all the votes as well as SAGAs under its oversight. The Committee on Budget and Appropriation is expected to consider the Committee's observations and recommendations and make part of its final consolidated report to be tabled in the House.

During consideration of the Financial Year 2025/26 Annual Estimates, the Committee observed that the State Department for Roads has been grappling with delayed or a lack of disbursement of funds from the exchequer. It is noted that the delay majorly affects projects that resulted from the consultations with the National Assembly aimed at addressing equity in the distribution of critical roads. These projects are often denied exchequer and frequently dropped from the budget through supplementary budgets. The Committee further notes that, whereas these projects are denied exchequer, the National Treasury prioritises other projects not approved by the House using Article 223 of the Constitution.

The Committee also observed that the Railway Development Levy is aimed at financing the construction and the operation and maintenance of the Standard Gauge Railway (SGR). It is, however, observed that, in the financial year 2025/26, the operation and maintenance of the Standard Gauge Railway has been allocated **Kshs. 800 million** to be financed from the exchequer.

Additionally, the Committee also notes that over the last three financial years, the State Department for Shipping and Maritime Affairs' headquarters budget has suffered successive budget cuts of more than Kshs. 200 million, significantly affecting operations to the extent that the Department hardly implements its mandate, including operationalizing five (5) newly established offices in Kisumu, Baringo, Turkana, Lamu, Mombasa, and Mars bit.

Notably, Kenya is positioned along key and strategic shipping routes and plays a vital role in international trade, particularly through the port of Mombasa. The Country is now a member of the IMO Council Category C and is seeking re-election this year to strengthen its influence on maritime policies and support its efforts in tackling security challenges like piracy and trafficking

while promoting global maritime safety standards. The campaign for the re-election is planned to kick off in July 2025, and the elections will be held in November 2025 in London.

The Committee recommends that the proposed allocations for the State Department for Roads, State Department for Transport, State Department for Shipping and Maritime Affairs and the State Department for Aviation and Aerospace Development be **approved** with amendments.

HON. G.K. GEORGE KARIUKI, CBS, M.P
CHAIRPERSON

PART I

I PREFACE

I.1 Introduction

1. The Annual Budget Estimates are prepared pursuant to Article 221 of the Constitution and Sections 35 and 36 of the Public Finance Management (PFM) Act, 2012, read together with Regulations 37 and 38 of the PFM (National Government) Regulations, 2015. The FY 2025/26 Budget Estimates were submitted to the National Assembly for consideration on 30th April, 2025, in accordance with the provisions of Article 221(1) of the Constitution. Upon tabling, the Estimates were committed to the respective Departmental Committees for review and consideration of policies and programmes falling within their mandates, as provided for under Standing Orders 216 and 235 of the National Assembly Standing Orders.
2. The FY 2025/26 Budget Estimates outline the government's revenue and expenditure framework for the upcoming financial year, reflecting national development priorities under the Third Medium-Term Plan of Vision 2030 and aligned to the Bottom-Up Economic Transformation Agenda (BETA).
3. The Standing Orders assign the Departmental Committee on Transport and Infrastructure the mandate to consider matters related to transport, including non-motorized transport, construction and maintenance of roads, rails, air and marine transport, seaports, national integrated infrastructure policies and programmes, *and transport safety*.
4. In that regard, the Committee is mandated to analyze, scrutinize and approve the Budget Estimates for the following government agencies under its purview:
 - i. Vote 1091: State Department for Roads;
 - ii. Vote 1092: State Department for Transport;
 - iii. Vote 1093: State Department for Shipping and Maritime Affairs; and
 - iv. Vote 1097: State Department of Aviation and Aerospace Development

I.2 Mandate of the Committee

5. The Departmental Committee on Transport and Infrastructure is established pursuant to the provisions of Standing Order No. 216 (1) and (5) with the following terms of reference: -
 - i. investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
 - ii. study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;

- iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;
- iv. study and review all legislation referred to it;
- v. study, access and analyze the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;
- vi. investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- vii. vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);
- viii. examine treaties, agreements and conventions;
- ix. make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- x. consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- xi. Examine any questions raised by Members on a matter within its mandate.

I.3 Committee Membership

6. The Committee membership comprises: -

The Hon. G.K George Kariuki, CBS, M.P – **Chairperson**

M.P for Ndia Constituency

United Democratic Alliance Party

The Hon. Mutua Didmus Wekesa Barasa, M.P- **Vice- Chairperson**

M.P. for Kimilili Constituency

United Democratic Alliance Party

The Hon. Arama Samuel, M.P

M.P for Nakuru Town West Constituency

Jubilee Party

The Hon. Naicca, Johnson Many, CBS, M.P

M.P for Mumias East Constituency

Orange Democratic Movement Party

The Hon. Francis, Kajwang' Tom Joseph, CBS, M.P.

M.P for Ruaraka Constituency

Orange Democratic Movement Party

The Hon. Kiaraho, David Njuguna, M.P.

M.P for OI Kalao Constituency

Jubilee Party

The Hon. Kiunjuri Festus Mwangi, M.P.

M.P for Laikipia East Constituency

The Service Party

The Hon. Bady, Bady Twalib, M.P.

M.P for Jomvu Constituency

Orange Democratic Movement Party

The Hon. Abdul Rahim Dawood, M.P.

M.P for North Imenti Constituency

Independent

The Hon. Elsie Muhanda, M.P.

M.P for Kakamega County

Orange Democratic Movement Party

The Hon. Chege John Kiragu, M.P.

M.P for Limuru Constituency

United Democratic Alliance Party

The Hon. Abdirahman, Husseinweytan Mohamed, M.P.

M.P for Mandera East Constituency

Orange Democratic Movement Party

The Hon. Komingoi Kibet Kirui, M.P.

M.P for Bureti Constituency

United Democratic Alliance Party

The Hon. Saney Ibrahim Abdi, M.P
M.P for Wajir North Constituency
United Democratic Alliance Party

The Hon. JhandaZaheer, M.P
M.P for Nyaribari Chache Constituency
United Democratic Alliance Party

I.4 Committee Secretariat

7. The Committee secretariat comprises: -

Ms. Tracy Chebet Koskei
Principal Clerk Assistant II
Lead Clerk

Mr. Mohamednur M. Abdullahi
Clerk Assistant III

Mr. Eric Kariuki
Research Officer II

Mr. Clinton Sindiga
Legal Counsel II

Ms. Faith Nkonge
Serjeant -at Arms II

Mr. Danton Kimtai
Audio Officer

Ms. Clare Choper Doye
Clerk Assistant III

Mr. Abdinasir Moge
Fiscal Analyst

Ms. Rinha Saineye
Media Relations Officer III

PART II

2.0 BROAD OVERVIEW OF THE BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2025/26

8. The total proposed budget for the Financial Year 2025/26 is Kshs. 4.25 trillion. This includes allocations of Kshs. 2.43 trillion to the Executive, Kshs. 49.5 billion to Parliament, and Kshs. 27.7 billion to the Judiciary.
9. Consolidated Fund Services (CFS) is allocated Kshs. 1.34 trillion, mainly comprising domestic interest payments of Kshs. 851.4 billion, foreign interest payments of Kshs. 246.3 billion, and pension/salary payments of Kshs. 239.6 billion.
10. County Governments are allocated Kshs. 405.1 billion as an equitable share, excluding an additional Kshs. 69.8 billion in conditional grants.

2.1 Review of Budget Estimates for FY 2025/26 by Vote

a) State Department for Roads

11. The State Department for Roads has been allocated a total of Kshs. 195.03 billion comprising Kshs. 71.54 billion in recurrent expenditure and Kshs. 123.49 billion in development expenditure. This represents a 2% reduction from the BPS ceiling.
12. Of the recurrent allocation, Kshs. 69.2 billion is earmarked for transfers to the Kenya Roads Board (KRB), mainly sourced from the fuel levy and toll charges. Additional AIA is projected to be collected from various road-related agencies.
13. Development expenditure is funded 38% from local AIA (Kshs. 46.38 billion), 36% from Net GoK (Kshs. 43.88 billion), and 27% from loans and grants (Kshs. 33.23 billion). The AIA includes Kshs. 32 billion for a capital transfer to KRB, likely for pending bill securitization.
14. Key budgeted initiatives include Kshs. 14.38 billion for annuity low volume seal roads, and increased allocations for new and ongoing road infrastructure projects, including those under counterpart funding arrangements.

b) State Department for Transport

15. The Department has been allocated Kshs. 46.65 billion — Kshs. 6.57 billion for recurrent and Kshs. 40.07 billion for development expenditure. This marks a 30% reduction from the BPS ceiling due to the transfer of the Air Transport Programme.
16. Recurrent expenditure is funded primarily from local AIA (Kshs. 4.65 billion from NTSA) and Kshs. 1.92 billion from the Exchequer. Key allocations include Kshs. 526 million to LAPSSET, Kshs. 465 million to NaMATA, and Kshs. 468 million to the Rail Transport Department.

17. Development expenditure is mostly financed by the Railway Development Levy (RDL), contributing Kshs. 34.25 billion. A significant portion, Kshs. 16.5 billion, is allocated to the development of SGR Phases 2B and 2C.

c) State Department for Shipping and Maritime Affairs

18. The State Department has been allocated Kshs. 5.78 billion: Kshs. 3.56 billion for recurrent and Kshs. 2.22 billion for development expenditure. This is Kshs. 268 million below the BPS ceiling.

19. Of the recurrent allocation, Kshs. 2.99 billion is from AIA collected by the Kenya Maritime Authority, Bandari Maritime Academy, and others. Development funding supports three main projects: the Lake Victoria Maritime Project (Kshs. 1.93 billion), the Survival Training Centre (Kshs. 165 million), and the Blue Economy Data Bank (Kshs. 133 million).

20. The Department highlights underfunding as a challenge, citing key unfunded initiatives such as the National Maritime Spatial Plan and completion of Bandari Maritime Academy's training infrastructure.

d) State Department for Aviation and Aerospace Development

21. The State Department has a total allocation of Kshs. 14.51 billion, with Kshs. 14.16 billion for recurrent and Kshs. 358 million for development expenditure. KCAA projects to raise Kshs. 13.87 billion in AIA.

22. Development allocations to support ongoing projects, including completion of *Kakamega* (Kshs. 131 million), *Kabunde* (Kshs. 69 million), and *Migori* (Kshs. 131 million) airstrips, and procurement of aircraft accident investigation equipment (Kshs. 28 million).

PART III

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

23. The Committee held meetings with all the State Departments under its purview, on Wednesday, 14th May 2025, to consider the Financial Year 2025/26 Annual Budget Estimate. The Submissions are as follows:

3.1 SUBMISSION BY THE CABINET SECRETARY, MINISTRY OF ROADS AND TRANSPORT

The Cabinet Secretary for the Ministry of Roads and Transport, Mr. Davis Chirchir, E.G.H appeared before the Committee on Wednesday, 12th May 2025 and submitted as follows;

24. That the State Department for Roads has received an allocation of **Kshs.195 billion** in the 2025/26 Estimates of Revenue and Expenditure.
25. The Cabinet Secretary informed the Committee that the recurrent budget is Kshs. 71.5 billion and it contains a component of Kshs 69.2 billion Road maintenance Levy Fund. Within the Ksh 69.2 billion is a transit toll collection amount of Kshs 1.2 billion with the balance of Ksh 68 billion being Fuel Levy funds realizable from the Kshs 15/= per litre of fuel charge. The Government has securitized Kshs 7/= per liter of fuel charge being the amount that was approved as additional fuel levy funds in the 2024/2025 Financial Year.
26. He also informed the Committee that the draft development budget is Ksh 123.5 billion and has a GOK component of Ksh 43.9 billion (44 billion) . This provision is the lowest that the State Department has received over the last 10 years. The State Department had received an allocation of ksh 60 billion from the Energy and Infrastructure Sector during the Sector Budgeting phase .The Ksh 60 billion, though still inadequate, was considered a bit realistic.
27. The Cabinet Secretary brought to the attention of the Committee that the State Department of Roads intends to clear the pending bills declared as at 31st December 2024, amounting to Kshs 172 billion. The outstanding works on contracted road works after payment of the Kshs 172 billion is approximately Ksh 800 billion. With the limited ceiling of Kshs. 44 billion, the State Department will again default on payments and the scenario of pending bills and stalled projects will continue.
28. He also informed the Committee that the Government, through the Kenya Roads Board (KRB), has securitized the Kshs 7/= per litre of fuel charge through a bond issuance that is expected to raise Kshs 175 billion. The annual estimated collections from the Kshs 7/= per litre are estimated at Kshs 32 billion per year. The Kshs 175 billion is expected to settle pending bills on road works declared as at 31st December 2024. As floating of the bond is awaited, the lead

transaction adviser (Trade Development Bank-Formerly COMESA Bank) and some other Banks have planned a bridge facility targeted at Kshs 75 billion. A portion of the bridge proceeds has since been received and paid out. As at 30th April 2025, KRB had disbursed to Road Agencies a total of Kshs 61 billion for payment of mainly 40% principal amount and 40% of the waived down 65% interest. The total interest on delayed payments as at 31st December 2024 amounted to Kshs 20 billion.

29. The Cabinet Secretary submitted that the securitization will settle roads pending bills that were declared as at 31st December 2024. Works done from 1st January 2025 and onwards are to be financed from annual budgetary appropriations and other financing mechanisms that will be explored in the course of time.

30. In regard to the State Department for Transport, the Cabinet Secretary appreciated the critical role of the transport sector in our national development agenda, enabling economic growth, regional integration, and improved mobility for our citizens. He stated that the overall the Budget Estimates for the State Department for Transport has been reduced by **Kshs. 19.9 billion** from **Kshs. 66.5 billion** to **Kshs. 46.6 billion**. The reduction is as a result of the administrative separation of the State Department for Aviation and Aerospace Development from the State Department for Transport and affects both the recurrent and development as shown in table I

Table :			
	BPS Allocation	Budget Estimates	Varriance
	2025/26	2025/26	
Recurrent	21,009	6,572	-14,437
Development	45,440	40,074	- 5,366
Total Vote 1092	66,449	46,646	-19,803

31. The Cabinet Secretary informed the Committee that the State Department for Transport is currently implementing five key infrastructure projects under the BETA (Bottom-Up Economic Transformation Agenda) framework. These projects include:

- i. The Construction of Berth 1 at the *Dongo Kundu* Special Economic Zone;
- ii. The Nairobi Bus Rapid Transit (BRT) Line 2 – *Simba Line*;

- iii. The Revitalization of the *Kisumu–Butere* MGR Branch Line, the Revitalization of the *Gilgil–Nyahururu* MGR Branch Line; and
 - iv. The Development of the Nairobi Railway City.
32. He brought to the attention of the Committee that out of the five BETA projects, only two have been allocated funds in the FY2025/26 Budget Estimates and these are the Dongo Kundu Berth 1 and BRT Line 2 (Simba Line) projects.
33. The Cabinet Secretary concluded his remarks by stating that the State Department for Transport just like the other two State Departments was facing the following challenges;
- i. **Inadequate Budgetary Allocations** that constrain the implementation of critical projects, particularly in infrastructure maintenance, modernization, and expansion.
 - ii. **Delayed Disbursement of Funds** causing project implementation delays, disruption of workflows, and impact on supplier commitments.

3.2 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR ROADS

The Principal Secretary, State Department for Roads, Eng. Joseph M. Mbugua, CBS, appeared before the Departmental Committee to deliberate on the 2025/26 Financial Year Estimates of Revenue and Expenditure.

34. The Principal Secretary informed the Committee that the State Department had received a total allocation of **Kshs 195 billion** for the 2025/26 financial year. This comprised **Kshs 71,541 billion** for recurrent expenditure and **Kshs 123,491 billion** for development expenditure. Compared to the 2024/25 second revised budget, this represented a reduction of **Kshs 13,371 billion** with recurrent expenditure decreasing by **Kshs 455 million** and development expenditure declining by **Kshs 12,916 billion**.
35. For Recurrent Budget, the Principal Secretary submitted that the recurrent budget for 2025/26 amounted to **Kshs 71,541 billion**. Major components included;
- i. **Road Maintenance Levy Fund:** Kshs 69,2 billion (a decrease of Kshs 336 million from 2024/25).
 - ii. **Salaries for Headquarters:** Kshs 1,217 billion (a reduction of Kshs 32 million).
 - iii. Transfers to the Engineering Board of Kenya (EBK) and Kenya Engineering Technology Registration Board (KETRB): Kshs 36 million (a decrease of Kshs 49 million).
 - iv. Other operational expenses, such as Materials Testing Agency fees, increased by Kshs 17 million to Kshs 70 million.
36. For Development Budget, the Principal Secretary submitted as follows;
- i. Net Government of Kenya (GoK) Exchequer: Kshs 43,873 billion (a reduction of Kshs 28,447 billion from 2024/25);
 - ii. Development Partner Funding: Kshs 33,237 billion (an increase of Kshs 1,336 billion);
 - iii. Road Annuity Programme: Kshs 14,382 billion (an increase of Kshs 295 million); and
 - iv. KBB Fuel Levy Securitization: Kshs 32 billion (an increase of Kshs 16 billion).
37. The Principal Secretary highlighted that the total development budget of Kshs 123,491 billion reflected a shortfall of **Kshs 3.5 billion** compared to the approved 2025 Budget Policy Statement ceiling.
38. The Principal Secretary provided a breakdown of the draft budget by sub-programme:
- i. Construction of Roads and Bridges: Kshs 30,906 billion (a decrease of Kshs 43,871 billion).
 - ii. Rehabilitation of Roads: Kshs 43,821 billion (an increase of Kshs 1,812 billion).
 - iii. Maintenance of Roads: Kshs 115,582 billion (an increase of Kshs 30,046 billion).

- iv. General Administration, Planning, and Support Services: Kshs 4,723 billion (a decrease of Kshs 1,358 billion).
39. With respect to new projects, information on projects financing and feasibility, the Principal Secretary submitted that the State Department implements Road project through its implementing agencies namely; Kenya National Highways Authority (KeNHA), Kenya Urban Roads Authority (KURA), and Kenya Rural Roads Authority (KeRRA). The Annual Development Budget for each of the Road Authorities is appropriated by Parliament on a project-project basis and forms the portfolio of implementation by the State Department. New projects that will be appropriated will be processed through the Public Investment Management (PIM) Guidelines of the National Treasury
40. The Principal Secretary informed the Committee the Roads sub-sector's role in supporting the government's BETA initiatives. He informed the Committee that the State Department had prioritized the construction, rehabilitation and maintenance of rural roads to foster employment creation, equitable income distribution and social security. The proposed allocations for these activities totaled Kshs 192,692 million with Kshs 30,906 million for construction of Roads and Bridges, Kshs 43,821 million for rehabilitation of Roads and Kshs 115,582 million for maintenance of Roads.
41. The Principal Secretary reported that the State Department and its implementing agencies had pending bills amounting to **Kshs 172 billion** as of 31st December 2024. He outlined the strategy for resolving these bills, which included utilising securitization proceeds from the Kshs 7 per litre Fuel Levy. As of 30th April 2025, **Kshs 48 billion had been paid**, with an additional Kshs 13 billion in progress, bringing the total payout to Kshs 61 billion. The remaining bills would be settled once the securitization bond is floated, expected within 120 days from 30th April 2025.
42. In concluding his remarks, the Principal Secretary provided details of outstanding bills incurred between 1st January and 30th April 2025:
- i. Kenya National Highways Authority (KeNHA): **Kshs 1,339,683,104.**
 - ii. Kenya Urban Roads Authority (KURA): **Kshs 971,180,385.**
 - iii. Kenya Rural Roads Authority (KeRRA): **Kshs 4,812,745,655.**

3.2 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT FOR TRANSPORT

The Principal Secretary for the State Department for Transport, Mr. Mohamed Daghar, CBS, while appearing before the Committee, to deliberate on the FY2025/26 Annual Budget Estimates, submitted as follows;

43. That the FY 2025/26 BPS allocated Kshs. 21,009 million for the State Department's recurrent expenditure. However, the budget estimates reduced this amount to Kshs. 6,572 million, a substantial decrease of Kshs. 14,437 million. This sharp reduction is primarily attributed to the administrative separation of the State Department for Aviation and Aerospace Development and the State Department for Transport.
44. The Principal Secretary informed the Committee that the State Department for Aviation and Aerospace Development is now managed under a distinct Vote (1097), the recurrent expenditures previously combined under this vote have been redistributed, leading to a notable reduction in the State Department's recurrent budget estimates.
45. The Principal Secretary submitted that the development allocation in the BPS stood at Kshs. 45,440 million, while the Budget Estimate allocates Kshs. 40,074 million to the State Department.
46. Table 2 outlines the FY 2025/26 budget allocations across the four key programmes implemented by the State Department, comparing the figures from the Budget Policy Statement (BPS) with the Budget Estimates.

Programme and Sub- Programme	BPS Allocation			Budget Estimates			Variance		
	2025/26			2025/26			2025/26		
	Rec	Dev	Total	Rec	Dev	Total	Rec	Dev	Total
PI: General Administration, Planning and Support Services	1,420	1,799	3,219	1,278	1,094	2,372	-142	-705	-847
P2: Rail Transport	677	36,840	37,517	607	37,010	37,617	-70	170	100
P3: Marine Transport	18	4,165	4,183	16	1,000	1,016	-2	-3,165	3,167
P4: Road Safety	4,873	1,886	6,759	4,671	970	5,641	-202	-916	1,118
Total	6,988	44,690	51,678	6,572	40,074	46,646	-416	-4,616	-5,032

47. The Principal Secretary further submitted that in the FY 2025/26 recurrent budget for state corporations total GoK allocations decreased from **Kshs. 1,882 million to Kshs. 1,487 million**, while Appropriations-in-Aid (AIA) dropped significantly from **Kshs. 18,519 million to Kshs. 4,653 million**, giving a total reduction of **Kshs. 13,866 million**. This sharp decline in AIA is primarily attributed to the transfer of the Kenya Civil Aviation Authority (KCAA) of **Kshs.13,866 million** from the current vote-1092 to the newly established State Department for Aviation and Aerospace-1097, effectively shifting its funding and operational oversight.
48. Other corporations, such as Kenya Railways, LAPSET, and NaMATA, had reductions in GoK funding, while NTSA maintained its AIA levels despite losing exchequer funding.
49. Regarding the development budget, the Principal Secretary submitted that the development budget for State Corporations has increased slightly by Kshs. 2,224 million, rising from, Kshs. 36,182 million to Kshs. 37,758 million, while donor financing dropped significantly by Kshs. 4,291 million, from Kshs. 6,353 million to Kshs. 2,062 million.
50. Table 3 is a summary of the variation in BPS allocation and the Budget Estimates for development

State Corporations (Development)		Budget BPS FY2025/26 Estimates FY2025/26				Variance FY2025/26	
		Gok	Donor	GoK	Donor	GoK	Donor
		1.	KPA – Kenya Ferry Services	200	1,500	1,110	-
2.	Kenya Railways Corporation [KRC]	34,460	2,380	36,166	600	1,706	-1,780
3.	National Transport and Safety Authority [NTSA]	182	1,494	100	870	-82	-624
4.	LAPSET Corridor Development Authority	60	20	33	73	-27	53

	[LAPSSET]						
5.	Nairobi Metropolitan Area Transport Authority [NaMATA]	620	59	342	19	-278	-40
6.	Kenya Millennium Development Fund	10	900	5	500	5	-400
Total		35,532	6,353	37,758	2,062	2,224	-4,291

51. The Principal Secretary further submitted the State Department implements projects that are either the Government agenda or enablers of the Government agenda. In the FY2025/2026 budget estimates, the Bottom-Up Economic Transformation Agenda (BETA) priorities projects with fundings are only two against five as shown in table 4

Project	Implementing Corporation	Project Cost			FY 2025/26 Allocation		
		GoK	Foreign	Total	GoK	Foreign	Total
1092109200 Nairobi Bus Rapid Transport BRT Line 2 (Simba Line)	NaMATA	5,575	-		331	-	-
10921156 Public Transport Technical BRT	NaMATA	38	188		11	-	-

Assistance Project - Phase I							
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52. The Principal Secretary further submitted information on financing and feasibility of new projects.

53. Table 5 shows information on the new projects to be implemented by the State Department in the FY 2025/26.

Project	Corporation	Financing (GoK)	FY 2025/26 Allocation	Feasibility
1092115900 Ferry Ramps for Lake Victoria and Passenger Terminal	Kenya Ports Authority	3,100	1,000	The Passenger Terminal would be located on land adjacent to the Kisumu Port area. Kisumu is forecasted to be an international transport hub to other countries including Uganda, Rwanda, Burundi, eastern parts of DR Congo, and north-west Tanzania with ports along the Lake Victoria shoreline. Locally, a private sector company has shown interest in taking advantage of passenger traffic present with one of them to construct a makeshift ramp for temporary use.
10921158 Rehabilitation of Meter Gauge Railway-Stone Refills	Kenya Railways Corporation [KRC]	1,000	1,000	This is routine maintenance work on the existing Meter Gauge Railway (MGR) network due to increased rail traffic.
10921160000 Mombasa-Nairobi-	Kenya Railways	800	800	This is routine maintenance work on the existing Meter Gauge Railway (MGR)

Naivasha SGR Maintenance Work	Corporation [KRC]			network due to increased rail traffic.
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54. The Principal Secretary brought to the attention of the Committee that as at the reporting period, the State Department for Transport has a total pending bill stock amounting to Kshs. 5.049 billion. This comprises:
- i. Kshs. 14 million in development-related pending bills, primarily from the refurbishment of Transcom House and the purchase of fixed assets, and Kshs. 35 million in recurrent funding for the headquarters;
 - ii. Kshs.2.4 billion Development for NaMATA-Bus Rapid Transport Project (BRT); and
 - iii. Kshs. 2.6 billion for Kenya Railways Corporation- *Mukuru- Kibera* RAP Project.
55. Further, the Principal Secretary submitted that the Department has developed a phased settlement strategy to address these pending bills, prioritizing critical obligations and suppliers in line with available budget ceilings. The plan includes enhanced commitment control, prioritization of older and critical bills and engagement with the National Treasury for possible supplementary support.
56. The Principal Secretary informed the Committee that the State Department continues to face several challenges that have hindered optimal attainment of its performance targets. Key issues include:
- i. **Inadequate Budgetary Allocations:** Limited funding has constrained the implementation of critical projects, particularly in infrastructure maintenance, modernization, and expansion;
 - ii. **Delayed Disbursement of Funds:** Lags in the release of approved funds have caused project delays, disrupted workflows, and impacted supplier commitments; and
 - iii. **Pending Bills Accumulation:** A growing stock of pending bills has strained supplier relationships and limited fiscal space for new project initiation.
7. In concluding his remarks, the Principal Secretary requested the Committee for additional funding in the following key underfunded/unfunded areas summarized in Table 6 and Table 7 for recurrent and development, respectively.

Table 6 Recurrent Budget for FY2025/26 (Kshs. Million)

Item	Requirements	Allocation	Funding Gap
Nairobi Metropolitan Area Transport Authority (NaMATA)			
Operations and Maintenance	445	231	214
SDoT Headquarter			
Operations and Maintenance	496	171	325
Kenya Railways Corporation			
Pending bill for RAP Project	154	-	154
National Transport and Safety Authority [NTSA]			
Operations and Maintenance	300	0	300
LAPSSET Corridor Development Authority			
Personnel Emolument	430	390	40
Operations and Maintenance	350	150	200
Total	2,175	942	1,233

Table 7: Development Budget for FY2025/26 (Kshs. Million)

S/No.	Item	Requirements	Allocation	Funding Gap
1	Nairobi Metropolitan Area Transport Authority (NaMATA)			
	Bus Rapid Transit (BRT)-Line 2 Simba	4,664	331	4,333
2	Kenya Railways Corporation (KRC)			
	Relocation Units at Kibera & Mukuru	2,677	-	2,677
	Development of Nairobi Railway City	951	-	951
3	SDoT Headquarter			
	Refurbishment of Transcom House	300	33	267
	TOTAL	8,592	364	8,228

3.3 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT AVIATION AND AEROSPACE DEVELOPMENT

The Principal Secretary for the State Department for Aviation and Aerospace Development, Ms. Teresiah Mbaika, CBS, while appearing before the Committee, to deliberate on the FY2025/26 Annual Budget Estimates, submitted as follows;

58. That the State Department for Aviation and Aerospace Development is a new State Department created under the Ministry of Roads and Transport and its broad mandate will be derived from the Executive Order by His Excellency the President.
59. The Principal Secretary submitted that the overall policy formulation, provision of strategic planning and direction and oversight of the Semi-Autonomous State Agencies (SAGAs) under its purview, the State Department will require an enhanced budget to fulfil its mandate.
60. She stated that to execute the mandate and functions bestowed upon the State Department, the following three (3) MTEF Budgeting programmes and the ones envisioned to be included will provide the basis for funding of the programmes, projects and services;
 - i. Aircraft Accident Investigation;
 - ii. Air Transport; and
 - iii. General Administration, Planning and Support Services.
61. The Principal Secretary informed the Committee that the State Department is under a distinct Vote Head-1097. In FY 2025/26, the State Department's Total Budget estimate is Kshs. 14,514.8 million, comprising a recurrent budget estimate of Kshs. 14,156 million and a development budget estimate of **Kshs.358.8 million**.
62. The Principal also informed the Committee that in the FY 2025/26 Kenya Civil Aviation Authority (KCAA) has recurrent budget estimate (AIA) of **Kshs. 13,866 million**.
63. And that the Kenya Airports Authority has development budget estimate (GoK) of **Kshs. 331.2 million** for Airstrips development in the FY 2025/26. The Airstrips are as follows:
 - i. Kakamega Airstrip **Kshs. 131.38 million**;
 - ii. Kabunde Airstrip **Kshs.69.00 million**; and
 - iii. Migori Airstrip **Kshs.130.83 million**.

64. **Regarding the Bottom-up economic agenda (BETA) projects and value chain, the Principal Secretary informed the Committee that** the State Department mandate remains focused on economical and efficient planning, developing and managing civil aviation, regulating, and operating a safe civil aviation system in Kenya in accordance with the provisions of the Act. These activities are essential enablers to the Bottom-up Economic Transformation Agenda.
65. The Principal Secretary submitted a list of proposed projects and information including start date, initial cost, cumulative expenditure, financing sources, completion status has been provided as **Annex III**
66. The Principal Secretary stated that in the FY 2025/26 the State Department has no new projects, it continues to implement ongoing projects.
67. Regarding Pending Bills, the Principal Secretary stated that the State Department has no stock of pending bills. The outstanding pending bills have been cleared in FY 2024/25
68. She further submitted the State Department's itemized budget and all SAGAs for the FY 2025/26, The itemized budget is provided in **Annex III**.
7. In concluding her remarks, the Principal Secretary submitted that the State Department continues to face the following pertinent issues affecting the attainment of its performance targets;
- i. High cost of attracting and retaining qualified professional and technical staff;
 - ii. Restrictive employment conditions based on Public Service pay structure;
 - iii. High cost of training of flight safety investigators and inspectors;
 - iv. Incompatible land uses around aerodromes which causes about 20 bird strikes per annum;
 - v. Security threats from possible launch of Man pads due to encroachment of airport land and settlements near the airports;
 - vi. Insufficient resources to adequately fund recurrent activities, projects and other capital items.
 - vii. Budget rationalization that affects service delivery and execution of mandate;
 - viii. Funding gaps that constrains the implementation of critical projects, particularly in airports and airstrips infrastructure maintenance, modernization and expansion; and
 - ix. Aging Infrastructure largely in Jomo Kenyatta International Airport, Mombasa International Airport and Kisumu International Airport.

3.4 SUBMISSION BY THE PRINCIPAL SECRETARY FOR THE STATE DEPARTMENT OF SHIPPING AND MARITIME AFFAIRS

The Principal Secretary for the State Department for Shipping and Maritime, Mr. Aden Abdi Millah, while appearing before the Committee, to deliberate on the FY2025/26 Annual Budget Estimates, submitted as follows;

70. In the approved Budget Policy Statement (BPS), the Recurrent budget allocation was **Kshs. 3,674 million**, while the Development budget was **Kshs. 2,359 million**. However, in the Budget Estimates, the recurrent allocation stands at **Kshs. 3,559 million** and the Development allocation at **Kshs. 2,224 million** and that this reflects a reduction of **Kshs 115 million** in the recurrent budget and **Kshs 135 million** in the Development budget.
71. The Principal Secretary submitted that the State Department implements the Bottom-up Economic Transformation Agenda (BETA) through the following projects as outlined below;

(a) Economic Empowerment (Kenya Maritime Authority)

- i. Kenya Lake Victoria Maritime Communication and Transport project activities; establish Maritime Rescue Coordination Centre (MRCC) Kisumu – Kshs. 380 million;
- ii. Establish Maritime Search and Rescue (SAR) centres in Busia, Siaya, Homa Bay, and Migori – Kshs. 800 million;
- iii. Extend Global System Mobile (GSM) Telephony Signal Coverage in Lake Victoria – Kshs. 5 million;
- iv. Establish maritime High-Frequency (HF) and Very High-Frequency (VHF) Radio coverage in Lake Victoria – Kshs. 60 million;
- v. Undertake Capacity building for stakeholders – Kshs. 10 million;
- vi. Establish a maritime safety information system for Lake Victoria users – Kshs. 90 million;
and
- vii. Acquire Search and Rescue (SAR) units to enhance response capacity for maritime incidents in Lake Victoria – Kshs. 581 million.

(b) Economic Empowerment (Bandari Maritime Academy)

viii. Construction of the Survival Training Centre Project – Kshs. 165 million.

(c) Economic Empowerment (Crew Manning – Kenya National Shipping Line):

ix. The Kenya National Shipping Line (KNSL) is mandated to offer recruitment and placement of the Crew Manning (KNSL) seafarers for both offshore and onshore jobs, including sea-time experience for trainees – Kshs. 10 million.

72. The total allocation under this provision is Kshs. 10 million for recurrent and Kshs. 165 million and Kshs. 1,926 million for development, summing up to Kshs. 2,101 million.

73. Regarding Project information including start date, initial cost, cumulative expenditure, financing sources, completion status, and geographical location (county/constituency), the Principal Secretary submitted as follows;

i. Kenya Lake Victoria Maritime Communication and Transport Project

74. The total estimated cost of the project is Kshs. 3,687 million, fully financed by the Government of Kenya. The project started on 20th May 2024 and is expected to be completed by 19th November 2027.

75. As at 31st March 2025, the completion status stood at 7%. Geographically, the project is located in Kisumu, Busia, Siaya, Homa Bay, and Migori counties. Specifically, in *Busia/Budalangi, Siaya/Bondo, Kisumu/Kisumu Central, Homa Bay/Suba North, and Migori/Nyatike* Constituencies. The cumulative expenditure by 31st March 2025 was Kshs. 274 million, with an outstanding balance of Kshs. 3,413 million. The 2025/26 budget allocation is Kshs. 1,926 million.

ii. Kenya Maritime Data Bank

76. The total estimated cost is Kshs. 332 million, fully financed by the Government of Kenya. The project began on 25th March 2022 and is expected to be completed by 24th March 2026. As at 31st March 2025, the completion status was 6%. The project is located in Mvita Constituency, Mombasa County. Cumulative expenditure was Kshs. 18 million, with an outstanding balance of Kshs. 313 million. The 2025/26 allocation is Kshs. 133 million.

iii. **Construction of Survival Training Centre**

77. The Construction of Survival Training Centre – a Bottom-Up Economic Transformation Agenda (BETA) project, whose total cost is Kshs. 3,666 million, fully financed by the Government of Kenya. The project commenced on 1st July 2022 and is expected to end on 1st December 2028. Completion status as at 31st March 2025 was 7%. The project is located in Mombasa County, Mvita Constituency. Cumulative expenditure was Kshs. 250 million, with an outstanding balance of Kshs. 3,416 million. The 2025/26 allocation is Kshs. 165 million.

iv. **National Maritime Spatial Plan**

78. The total estimated cost for the project is Kshs. 1,100 million, to be fully financed by the Government of Kenya. The expected start date is 1st July 2025, with a completion date of 30th June 2029. As of 31st March 2025, the project had not commenced and thus the status was 0%. No cumulative expenditure or outstanding balance was reported. The 2025/26 allocation stands at zero.

79. The Principal Secretary informed the Committee that the State Department does not have a new project in FY 2025/26. This is after the National Spatial Plan project budget was reduced to **zero**.

80. He further submitted that the State Department does not have pending bills.

81. The Principal Secretary highlighted key areas affected by budgetary reductions and their corresponding requests for reconsideration:

i. **Recurrent Budget**

a) **International Maritime Organization (IMO) Campaigns**

73. Kenya is campaigning for re-election to the IMO Council Category 'C' in November 2025. The State Department requests **Kshs. 150 million** as the campaign has no allocation. Membership offers benefits including participation in policy formulation, promoting Kenya's maritime interests, job opportunities for seafarers, and investment in green shipping.

b) **Kenya National Shipping Line Limited (KNSL)**

74. KNSL, under BETA, is tasked with seafarer recruitment and aims to grow a crew and manning business. Its Kshs. 43 million budget (allocated to staff salaries) was reduced to zero. Reinstatement is requested to avoid operational disruptions and staff welfare issues.

b) Operations and Maintenance (O&M)

75. The department is underfunded in O&M and requests **Kshs. 150 million** to support:

- a. Government Clearing Agency (GCA): Needs funding to enhance capacity, rehabilitate premises at JKIA and Mombasa, and seal revenue leakages.
- b. Operationalization of MoUs with maritime nations: Requires funding for Joint Technical Committees and implementation to avoid losing cadet berths and FDI.
- c. Finalization of critical policies (NMSS, MET Policy, NMTP): Necessary for maritime security, education, and transport development.
- d. Operationalization of six new regional offices (Kisumu, Baringo, Turkana, Lamu, Mombasa, Marsabit): To decentralize services, enhance revenue, and support BETA.

ii. Development Budget

a) Construction of the Survival Training Centre

76. An ongoing project by Bandari Maritime Academy aimed at training more seafarers. Facilities include simulators, workshops, marine labs, etc. It will increase trainees from 5,600 to 20,000 annually and generate Kshs. 500 million in revenue. The project is behind schedule due to a budget cut to zero in FY 2024/25, but was reinstated in Supplementary Budget II. Progress is at 7%.

77. Originally allocated Kshs. 700 million, reduced to Kshs. 270 million, then to Kshs. 165 million in FY 2025/26. Requesting reinstatement of the full Kshs. 700 million to avoid delays.

b) National Maritime Spatial Plan

78. A key project under MTP IV and BETA to map maritime activities. Initially approved with Kshs. 100 million during Sector Working Group, reduced to Kshs. 30 million, then to zero in FY 2025/26. Requesting reinstatement of Kshs. 100 million to avoid delays in implementation.

79. In concluding his remarks, the Principal Secretary emphasized the maritime sector's role in national development, urging the Committee to support the outlined requests to fulfill the mandate under BETA.

PART IV

4.0 COMMITTEE OBSERVATIONS

82. Following deliberations and engagements with the State Departments and Agencies, the Committee makes the following observations, That;

(a) State Department for Roads

- 1) The State Department for Roads has been allocated **Kshs. 195,032 million** of which **Kshs. 71,541 million** is for recurrent expenditure and **Kshs. 123,491 million** is for development expenditure. The recurrent budget of **Kshs. 71,541 million** includes transfers to the Road Maintenance Levy Fund amounting to **Kshs. 69,200 million**.
- 2) The development budget of **Kshs. 123,491 million** for the State Department for Roads has a GOK component of **Kshs. 43,873 million**. This is the lowest allocation over the last ten years. It is noted that the State Department was allocated **Kshs. 60 billion** during the sector consultation phase of the budget process that was considered realistic, although it is still inadequate.
- 3) The State Department for Roads intends to clear all pending bills declared as of 31st December 2024, amounting to **Kshs. 175 billion**. The outstanding works on contracted road works after payment of this amount is approximately **Kshs. 800 billion**. With the limited ceiling of about **Kshs. 44 billion**, the State Department will again default on payments and the scenario of pending bills and stalled projects which could be avoided may recur.
- 4) The Government, through the Kenya Roads Board (KRB), has securitized the **Kshs. 7/=** per litre from the fuel levy through a Bond issuance that is expected to raise **Kshs. 175 billion**. The annual estimated collections from the **Ksh 7/=** per litre are at **Kshs. 32 billion** per year. The **Kshs. 175 billion** is expected to settle pending bills on road works declared as at 31st December 2024. The lead Transaction adviser is awaiting the floatation of the Bond and has planned a bridge facility targeted at **Kshs. 75 billion**. A portion of the bridge proceeds has since been received and paid out. As at 30th April 2025, Kenya Roads Board (KRB) had disbursed a total of **Kshs. 61 billion** to Road Agencies for payment of mainly 40% principal amount and 40% of the waived down 65% interest. The total interest on delayed payments as at 31st December 2024 amounted to **Kshs. 20 billion**.
- 5) The securitization will settle roads pending bills that were declared as at 31st December 2024. Works done from 1st January 2025 and onwards are to be financed from annual budgetary appropriations and other financing mechanisms that will be explored in future fiscal years.
- 6) The State Department for Roads has been grappling with the challenge of delayed or lack of disbursement of funds from the exchequer. It is noted that the delay majorly affects projects that resulted from the consultations with the National Assembly aimed at addressing equity in the distribution of critical roads. These projects are often denied exchequer and then dropped from the budget through supplementary budgets. The Committee further notes

that, whereas these projects are denied exchequer, the National Treasury prioritizes other projects not approved by the House using Article 223 of the Constitution.

(b) State Department for Transport

- 1) The State Department of Transport has a gross allocation of **Kshs. 46,645 million** in the proposed estimates for 2025/26, comprising Kshs. **6,571 million** for recurrent expenditure and **Kshs. 40,074 million**.
- 2) The Railway Development levy is aimed at financing the construction, operation, and maintenance of the Standard Gauge Railway (SGR). It is, however, observed that, in the financial year 2025/26, the operation and maintenance of the Standard Gauge Railway has been allocated Kshs. **800 million** to be financed from the exchequer.
- 3) On 20th March, 2025, the executive created a new state Department, the State Department for Aviation and aerospace Development, while the Department already has a vote, the Committee notes that there has been no Executive Order indicating the functions of the State Department.

c) State Department for Shipping and Maritime Affairs

- 1) The State Department for Shipping and Maritime Affairs has a proposed allocation of **Kshs 5,782 million**, comprising **Kshs. 3,558 million** for recurrent and **Kshs. 2,224 million** for development expenditure.
- 2) The State Department implements highly specialized programmes, projects and activities which are critical to the realization of the potential of the Maritime and blue economy sector. However, the sub-sector is highly underfunded and therefore hardly implements and pursues its mandate.
- 3) Over the last three financial years, the State Department's headquarters budget has suffered successive budget cuts of more than Kshs. 200 million, significantly affecting operations to the extent that the Department hardly implements its mandate, including operationalizing five newly established offices in Kisumu, Baringo, Turkana, Lamu, Mombasa, and Marsabit.
- 4) Kenya is positioned along key and strategic shipping routes and plays a vital role in international trade, particularly through the port of Mombasa. The country is now a member of the IMO Council Category C and is seeking re-election this year in order to strengthen its influence on maritime policies and support its efforts to tackle security challenges like piracy and trafficking while promoting global maritime safety standards. The campaign for the re-election is planned to kick off in July 2025 and the elections will be held in November 2025 in London. The Committee notes that there is no budgetary provision for such a crucial exercise of great strategic significance.

- 5) The National Maritime Spatial Plan is a strategic initiative aimed at establishing a coordinated and sustainable framework for the management and utilization of Kenya's extensive maritime space and resources. With a maritime area of approximately 255,420 km²—nearly half the size of the country's total landmass -- a comprehensive mapping, resource identification, and spatial planning are critical for promoting socio-economic growth and safeguarding marine ecosystems. It is noted that this project is not funded affecting its commencement and eventually delaying its potential benefits to the country's Blue economy.

d) State Department for Aviation and Aerospace Development

- 1) The State Department for Aviation and Aerospace Development has been allocated **Kshs. 14,514 million** comprising **Kshs. 14,156 million** for recurrent expenditure and **Kshs. 358 million** for development expenditure. Of the **Kshs. 14,156 million** recurrent expenditures, **Kshs. 13,886 million** is an AIA collection by Kenya Civil Aviation Authority (KCAA).

5.0 COMMITTEE RECOMMENDATIONS

83. The Committee, having received submissions from the State Departments and having further deliberated, scrutinized and examined the submissions in respect of the budget estimates for the FY 2025/26 recommends that the proposed allocations for the State Department for Roads, State Department for Transport, State Department for Shipping and Maritime Affairs and the State Department for Aviation and Aerospace Development be **approved** subject to the amendments as indicated below: -

5.1.1 Proposed Reductions

84. The Committee recommends a reduction of **Kshs. 6,710 million** from the proposed allocation of the Votes and programmes tabulated below;

Vote	Programme	Proposed Reductions (Kshs. Millions)		Justification / Details
		Current	Capital	
1091: State Department for Roads	Road Transport	-	4,510	Reduce Kshs. 4,510 million from the Gok Component of the Development budget for the State Department of Roads. The reduction is aimed at, as much as possible, ensuring equitable distribution of road projects across the country
1092: State Department for Transport	Rail Transport	-	1,650	<ul style="list-style-type: none"> i. Reduce Kshs. 350 million (Net GoK) from the Project 1092116000 Mombasa - Nairobi - Naivasha SGR Maintenance Work; ii. Reduce Kshs. 500 million (Net Gok) from the project 1092115800 Rehabilitation of Meter Gauge Railway - Stone Refill; iii. reduce Kshs 300 million (RDL) from 1092109700 SGR: Land acquisition & Construction of Public institutions Phase I, iv. Reduce Kshs. 500 million (RDL) 1092112300 Development of SGR Phase 2B and 2C
	Marine Transport	-	550	<ul style="list-style-type: none"> i. Reduce Kshs. 550 million (Net GoK) from the project 1092115900 Kenya Ferry Ramp – Mombasa. The Committee further recommends that the project be financed by the Kenya Ports Authority (KPA)
Total		-	6,710	

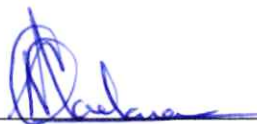
5.1.2 Proposed Increases

85. The Committee recommends that the funds deducted from the budgets of the Votes and programmes stated above be reallocated to the following Votes and priority areas as tabulated below;

Vote	Programme	Proposed Increases- Kshs. Millions		Justification /Details
		Current	Capital	
1091: State Department for Roads	Road Transport	-	3,160	i. Increase Kshs 3,160 million to the listed projects for budget rationalisation and equitable distribution of road projects across the country – <i>project list is attached</i>
1092: State Department for Transport	General Administration, planning and Support services	350	-	<p>i. Increase Kshs. 160 million for Operations & Maintenance for LAPSSET Corridor Development Authority;</p> <p>ii. Increase Kshs 130 million for the Headquarters of the State Department for Transport for digitization of Transport data for policy making in Transport sector; and</p> <p>iii. Increase Kshs. 60 million for the Ongoing LAN upgrade and associated infrastructure at the Headquarters of State Department for Transport</p>
		-	i. 2,100	<p>ii. Increase Kshs.300 million for Resilience building programme by LAPSSET Corridor Development Authority;</p> <p>iii. Increase Kshs. 1,600 million for NAMATA to provide for the construction of Walkways and pavements for non-motorized road users;</p> <p>iv. Increase Kshs. 150 million for the construction of Lamu port Special Economic Zone phase I/access roads; and</p> <p>v. Increase Kshs. 50 million for detailed design of the Lamu Special</p>

Vote	Programme	Proposed Increases- Kshs. Millions		Justification /Details
		Current	Capital	
				Economic Zone and Integrated Land Use
	Rail Transport	-	800	i. Increase Kshs. 200 million (RDL) for the construction of Limuru MGR passenger Station; and ii. Increase Kshs. 600 million (RDL) for Construction of <i>Ongata Rongai</i> and <i>Ngong Station</i> SGR access roads.
	Road Safety	100	-	i. Increase Kshs. 100 million for road Safety and stakeholder engagement, sensitisation and Training by the National Transport and Safety Authority (NTSA)
1093: State Department for Shipping and Maritime Affairs	Shipping and Maritime Affairs	200	-	i. Increase Kshs. 50 million for the Headquarters at the State Department for Shipping and Maritime Affairs for budgetary support for operations and Maintenance; and ii. Increase Kshs. 150 million at the Headquarters for re-election campaigns for membership at the International Maritime Organisation (IMO)
Total		650	6,060	

SIGNED



DATE

26/11/2025

HON. G.K. GEORGE KARIUKI, CBS, M.P

CHAIRPERSON

DEPARTMENTAL COMMITTEE ON TRANSPORT & INFRASTRUCTURE

DEPARTMENTAL
COMMITTEE ON
TRADE, INDUSTRY
& COOPERATIVES



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES
.....

**REPORT ON THE CONSIDERATION OF THE FY 2025/26 EXPENDITURE
ESTIMATES FOR:**

**REPORT
BRIEF BY PARLIAMENTARY BUDGET OFFICE
ADOPTION MINUTES
ADOPTION SCHEDULE**

VOLUME I

Published by:

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

MAY, 2025



REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION – 2025

DIRECTORATE OF DEPARTMENTAL COMMITTEES

**DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND
COOPERATIVES**

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**REPORT ON THE CONSIDERATION OF THE FY 2025/26 EXPENDITURE
ESTIMATES FOR:**

1. VOTE 1173: The State Department for Cooperatives
2. VOTE 1174: The State Department for Trade
3. VOTE 1175: The State Department for Industry
4. VOTE 1176: The State Department for Micro Small and Medium Enterprises Development
5. VOTE 1177: The State Department for Investment Promotion

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Parliament Buildings
NAIROBI**

MAY, 2025

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CHAPTER ONE

I.0 PREFACE

I.1 Chairperson's foreword

1. This report details the consideration of the FY 2025/26 Budget Estimates for the Ministries, Departments and Agencies (MDAs) within the mandate of the Departmental Committee on Trade, Industry and Cooperatives.
2. The preparation and processing of the Expenditure Estimates is anchored on various legal provisions, including Article 221 of the Constitution, Section 37 of the Public Finance Management (PFM) Act 2012 (CAP. 412A), Regulations 32 of the PFM (National Government) Regulations 2015, and Standing Orders No. 235 of the National Assembly.
3. Article 221 of the Constitution provides that the Cabinet Secretary responsible for finance shall submit to the National Assembly Estimates of revenue and Expenditure of the National Government for the next financial year for consideration. In addition, Section 37(2) of the PFM Act, 2012, provides that the Cabinet Secretary shall submit to the National Assembly the Budget Estimates excluding those for Parliament and the Judiciary by 30th April in every financial year as well as documents supporting the submitted Estimates; and any other bills required to implement the National Government's budget. Regulation 32 of the PFM (National Government) Regulation 2015, provides that budget estimates of the National Government entities or agencies shall be reviewed and consolidated and the Annual Budget Estimates submitted to Parliament by 30th April of the financial year.
4. Standing Orders No. 235(4) provides that the Estimates submitted to the National Assembly and tabled shall stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee.
5. In this regard, The FY 2025/26 Expenditure Estimates were presented to the National Assembly on Wednesday, 30th April, 2025. The Committee is therefore mandated to deliberate, consider and make recommendations to the Budget and Appropriations Committee on the FY 2025/26 Estimates of Expenditure for the MDAs within its mandate. The Committee considers the proposed Estimates of Expenditure for the State Departments under its purview namely:
 - i. Vote 1173 State Department for Cooperatives;
 - ii. Vote 1174 State Department for Trade;

- iii. Vote 1175 State Department for Industry;
 - iv. Vote 1176 State Department for MSMEs Development;
 - v. Vote 1177 State Department for Investment Promotion.
6. On behalf of the Departmental Committee on Trade Industry and Cooperatives and pursuant to the provisions of Standing Order 235, it is my pleasant privilege and honor to present to the Budget and Appropriation Committee, the Report on the consideration of the FY 2025/26 Budget Estimates for the Ministries, Departments and Agencies (MDAs) that fall under its purview.

I.2 Establishment and Mandate of the Committee

8. The Departmental Committee on Trade, Industry and Cooperatives is one of the Departmental Committees of the National Assembly established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows:
- i. To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - iii. on a quarterly basis, monitor and report on the implementation of the national budget in respect of its mandate;*
 - iv. To study and review all legislation referred to it;*
 - v. To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - vi. To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - vii. To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - viii. To examine treaties, agreements and conventions;*
 - ix. To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - x. To consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - xi. To examine any questions raised by Members on a matter within its mandate.*
9. In accordance with the Second Schedule of the Standing Orders, the Committee is mandated to consider, Trade, including securities exchange, consumer protection, pricing policies, commerce, industrialization including special economic zones, enterprise promotion and development, Micro, small & and; medium enterprise (MSMEs), and small and medium enterprise (SMEs), intellectual property, industry standards, anti-counterfeit and cooperative development.
10. In executing its mandate, the Committee oversees the Ministry of Investments, Trade and Industry and the Ministry of Cooperatives and Micro, Medium and Small Enterprises (MSMEs).

1.3 Committee Membership

11 The Departmental Committee on Trade, Industry and Cooperatives was constituted by the House on Thursday, 27th October, 2022 and comprises of the following Members of Parliament;

Chairperson

Hon. Benard Masaka Shinali, MP
Ikolomani Constituency
UDA Party

Vice-Chairperson

Hon. Kitany Jebet Marianne, MP
Aldai Constituency
UDA Party

Hon. Dr Oundo Wilberforce Ojiambo, MP
Funyula Constituency
ODM Party

Hon. Adagala Beatrice Kahai, MP
Vihiga Constituency
ANC Party

Hon. Githinji Robert Gichimu, MP
Gichugu Constituency
UDA Party

Hon. Kamene Joyce, MP
Machakos Constituency
WDM Party

Hon. Mwalyo Joshua Mbithi, MP
Masinga Constituency
Independent Member

Hon. Oluoch Anthony, MP
Mathare Constituency
ODM Party

Hon. Guyo Adhe Wario, MP
North Horr Constituency
KANU Party

Hon. Korir Adams Kipsanai, MP
Keiyo North Constituency
UDA Party

Hon. Alfred Kiprono Mutai, MP
Kuresoi North
UDA Party

Hon. Sakimba Parashina Samwel, MP
Kajiado South Constituency
ODM Party

Hon. Michael Wainaina Wambugu, MP
Othaya Constituency
UDA Party

Hon Amos Maina Mwago, MP
Starehe Constituency
JP Party

I.4 Committee Secretariat

11. The Committee is facilitated by the following members of staff;

Mr. Abenayo Wasike
Principal Clerk Assistant (Head of Secretariat)

Ms. Carolyn Musyoka
Hansard Reporter II (Clerk Asst)

Ms. Everlyne Orina
Clerk Assistant III

Ms. Doreen Karani
Senior Legal Counsel

Ms. Priscilla Wangu
Fiscal Analyst II

Mr. Arkan Mumin
Research Officer III

Ms. Priscilla Saidi
Research Officer III

Mr. Daniel Psirmoi
Media Relations Officer

Mr. Cosmas Akhonya
Audio Officer

Ms. Peris Kaburi
Senior Sergeant-At-Arms

Ms. Pauline Sifuma
Hansard Reporter II

Ms. Wanja Mbuti
Protocol Officer

I.5 Overview of the Examination of the Budget Estimates for FY 2025/26

12. According to the Public Finance Management Act (2012), the Cabinet Secretary for the National Treasury is required to table the Budget Estimates in the House by 30th of April in every financial year. Pursuant to the provisions of Standing Order No 235, the Budget Estimates subsequently stand committed to each Departmental Committee to consider and make recommendations to the Budget and Appropriations Committee within twenty-one days of committal.
13. The FY 2025/26 Budget Estimates were tabled before the House on Wednesday, 30th April, 2025 and thereafter committed to the relevant Departmental Committees for deliberation according to their respective mandates. Following the tabling of the FY 2025/26 Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held a briefing session with the Parliamentary Budget Office and subsequently held three consultative meetings with the Ministries, Departments and Agencies under its purview and on which it exercises oversight.

I.6 Acknowledgement

14. The Committee wishes to thank the Offices of the Speaker and the Clerk of the National Assembly for their support in the execution of its mandate. The Committee also thanks the State Department for Trade, State Department for Investment Promotion, State Department Industry, State Department for Micro Small and Medium Enterprises Development and the State Department for Cooperatives for the fruitful deliberations held with the Committee.
15. Finally, I wish to express my appreciation to the Honorable Members of the Committee for their active participation and commitment in the preparation of this report. It is therefore, my pleasant duty and privilege, to present this report.


HON. BENARD MASAKA SHINALI, MP
CHAIRPERSON

**(DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND
COOPERATIVES)**

CHAPTER TWO

2.0 BROAD OVERVIEW OF THE FY 2025/26 BUDGET ESTIMATES

2.1 Overall Expenditure Estimates for FY 2025/26

16. The total budget for the FY 2025/26 is Kshs. 4,248 billion which comprises Kshs. 2,428.39 billion for the Executive, Kshs. 49.5 billion for Parliament, and Kshs. 27.7 billion for the Judiciary. The allocation to County Governments of Kshs. 405 billion excludes conditional and unconditional grants amounting to Kshs. 69.8 billion. Additionally, the allocation towards Consolidated Fund Services (CFS) is Kshs. 1,337.3 billion. This allocation includes Kshs. 851.4 billion for domestic interest payments, Kshs. 246.3 billion for foreign interest payments and Kshs. 239.6 billion for pensions and salary payments.
17. The 2025/26 budget will continue to focus on the implementation of the Bottom-Up Economic Transformation Agenda (BETA). To this end, the total proposed expenditures for FY 2025/26 for National Government (NG), i.e., Executive, Parliament, and Judiciary, Consolidated Fund Services (CFS), and County Governments (CGs), are shown in Table I.

Table I: Overall Outlook of Budget Estimates for FY 2025/26 (Ksh. Millions)

S/No.	Details	Approved Original Budget 2024/25	Supp. No. 2 2024/25	2025 Approved BPS	Budget Estimates 2025/26	Budget Estimates and 2025 BPS	% Share
1	National Govt	2,232.8	2,346.6	2,523.5	2,504.8	(18.7)	59.0%
	o/w Executive	2,169.4	2,280.6	2,447.2	2,428.4	(18.8)	57.2%
	Parliament	40.9	42.6	49.5	49.5	-	1.2%
	Judiciary	22.5	23.4	26.8	27.7	0.9	0.6%
2	CFS	1,237.2	1,242.7	1,369.0	1,337.3	(31.7)	31.5%
3	County Govt Equitable Share	391.1	418.3	405.1	405.1	-	9.5%
	Total	3,861.1	4,007.6	4,297.5	4,248.0	(50.4)	100.0%

Source: National Treasury

CHAPTER THREE

3.0 SUBMISSIONS BY MINISTRIES, DEPARTMENTS AND AGENCIES

18. In considering the FY 2025/26 Budget Estimates, the Departmental Committee on Trade, Industry and Cooperatives held consultative meetings with the Ministries, State Departments and agencies under its purview and on which it exercises oversight.

3.1 STATE DEPARTMENT FOR COOPERATIVES

19. The State Department of Cooperatives submitted that during Financial Year 2025/26 it will be implementing the programme of Cooperative development and management which is mandated to promote growth and development of cooperatives through capacity building and provision of appropriate policy, legal and institutional framework.

20. The state department has three Semi-Autonomous Government Agencies (SAGAs); New Kenya Cooperatives Creameries (New KCC), SACCOs Society Regulatory Authority (SASRA), New Kenya Planters Co-operative union (New KPCU).

21. The proposed allocation for the State Department for Cooperatives is Kshs 7,399 million of which Kshs 5,827.6 million is recurrent and Kshs 1,571.4 million is in development, this represents a reduction of Kshs 1,006.2 million from the approved BPS ceilings which translates to 12%.

22. The proposed allocation represents a reduction of Ksh 945 million compared to FY2024/25, of which Ksh 497 million is a recurrent increase and Ksh 1,443 million is a development reduction.

Table 2: Proposed Allocation FY 2025/26 Vs Approved 2025 BPS Ceilings in Ksh. Million

S/No.	Programme	Base line FY 2024/25	2025 BPS Ceilings	Proposed Estimates FY 2025/26	BPS Vs FY2025/26	FY2024/25 vs. FY2025/26
1	Cooperative Development Management	8,344.4	8,405.2	7,399.0	(1,006.2)	(945.0)
	Recurrent	5,330.4	6,839.7	5,827.6	(-1,012.1)	497
	Development	3,014.0	1,565.5	1,571.4	5.90	(1,443)

Source: National Treasury

Recurrent Expenditure

23. The total proposed recurrent expenditure is Ksh 5,827.6 million, which is a reduction of Ksh 1,006.2 million compared to the 2025 BPS ceiling. The reduction in funding is mainly attributed to the reduction of the cherry fund allocation from Ksh 3,000 million in FY 2024/25 to Ksh 2,000 million in the proposed estimates.

Key areas of recurrent funding include;

- i. Ksh 2,239 million under administrative services, which includes an amount of Ksh 2,000 million for the coffee debt waiver.
- ii. Ksh 2,000 million for the cherry fund; this has been reduced from Ksh 3,000 million in FY 2024/25.
- iii. Ksh 782 million AIA for SASRA; it has been increased by Ksh 63 million from Ksh 719 million in FY 2024/25.

Development Expenditure

24. The total proposed development expenditure is Kshs 1,571.4 million, which is an increase of Kshs 5.9 million from the approved 2025 BPS and a reduction of Kshs 1,443 million from FY2024/25. The reduction is attributable to a decrease in the allocation for dairy processing powdered milk.

25. The State Department will be implementing eight development projects which are funded by government. Included are new projects: construction of a Milk Factory, Nandi Dairy Union Processing Plant, and upgrade of the Runyenjes Milk Factory.

26. Further, an allocation of Ksh 120 million towards cotton ginneries targets: Luanda Cotton Ginnery (Ksh 20 million) and PAVI Ginnery (Ksh 100 million). Table x gives a summary of proposed projects for implementation and their targets.

S/N o.	Project	Financial Year		Funding	Targets
		FY 24/25	FY25/ 26	GOK	
1	Cooperative Management Information System	0.0	127.0	127.0	10 Integrated Information Management System modules upgraded
2	Dairy Processing (Powdered Milk)	2,200.0	400.0	400.0	1250 Metric Tons of milk powder processed & 875 Litres of milk processed per day
3	Modernization of Cooperative Cotton Ginneries - BETA	85.0	120.0	120.0	2 Cotton Co-operative Ginneries constructed
4	Coffee Industry Revitalization - BETA	0.0	124.4	124.4	300 Coffee Co-operative factories refurbished
5	Construction of Milk Factory-Narok	0.0	400.0	400.0	40% construction completion
6	Modernization of New KPCU Warehouses	229.0	0.0	0.0	-

S/No.	Project	Financial Year		Funding GOK	Targets
		FY 24/25	FY25/26		
7	Modernization of New KCC Milk Factories	500.0	0.0	0.0	-
8	Modernization of Coffee Factories	0.0	100.0	100.0	100% Coffee Co-operative Factories modernized
9	Upgrading of Runyenjes Milk Factory	0.0	200.0	200.0	20% construction completion
10	Nandi Dairy Union Processing Plant	0.0	100.0	100.0	30% completion of the processing plant
	Total	3,014.0	1,571.4	1,571.4	

Source: National Treasury

The State Department submitted its underfunded areas as illustrated in Table 4

S/No.	Unfunded Area	FY 2024/25	BPS	FY 2025/26	Justification
Recurrent Expenditure					
1.	Waivers	0	2,000	2,000	The total debt is Kshs 6.8 billion while the State Department was only allocated Kshs 2 billion therefore having a deficit of Kshs 4.8 billion
2.	BETA priority value chains	96.31	75	56.25	To implement 10 priority value chains, we need an average of 10 million per value chain.
3.	Cabinet Secretary office	43	0	0	The State Department was allocated Kshs 43 million for the last 2 Quarters of FY 2024/2025 however we require 86 million for the FY 2025/2026
Development Expenditure					
1	Dairy Processing (Powdered Milk)	2,200	1,000	400	Mop up of excess milk during high season and converting excess milk to dry powder. We require an additional of Kshs 600 million for the process.
2.	Construction and	-	500	400	

S/No.	Unfunded Area	FY 2024/25	BPS	FY 2025/26	Justification
	Equipping of Narok milk processing plant				

3.2 STATE DEPARTMENT FOR TRADE

27. The State Department submitted that its mandate is to develop and implement policies that promote domestic and international trade as well as enforce fair trade practices and consumer protection. Semi-Autonomous Government Agencies (SAGAs) under the state department include; the Kenya Export Promotion and Branding Agency (KEPROBA), Warehouse Receipt System Council (WRSC), Kenya Trade Remedies Agency (KETRA), Kenya Consumer Protection Advisory committee (KECOPAC), Kenya National Multi-commodities Exchange (KOMEX) and Kenya National Trading Corporation (KNTC).
28. The proposed allocation for the State Department for Trade is Kshs 4,053.8 million, of which Kshs 3,684 million is recurrent and Kshs 369.8 million is for development. This represents an increase of Kshs 426 million from the approved BPS ceilings, which translates to 12%.
29. The proposed allocation represents a reduction of Ksh 1,541.5 million compared to FY2024/25, comprising a recurrent expenditure reduction of Ksh 1,621.4 million and a development expenditure increase of Ksh 79.8 million.

S/No.	Programme	Base line FY 2024/25	2025 BPS Ceilings	FY 2025/26	2025 BPS Vs FY2025/26	FY2024/25 vs. FY2025/26
1	Domestic Trade and Enterprise dev	3,280.0	2,007.1	2,123.7	116.6	(1,156.3)
	Recurrent	3,280.0	1,907.1	1,823.9	(83.2)	(1,456.1)
	Development	0.0	100.0	299.8	199.8	299.8
2	Fair Trade Practices & Compliance of Standards	195.3	265.1	262.3	(2.8)	67.0
	Recurrent	195.3	195.1	192.3	(2.8)	(3.0)
	Development	0.0	70.0	70.0	0.0	70.0
3	International Trade Development & Promotion	1,698.5	1,021.0	1,305.4	284.4	(393.1)
	Recurrent	1,408.5	1,021.0	1,305.4	284.4	(103.1)
	Development	290.0	-	-	-	(290.0)
4	General admin	421.5	334.6	362.4	27.8	(59.1)
	Recurrent	421.5	334.6	362.4	27.8	(59.1)
5	Total	5,595.3	3,627.8	4,053.8	426.0	(1,541.5)
	Recurrent	5,305.4	3,457.8	3,684.0	226.0	(1,621.4)

S/No.	Programme	Base line FY 2024/25	2025 BPS Ceilings	FY 2025/26	2025 BPS Vs FY2025/26	FY2024/25 vs. FY2025/26
	Development	290.0	170.0	369.8	199.8	79.8

Source: National Treasury

Recurrent Expenditure

30. The total proposed recurrent expenditure is Ksh 3,684 million, which is a reduction of Ksh 1,541.5 million compared to the FY2024/25 mainly attributable to reduction of allocation towards KNTC and KEPROBA.
31. The decrease under KNTC is mainly attributable to the non-allocation of one-off expenditures provided in Supplementary Budget No. 2 to meet financial obligations for rice importation and distribution. The reduction under KEBROPA is attributable to the one-off expenditures provided for during Supplementary Budget No. 2 for the preparation of the Japan expo.
32. The increase under HQ is mainly attributable to the COMESA integration budget, which has been enhanced by Ksh 75 million. Key funding under HQ is; Foreign Trade Services at Ksh 358 million, External Trade Promotion Services at Kshs 326 million and Administrative Services at Kshs 381 million.

S/No.		Approved Estimates FY2024/25			proposed Estimates FY 2025/26			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	1241.2	50	1,191.2	1,301.3	50	1,251.3	60.1	0	60.1
2	KECOPAC	22.2	0	22.2	20.0	0	20.0	-2.2	0	-2.2
3	KETRA	83.4	0	83.4	75.2	0	75.2	-8.2	0	-8.2
4	KEPROBA	857.0	15	842.0	620.8	15	605.8	-236.2	0	-236.2
5	WRSC	25.0	0	25.0	45.0	0	45.2	20.2	0	20.2
6	KNTC	3,076.6	1576.6	1500.0	1,576.6	1576.6	0.0	-1,500.0	0	-1,500.0
7	KOMEX	0.0	0	0.0	45.0	0	45.0	45.0	0	45.0
	Total	5,305.4	1,641.6	3,663.8	3,684.1	1,641.6	2,042.5	-1,621.3	0.0	-1,621.3

Source: National Treasury

Development Expenditure

33. The State Department will be implementing four development projects with a total proposed development expenditure of Ksh 369.8 million, this represents an increase on Ksh 79.8 million while compared to the FY2024/25 estimates.

34. The development funding for the state department seems to be minimal with the total outstanding of the four ongoing projects being at Ksh 7,176 million against an allocation of Ksh 369.8 million representing 5% project allocation.
35. The State Department reflects a significant funding gap between allocated amounts and the total outstanding costs under development projects. For instance, the Warehouse Refurbishment (KNTC) project has an outstanding cost of Ksh 960 million against an allocation of Ksh 30 million, the Warehouse Receipt System Council project has an outstanding budget of Ksh 1 billion against an allocation of Ksh 135 million, while the Commodities Exchange Platform project has an outstanding cost of Ksh 4.348 billion against an allocation of Ksh 135 million. See annex I.
36. The Commodities Exchange Platform project has a total estimated cost of Ksh 5,060 million, with the Government of Kenya (GOK) contributing Ksh 3,000 million and foreign funding expected to cover Ksh 2,060 million. As of March 2025, the project had received cumulative funding of Ksh 712 million; however, no corresponding funds have been received from the foreign component.

S/N	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
1	Modernization of standards Laboratory	0.0	70.0	70.0	0.0	40 field electricity and water meter verification kits installed
2	Establishment of Commodities Exchange Platform	290.0	135.0	135.0	0.0	3 KOMEX Technology Platform Sub-systems developed and operationalized
3	Warehouse Refurbishment (KNTC)	0.0	30.0	30.0	0.0	3 existing warehouses refurbished and transformed into aggregation centres.
4	Warehouse Receipt System Council	0.0	134.8	134.8		5000 Warehouse receipts registered
	Total	290.0	369.8	369.8	0.0	

Source: National Treasury

The State Department submitted its underfunded areas as summarized below in **Table 8**

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament (B)	Additional Budgetary Request (Budget shortfall)	Justification
A.						

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament (B)	Additional Budgetary Request (Budget shortfall)	Justification
1.	Operations and Maintenance of State Department Headquarters	106.06	55.13	33.19	431.85	To support implementation of programmes and projects hence aid in the realization of program performance target
2.	Policy and legislative reforms	0	0	0	463.00	Strengthening the functions of the State Department and its institutions
3.	Hosting 24th COMESA Summit	100.00	0	175.34	595.00	provide Kenya an opportunity to showcase progress in Trade, investment and regional leadership
4.	COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) Agreement Entry into Force	0	0	0	400.00	Strengthen Kenya's role and participation in regional integration; Boost foreign exchange revenues for the country;
5.	Operation and Maintenance budget for the Cabinet Secretary's office	0	0	0	250.00	To effectively facilitate the CS in discharging his roles and duties as well as meet the targets in the Performance Contract
6.	Trade Negotiations activities	23.01	23.01	23.01	534.00	To enable retention and expansion of the market share of Kenya's BETA priority value chains
7.	Trade Services	301.12	363.24	358.12	614.30	Engage in product and market development

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament (B)	Additional Budgetary Request (Budget shortfall)	Justification
8.	Operationalization of (CAIPs)	0	0	0	500.00	Operationalization of County Aggregation Industrial Parks (CAIPS)
9.	Kenya's Participation in the Expo 2025 Osaka, Kansai, Japan	450	0	200	150.32	Provides a unique platform for Kenya to showcase the country's export potential and capabilities through its products and services offerings.
10.	Support of operational of the Warehouse Receipt Systems Council (WRSC)	25.00	61.19	45.17	206.50	Intensive training and capacity building (Value chain actors and stakeholders)
11.	Full Operationalization of the e-commerce strategy to	0	0	0	155.61	To anchor the E-Commerce Strategy;
12.	Full operationalization of KETRA	83.38	83.51	75.16	259.7	To operationalize the Agency
13.	Promotion of Fair-Trade Practices and Consumer Protection – KECOPAC	22.20	22.20	19.98	28.80	Undertake consumer awareness creation campaigns Board induction
14.	Presidential round table	0	0	0	20.00	For compliance
15.	Implementation of the BETA Priority Value chains	116.98	106.99	66.37	2,000.00	Product Development
16.	Prioritized Product Value Chains (value	0	0	0	330.70	Developing a value chain strategic reporting tool

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament) (B)	Additional Budgetary Request (Budget shortfall)	Justification
	chain strategic reporting tool)					
17.	KNTC	1,500	0	0	634.82	To fully clear the outstanding financial obligation
18.	KNTC Rice fund	0	0	0	1,500.00	To mop up excess rice from local farmers and cooperatives to in order to increase rice production in the country
19.	Development of trade policy by Internal Trade Department	0	0	0	155.50	To guide the counties in trade national policies
20.	Management of Weights and Measures in Trade in all counties	50	50	50	351.63	To ensure that consumers are protected d from unscrupulous traders
21.	Sub-total recurrent				9,581.73	
B.						
1.	Modernization of standards Laboratory	0	70.00	70.00	430.00	This project aims at improving the business environment to spur BETA growth through the enhancement of fair-trade practices and consumer protection
2.	Establishment of Commodities Exchange Platform	290.00	35.00	135.00	180.70	The project through KOMEX in collaboration with the Warehouse Receipt System

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament (B)	Additional Budgetary Request (Budget shortfall)	Justification
						Council (WRSC), the KNTC and the NCPB among other value chain and supply chain actors will facilitate increased private sector investments
3.	Establishment Warehouse Receipt System	0	35.00	134.85	355.82	The project is aimed at structuring agricultural commodity trade
4.	Warehouse Refurbishment (KNTC)	0	30.00	30.00	290.00	Upgrading warehouses will help KNTC comply with international regulations and quality control standards, which are often strict for the handling and export of food commodities.
5.	Establishment of Distribution Centres (Warehouses) in Kenya's Key Markets	0	0	0	5,719.33	To aid in realising the goals of minimising the costs of consolidation of goods, minimal transit time in the Kenyan territory, reduced logistical constraints, minimised cargo clearing in the border points and ultimately; facilitated business information and product appreciation
	New Projects					

S/No	Item/Area	FY 2024/25 Approved budget (Suppl. No. II Estimates)	FY 2025/26 Approved BPS (A)	FY 2025/26 Budget estimates by Parliament (B)	Additional Budgetary Request (Budget shortfall)	Justification
6.	African Continental Free Trade Area (AfCFTA)	0	0	0	26.25	GOK counterpart funding to match the donor Grant funding.
7.	Pan African E-Commerce Initiative (PeCI)	0	0	0	18.05	
8.	Alliance for Product Quality in Africa (AfPQ)	0	0	0	22.92	
	Sub-total Development				7,043.07	
Grand Total					16,624.80	

3.3 STATE DEPARTMENT FOR INDUSTRY

37. The state department mandate is to facilitate an accelerated growth of the industrial sector through provision of an enabling institutional, policy and legal environment. The State Department has one training institute, Kenya Industrial Training Institute (KITI) and six SAGAs; Kenya Accreditation Services (KENAS), Kenya Industrial Research and Development Institute (KIRDI), Numerical Machining Complex (NMC), Scrap Metal Council (SMC), Anti-Counterfeit Authority (ACA), and RIVATEX EA LTD.

38. The proposed allocation for the State Department for Industry is 8,679.7millions of which Kshs 3,157.4 million is recurrent and Kshs 5,522.3 million is in development, this represents a reduction of Kshs 450.3 million from the approved BPS ceilings which translates to 5%.

39. The proposed allocation represents an increase of Ksh 1,383 million while compared to FY2024/25 of which Ksh25.3 million is recurrent increase and Ksh 1,357.7million is development increase.

Table 9: Proposed Allocation FY 2025/26 Vs Approved 2025 BPS Ceilings in Ksh. Million						
vote	Programme	Base line FY 2024/25	2025 BPS Ceilings	Proposed Estimates FY 2025/26	BPS Vs FY2025/26	FY2024/25 vs. FY2025/26
1	Industrial Promotion & Development	4,423.9	5,855.0	6,040.4	185.4	1,616.5
	Recurrent	1,423.9	1,048.6	1,348.1	299.5	(75.8)
	Development	3,000.0	4,806.4	4,692.3	(114.1)	1,692.3
2	Standards, Quality Infrastructure & Research	2,384.0	2,903.4	1,886.5	(1,016.9)	(497.5)
	Recurrent	1,219.4	1,577.4	1,056.5	(520.9)	(162.9)
	Development	1,164.6	1,326.0	830.0	(496.0)	(334.6)
3	General admin	488.8	371.6	752.8	381.2	264.0
	Recurrent	488.8	371.6	752.8	381.2	264.0
	Development	0.0	0.0	0.0	0.0	0.0
4.	Total	7,296.7	9,130.0	8,679.7	(450.3)	1,383.0
	Recurrent	3,132.1	2,997.6	3,157.4	159.8	25.3
	Development	4,164.6	6,132.4	5,522.3	(610.1)	1,357.7

Source: National Treasury

Recurrent Expenditure

40. The total proposed recurrent expenditure is Ksh 3,157.4 million which is an increase of Ksh 25.2 million while compared to FY2024/25 and Kshs 159.8 million when compared to the 2025 BPS.
41. The major increase under the general administration programme is attributed to an enhancement of general administration of Ksh 264 million, of which Ksh 246 million is classified under other operating expenses. Clarity on the specific components of these operating expenses should be sought from the State Department.
42. The key funded areas under HQ include general administration and planning Kshs 645.5 million and Kenya Industrial Training Institute at Kshs 389 million. The AIA collection has increased by Ksh 98 million of which NMC has increased by Kshs 44 million, KENAs by Kshs 31 million and ACA by Kshs 20 million.

S/No.		FY 2024/25			FY 2025/26			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	1,172.3	46.0	1126.3	1,397.3	50	1,347.3	225.0	4.0	221.0
2	KIRDI	706.7	26	680.7	642.7	30	612.7	-64.0	4.0	-68.0
3	SMC	80.0	80	0.0	75.0	75	0.0	-5.0	-5.0	0.0
4	NMC	226.0	146	80.0	226	190	36.0	0.0	44.0	-44.0
5	KENAs	472.1	154	318.1	338.8	185	153.8	-133.3	31.0	-164.3
6	ACA	475.0	300	175.0	477.4	320	157.4	2.4	20.0	-17.6
	Total	3,132.1	752.0	2,380.1	3,157.2	850.0	2,307.2	25.1	98.0	-72.9

Source: National Treasury

Development Expenditure

43. The State Department will implement five development projects during FY2025/26 at an estimated cost of Ksh 5,522.2 million. The County Aggregation and Industrial Parks project has the highest allocation at Ksh 4,600 million representing an increase of Ksh 1,600 million from FY 2024/25.
44. KIRDI Industrial Research Laboratories, constructed and equipped in Nairobi South C require 2.6 billion to be completed. The state department got approval from the National treasury on financing where the amount was be issued in 2 years. In FY 2025/26 they were expected to receive Ksh 1 billion to this end the proposed allocation is Ksh 500million thus there is a shortfall of Ksh 500 million
45. The total estimated project cost for the County Aggregation and Industrial Parks (CAIPs) is Ksh 22,325 million, out of which the cumulative expenditure as of 30th April 2025 stands at Ksh 3,181 million. In FY2025/26, CAIPs have been allocated Ksh 4,600 million, with a target of establishing and operationalizing 18 parks. A clear breakdown of the allocation to beneficiary counties should be provided to facilitate effective monitoring.

S/N o.	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
1	Construction of Industrial Research Laboratories -KIRDI South B BETA	0.0	500.0	500.0	0.0	% Construction completion rate of KIRDI Laboratories
2	Infrastructure and civil works Development - KITI-BETA	0.0	57.2	57.2	0.0	Infrastructure and Civil Works KITI 70% complete

S/N o.	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
3	Kenya Industry and Entrepreneurship Project-BETA	1164.6	300.0	50.0	250.0	60 SMEs/incubators receiving disbursement for upgrading
3	Enhancement of the Accreditation Programme in Kenya - KENAS BETA	0.0	30.0	30.0	0.0	6 new accreditation skills and scopes rolled out and 50% Accreditation management system operationalised
4	County Aggregation Industrial Parks	3000.0	4600.0	4600.0	0.0	18 CAIPs established and operationalized
5	Apparels and Value Addition Centres	0.0	35.0	35.0	0.0	2 apparels and value addition canter established (Lusigetti Ksh 10m and Nyando Ksh 25)
	Total	4,164.6	5,522.2	5,272.2	250.0	

Source: National Treasury

The State Department submitted the following key underfunded areas as stated below:

46. **O&M** The department has been allocated **Kshs. 781.3 million** for operations and maintenance. However, during the prior financial years, the budget has been highly rationalized due to austerity measures. The most affected expenditure items include: Furniture and Equipment, Foreign travel, domestic travel, office space, training, M&E, among others. The State Department has recruited new Industrial Officers who have no office space, computers, furniture etc and require additional **Kshs. 100 million** to facilitate a suitable working environment.
47. **Foreign Travel** - The State Department participates in regional general meetings especially in EAC, where Kenya is the chair, COMESA among others. The foreign travel budget allocation of **Kshs.3.6 million** is not sufficient for the officers to participate, thus the Department requires additional **Kshs. 40 million** to bridge the gap.
48. **Field Services** - The State Department has 10 Regional Offices managed by RIDOs who are highly underfunded and require additional **Kshs. 30 million** for their optimal

operations. The RIDO's coordinates industrialization programmes in the regions, among them the CAIPs.

49. **KIRDI** - The National Treasury had committed to providing **Kshs. 1 billion** for the completion of the techno centre project in FY 2025/26 and an additional **Kshs. 1.6 billion** in FY 2026/27, as per their letter Ref DV/ES 1175/24/01 "A" (51) dated 13th February 2025. However, the amount for FY 2025/26 has been rationalized to **Kshs. 500 million**, leaving a significant deficit that will negatively impact the project's completion.
50. KENAS has been implementing the *Enhancement of Accreditation Programme in Kenya (EAP-K)*—a flagship strategic initiative introduced in the Financial Year 2023/2024 but left unfunded in FY 2024/2025. The urgency to activate this programme has intensified following the enactment of the Business Laws (Amendment) Act, 2024, which mandates KENAS to accredit all CABs operating in Kenya.
51. KENAS also needs to develop and implement the Accreditation Information Management System (AIMS)—a vital digital platform that will automate and streamline KENAS's accreditation processes, including application, assessment management, documentation, decision-making, surveillance, and certificate issuance and verification.
52. In view of the above, they request an allocation of **Kshs. 70 million**—comprising **Kshs. 30 million** for AIMS implementation and **Kshs. 40 million** for the EAP-K programme.

3.4 STATE DEPARTMENT FOR MSMES DEVELOPMENT

53. The State Department for MSME submitted that its mandate is to promote growth and development of the MSME Sector through provision of infrastructure, affordable credit, market links and capacity building. The state department SAGAs include; Medium and Small Enterprise Authority (MSEA), Kenya Industrial Estates (KIE), Uwezo Fund and Financial Inclusion Fund.
54. The proposed allocation for the State Department for MSMES Development is 5,593.5 million of which Kshs 1,831.7 million is recurrent and Kshs 3,761.8 million is in development, this represents a reduction of Kshs 758.5 million from the approved BPS ceilings which translates to 12%.
55. The proposed allocation represents a reduction of Ksh 824.5million while compared to FY2024/25 of which Ksh 209.8 million is recurrent decrease and Ksh 614.7 million is development decrease.

S/No.	Programme	Base line FY 2024/25	2025 BPS Ceilings	Estimates FY 2025/26	BPS Vs FY2025/26	FY24/25 vs. FY2025/26
1	Promotion and Development of MSMEs	2,973.0	1,745.4	3,392.4	1647.0	419.4
	Recurrent	596.5	716.4	680.6	(35.8)	84.1
	Development	2,376.5	1,029.0	2,711.8	1,682.8	335.3
2	Product and Market Development for MSMEs	517.0	1,930.7	513.4	(1,417.3)	(3.6)
	Recurrent	517.0	380.7	513.4	132.7	-3.6
	Development	0.0	1,550.0	0.0	(1,550.0)	0.0
3	Digitization and Financial Inclusion for MSMEs	2,558.9	2,400.7	1,385.6	(1,015.1)	(1173.3)
	Recurrent	558.9	350.7	335.6	(15.1)	(223.3)
	Development	2,000.0	2,050.0	1,050.0	(1,000.0)	(950.0)
4	General admin	369.1	275.2	302.1	26.9	(67.0)
	Recurrent	369.1	275.2	302.1	26.9	(67.0)
	Development	0.0	0.0	0.0	0.0	0.0
5	Total	6,418.0	6,352.0	5,593.5	(758.5)	(824.5)
	Recurrent	2,041.5	1,723.0	1,831.7	108.7	(209.8)
	Development	4,376.5	4,629.0	3,761.8	(867.2)	(614.7)

Source: National Treasury

Recurrent Expenditure

56. The total recurrent allocation under the state department is Ksh 1,831.7 million which is a reduction of Ksh 209.8 million when compared to FY 2024/25. The Major reduction under the state department is the reduction in AIA collection under hustler fund from AIA collection of Ksh 400 million to Kshs 200 million as summarized in table 12.

57. The key funding under HQ budget is Administration and support services at Ksh 205 million, Kenya Institute of Business Training (KBIT) Kshs 72.8 million and MSME financing product market Kshs 64 million.

S/No.		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	485.3	0.0	485.3	460.1	0.00	460.1	-25.2	0.0	-25.2
2	MSEA	492.9	4.5	488.4	543.1	5	538.6	50.2	0.0	50.2
3	KIE	504.4	390.0	114.4	493.0	390	103.0	-11.4	0.0	-11.4
4	Uwezo Fund	148.9	8.2	140.7	126.6	0	126.6	-22.3	-8.2	-14.1
5	Hustler Fund	410.0	400.0	10.0	209	200	9.0	-201.0	-200.0	-1.0
	Total	2,041.5	802.7	1,238.8	1,831.8	594.5	1,237.3	-209.7	-208.2	-1.5

Source: National Treasury

Development Expenditure

58. The state department will be implementing 9 development projects during FY 2025/26 with a total proposed development allocation of Ksh 3,761.8 million of which Ksh 1,313.8 million is GOK funding and Kshs 2,448 million is foreign funding.

59. Key changes in the development allocation compared to FY 2024/25 include a Ksh 1 billion reduction in the Hustler Fund and a Ksh 500 million increase for the Centre for Entrepreneurship Project.

60. Clarity on some of the targets under the state department such as the targeted CIDCs, the operationalization of three cold storage facilities, and the establishment of four Centre's of Excellence should be provided for effective oversight.

S/No	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
1	Construction of Constituency Industrial Dev. Centres (CIDCs)-BETA	326.0	108.8	108.8	0.0	Operationalize 10 CIDCs
2	Financial Inclusion Fund (Hustler Fund)-BETA	2000.0	1000.0	1000.0	0.0	Save Ksh 3.2 billion through the personal loan product and Ksh 1.5 billion through the microenterprise loan product.
3	Youth Employment and Enterprise Initiative-BETA	0.0	50.0	50.0	0.0	disburse Ksh 850M to Youth

Table 14: Development under state Department in Ksh million						
S/No	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
						Women and PWDs Groups,
4	Centre for Entrepreneurship Project-BETA	112.5	550.0	50.0	500.0	Established 2 Centres for Entrepreneurship and equipped 10,000 youths supported with training vouchers
5	National Youth Opportunities Towards Advancement (NYOTA)	1240.0	1400.0	0.0	1400.0	Disburse Kshs 6,629 million startup Capital to youth MSMEs and award 52,567 youth MSEM start-up capital
6	Kenya Jobs Economic Transformation (KJET)	548.0	548.0	0.0	548.0	300MSEs clusters mapped out and established
7	Centre for Excellence	75.0	25.0	25.0	0.0	4 Centres for Excellence established
8	Construction of Cold Storage Facilities	75.0	40.0	40.0	0.0	3 cold storage facilities operationalized
9	KIBT Parklands Building Partitioning	0.0	40.0	40.0	0.0	1 KIBT building floors partitioned
	Total	4,376.5	3,761.8	1,313.8	2,448.0	

Source: National Treasury

The keys areas on underfunding under the State Department **Table 15**

Unfunded/ underfunde d Area	FY 2024/ 2025 Alloc ation Kshs 'Millio n'	BPS Allocat ion Kshs 'Million '	FY 2025/2 6 Alloca tion Kshs 'Millio n'	Reso urce Requi reme nt Kshs 'Milli on'	Budget Shortfall Kshs 'Million'	Justification
Financial Inclusion Fund (Hustler Fund)- Development	2,000	2,000	1,000	5,000	4,000	The Hustler Fund, serving 25 million Kenyans with financial services and expanding into healthcare and housing support, urgently requires an additional Kshs. 4 billion to meet rising credit demand after receiving only Kshs. 1 billion Kshs. 5 billion needed.
I. Financ ial Inclusi on Fund (Hustl er Fund)- Recurrent	410	210	209	609	400	The Hustler Fund seeks an additional recurrent budget for Kshs. 400 million Kshs. 100 million for staff recruitment and Kshs. 300 million for a financial inclusion system to boost lending and loan recovery.
3. Uwezo Fund	148.9	125.63	126.63	745.23	618.6	Uwezo Fund is seeking additional Kshs. 618.6 million to support Constituency Fund Committees and digitize operations, having revised its model to target high-growth sectors and expanded its reach to include vulnerable men and overseas job placements through the "Wezesha Kazi Majuu" program
4. Micro and Small Enterprises Authority- Recurrent	492.9	543.06	543.06	973.06	430	Micro and Small Enterprises Authority requires additional recurrent allocation of Kshs.430 million for

Unfunded/ underfunde d Area	FY 2024/ 2025 Alloc ation Kshs 'Millio n'	BPS Allocat ion Kshs 'Millio '	FY 2025/2 6 Alloca tion Kshs 'Millio n'	Reso urce Requi reme nt Kshs 'Milli on'	Budget Shortfall Kshs 'Million'	Justification
						rent, board expenses and other administrative Costs
5, Constituency Industrial Development Centres (CIDCs)	159	160	108.78	308.78	200	The Authority has a shortfall of Kshs.200 million for equipping and operationalization of CIDCs.
6. Kenya Industrial Estates (KIE)- Recurrent	504.26	492.987	492.987	559.28 7	63.3	Kenya industrial Estates (KIE) requires an additional Kshs.66.3 million to cater for board expenses, administrative and repairs and maintenance cost
7. Provision of Finances to SMEs in the Manufacturin g Sector - KIE	-	-	-	1,700	1,700	Kenya Industrial Estates (KIE) requires an additional Kshs. 1.7 billion to meet its Kshs. 3.2 billion loan target for SMEs in manufacturing and value addition for FY 2025/26, as it can only raise Kshs. 1.5 billion from loan repayments, risking inadequate support for SMEs in BETA priority value chains.
8. KIBT building in Parklands,	-	40	40	100	60	TThe KIBT building in Parklands, Nairobi requires an additional Kshs. 60 million to complete construction, which will enhance staff operations, support entrepreneurship programs, and enable income generation to

Unfunded/ underfunde d Area	FY 2024/ 2025 Alloc ation Kshs 'Millio n'	BPS Allocat ion Kshs 'Millio '	FY 2025/2 6 Alloca tion Kshs 'Millio n'	Reso urce Requi reme nt Kshs 'Milli on'	Budget Shortfall Kshs 'Million'	Justification
						reduce dependence on government funding.
9. SDMSME HQ -General Administratio n, planning and support services	300.09	302.07	276.50	358.5	82	The State Department requests additional Kshs. 82 million to procure office equipment and furniture for newly recruited technical officers, purchase motor vehicles, and cover other administrative costs.
9. National Youth Opportunitie s Towards Advancement (NYOTA)	1,240	500	1,400	6,762	5,362	NYOTA requires additional Kshs. 5,362 million to meet its full funding need of Kshs. 6,762 million , as the current allocation of Kshs. 1,400 million is insufficient to support its nationwide rollout and sustain the growing demand from over 1 million youth already engaged in the business support component.
10. Kenya Jobs and Economic Transformati on (KJET)	548	430	548	3,100	2,522	KJET requires additional Kshs. 2,522 million , as the Kshs. 548 million allocated out of the needed Kshs. 3,100 million is insufficient to deliver the intended impact, particularly from the co-investment component crucial for mobilizing capital and enhancing competitiveness in key value chains such as dairy, leather, edible oils, and

Unfunded/ underfunde d Area	FY 2024/ 2025 Alloc ation Kshs 'Millio n'	BPS Allocat ion Kshs 'Millio '	FY 2025/2 6 Alloca tion Kshs 'Millio n'	Reso urce Requi reme nt Kshs 'Milli on'	Budget Shortfall Kshs 'Million'	Justification
						affordable housing during the rollout phase.
11. Centre for Entrepreneur ship(C4E) Project	112.5	1,450	550	2,060	1,510	The C4E project requires additional Kshs. 1,510 million , as the Kshs. 550 million allocated falls short of the Kshs. 2,060 million needed to operationalize five identified satellite centers aimed at upskilling and reskilling youth to drive industrial growth, self-employment, and start-up creation.

3.5 STATE DEPARTMENT FOR INVESTMENT PROMOTION

61. The State Department's mandate is to formulate and implement policies to promote, attract, develop, retain, and increase the value of both domestic and foreign direct investments. The SAGAs under the state department include; Kenya Investment Authority, Special Economic Zone Authority and Export Processing Zones Authority.
62. The proposed allocation for the State Department for Investment Promotion is Kshs 3,512.5 million of which Kshs 1,378.4 million is recurrent and Kshs 2,134 million is in development, this represents a reduction of Kshs 2,185.9 million from the approved BPS ceilings which translates to 38%.
63. The proposed allocation represents an increase of Ksh 790.8 million while compared to FY2024/25 of which Ksh 398.6 million is recurrent decrease and Ksh 1,189.4 million is development increase.

S/No.	Programme	Base line FY 2024/25	2025 BPS Ceilings	Estimates FY 2025/26	BPS Vs FY2025/26	FY2024/25 vs. FY2025/26 Estimates
I	Investment Development and Promotion	2,721.6	5,698.4	3,512.5	(2,185.9)	790.8
	Recurrent	1,777.1	1,385.0	1,378.4	(6.6)	(398.6)
	Development	944.6	4,313.4	2,134.0	(2,179.4)	1,189.4

Source: National Treasury

Recurrent Expenditure

64. The total recurrent allocation under the state department is Kshs 1,378.4 million which is a reduction of Ksh 398.6 million compared to FY2024/25. The reduction is largely attributable to one expenditure given to the SAGAs during supplementary 2 estimates. eg EPZA had an additional allocation of Kshs 100 million for Athi textile hub, KENINVEST had 80 million for conference and National investment council.

65. Key expenditures under HQ recurrent budget include general administration and planning at Kshs 136 million and finance and procurement at Kshs 44.7 million.

S/No.		Approved Estimates			Revised Estimates			Difference		
		Gross	AIA	Net	Gross	AIA	Net	Gross	AIA	Net
1	Ministry HQ	256.8	0.0	256.8	226.1	0.00	226.1	-30.7	0.0	-
2	SEZA	180.4	95	85.4	181.0	100.00	81.0	0.6	5.0	-4.4
3	EPZA	839.0	639	200.0	802	640	162.0	-37.0	1.0	-
4	KENINVEST	237.9	2	235.9	169.3	2	167.3	-68.6	0.0	-
	Total	1,514.1	736.0	778.1	1,514.1	742.0	772.1	0.0	6.0	-6.0

Source: National Treasury

Development Expenditure

66. The state department will be implementing five development projects with a total budget of Kshs 2,134 million which is an increase of which 1884 million is GOK funding and Ksh 250 million is foreign funding.

67. The Flagship Export Processing Zone Hubs (EPZA) – BETA project, with an estimated Phase I cost of Ksh 3,000 million, has an accumulated expenditure of Ksh 1,000 million as of 7th May. In FY2025/26, the project has been allocated Ksh 705 million. Despite this, the project targets 100% completion while some flagships are yet to commence (Nakuru and Kwale).

Table 16: Development under state Department in Kshs million						
S/No.	Project	FY 24/25	FY25/26	GOK	Foreign	Targets
1	Development of Special Economic Zones-BETA	0.0	504.0	504.0	0.0	65 % completion of the Naivasha SEZ
2	Development of Athi River Textile Hub - EPZA-BETA	0.0	602.0	602.0	0.0	75% completion rate of Athi River Textile Hub
3	Establishment of One Stop Centre (OSC) for Investment& Office	0.0	73.0	73.0	0.0	50% rate of completion for One Stop Centre (OSC
4	Flagship Export Processing Zone Hubs (EPZA)-BETA	700.0	705.0	705.0	0.0	100% completion of the Flagship projects (Maranga, Busia, Asin Gishu, Kirinyaga, Nakuru, Kwal e)
5	Kenya Job and Economic Transformation (KJET) Project	244.5	250.0	0.0	250.0	1 report on investor concerns resolved and action plan for addressing investor concerns
	Total	944.5	2,134.0	1,884.0	250.0	

Source: National Treasury

68. Key underfunded areas under the state department **table 17**

S/No	Unfunded Area	FY 2024/25	BPS Allocation	FY 2025/26	FY 2025/26 short fall	Justification
1.	Headquarter Personnel Emolument	127.59	103.05	103.05	100.52	shortfall of Kshs. 100.52 million
2.	Pending bill	-	-	-	23.42	pending bills
3.	Operation O&M HQ	129.22	88.12	88.12	198.00	Kshs.88.12 million is hardly enough to support the State Department in it mandate implementation
4.	O&M CS office	-	-	-	122.73	Operations and Maintenance budget for the CS office
5.	Shortfall on mandatory expenditure items and O&M budget for SEZA	-	-	-	167.45	The Special Economic Zones Authority is unable to fund its current operations due to inadequate budget allocation
6.	PE Shortfall (KenInvest)	-	-	-	82.82	To enable the Authority, meet its mandatory expenditure
7.	O & M (Keninvest)	-	-	-	150.00	Shortfall in O&M including Kenya
	Total Recurrent				746.94	

8	M&E all 14 development projects	0	0	150	150	M&E Facilitation development for state department
8	Development of SEZ Textile Park Naivasha SEZA		928.50	504	551.33	KRA requires a secure perimeter wall as a pre-condition to issue tax benefits to investor
9	Development of Athi River Textile hub	-	-	-	60.00	Implementation of these projects has stopped due to non-allocation of budget in the current financial year.
10	Pending bill for Kenanie effluent treatment plant	-	-	-	70.00	Project completed and certificate issued for the jointly funded through KLDC and EPZA while KLDC has cleared its portion
11.	Flagship projects on construction of export processing zone hubs – EPZA	944.58	1,537.50	700.00	800.00	The allocation of KShs.700 million FY2025/26 falls short of
Total Development Budget Requirement					1,481.33	
Total Budget Requirement					2,228.27	

CHAPTER FOUR

4.0 COMMITTEE OBSERVATIONS

4.1 State Department for Cooperatives

The committee observed that.

69. The proposed allocation for the State Department for Cooperatives in FY 2025/26 is Ksh 7,399 million, with Ksh 5,827.6 million for recurrent and Ksh 1,571.4 million for development expenditure. This marks a reduction of Ksh 1,006.2 million (12%) from the approved BPS ceilings. The reduction in funding is largely attributed to a decrease in the Cherry Fund allocation by 1 billion.
70. The State Department's exchequer releases toward the Coffee Cherry Advance Revolving Fund have remained low over the years. In FY 2023/24, out of an allocation of Ksh 4 billion, only Ksh 500 million was disbursed. For FY 2024/25, the allocation stands at Ksh 3 billion, but as of 30th April 2025, only Ksh 1.5 billion has been received
71. The Ministry of Cooperatives, through New KPCU, is implementing a national coffee revitalization program to plant 20 million trees over three years, aiming to increase Kenya's clean coffee production from 51,852 to 151,000 metric tons by 2028/29. To achieve this, the State Department requires Ksh 1 billion to support the revival of cooperative societies, expansion of coffee acreage, and improved productivity.
72. The State Department has 3 new projects with an estimated allocation of KES.700 million in the proposed FY 2025/26. The 3 new projects include: -Construction of Narok Milk Plant-KES.400 million, Nandi Dairy Union Processing Plant-KES.100 million, Upgrading of Runyenjes Milk Factory-KES.200 million.
73. The construction of the Milk Factory in Narok, which has proposed funding of KES 400 million, lacks a detailed feasibility study. This raises significant questions about the project's justification and sustainability. The committee noted the need for a feasibility study.
74. The State Department requires KES 6.8 billion to implement the coffee debt waiver but has only been allocated KES 2 billion, resulting in an unfunded gap of KES 4.8 billion

4.2 State Department for Trade

The committee observed that

75. The proposed allocation for the State Department for Trade is Kshs 4,053.8 million, of which Kshs 3,684 million is recurrent and Kshs 369.8 million is for development.

This represents an increase of Kshs 426 million from the approved BPS ceilings and a reduction of Ksh 1,541.5 million compared to FY2024/25.

76. The reduction is because of one-off expenditure under Kenya National Trading Corporation (KNTC) provided under supplementary No.2 FY 2024/25 to meet financial obligations for rice importation and distribution.
77. The State Department is currently participating in Expo 2025 Osaka in Kansai, Japan, through the Kenya Export Promotion and Branding Agency (KEPROBA). The Expo, which commenced on 13 April 2025 and is scheduled to conclude on 13 October 2025, aims to showcase Kenyan products to the global market and expand market access. To support effective participation, KEPROBA requires KES 200 million in the FY 2025/26 budget
78. Kenya National Trading Corporation (KNTC), in its implementation of its mandate as the Government's procurement agent, requires additional funding of Ksh 500 million to enable the agency to mop up the excess rice, wheat, and legumes from farmers and cooperatives.
79. During the Kenya Sector Alliance KEPSA at 20 celebrations. The president directed that the presidential round table to held quarterly basis and to incorporate members of the Kenya National Chamber of Commerce and Industry beginning January 2025. The State department requires Ksh 20million for the FY 2025/26 which is Ksh 5million per quarter.
80. The African Continental Free Trade Area (AfCFTA), the Pan African E-Commerce Initiative (PeCI), and the Alliance for Product Quality in Africa (AfPQ) are donor-funded projects that require KES 67 million in Government of Kenya (GoK) counterpart funding, in line with the financing agreement to match a donor grant of KES 600 million. These initiatives are critical for enhancing regional trade integration, boosting digital commerce, and improving product standards across Africa.

4.3 State Department for Industry

The committee observed that.

81. The proposed allocation for the State Department for Industry is 8,679.7millions of which Kshs 3,157.4 million is recurrent and Kshs 5,522.3 million is in development, this represents a reduction of Kshs 450.3 million from the approved BPS ceilings and an enhancement of Ksh 1,383 million while compared to FY2024/25.
82. The enhancement under the state department is mainly attributable to an increase in allocation towards County Aggregation and Industrial Parks (CAIPs), which has an

allocation of Ksh 4.6 billion from Ksh 3 billion during FY 2024/25. The implementation of 21 CAIPs is expected to be completed in FY 2025/26 and will require Ksh 1,198 million. The remaining 26 are still under implementation, with 10 CAIPs at preliminary stages (land ownership issues, transfers, identification of sites, among others) of implementation having a zero contribution from both county and national government.

83. KIRDI Industrial Research Laboratories, constructed and equipped in Nairobi South C, require 2.6 billion to be completed for phase I. The state department got approval from the National Treasury for financing, where the amount was to be issued in 2 years. In FY 2025/26, they were expected to receive Ksh 1 billion; to this end, the proposed allocation is Ksh 500 million, thus there is a shortfall of Ksh 500 million.

84. The State Department participates in regional general meetings, especially in the EAC, where Kenya is the chair, and COMESA, among others. The State Department has an allocation of Ksh 3.6 million for foreign travel, which is insufficient for officers to participate; thus, the department requires an additional Ksh 40 million for foreign travel.

85. Kenya Accreditation Service (KENAS) has been implementing the Enhancement of Accreditation Programme in Kenya (EAP-K), which is a flagship strategic initiative. The programme is expected to support the implementation of the Business Law Amendment Act of 2024, which mandates KENAS to accredit all Conformity Assessment Bodies (CABs) operating in Kenya. To this end, they have a funding shortfall of Ksh 40 million and Ksh 30 million for the Accreditation Information Management System (AIMS).

86. The Export and Investment Promotion Levy was introduced with the aim of supporting local manufacturers by promoting local production over imports. However, instead of lowering costs, the prices of key construction materials such as cement and steel have continued to rise. The Committee observed that this unintended outcome calls for a revision of the levy rate to 5% to mitigate its adverse effects on the cost of construction and ensure it achieves its intended objective

4.4 State Department for (Micro Small and Medium Enterprises) MSME Development

The committee observed that:

87. The proposed allocation for the State Department for MSMEs Development is Kshs 5,593.5 million, of which Kshs 1,831.7 million is recurrent and Kshs 3,761.8 million is for development. This represents a reduction of Kshs 758.5 million from the approved BPS ceilings, translating to 12%, which is mainly attributable to the reduction of the Hustler Fund by Kshs 1 billion.

88. The Hustler Fund has about 25.8 million customers, with 23 million having borrowed and 9 million being repeat borrowers. Of these, 4.5 million are classified as good borrowers. So far, KES 65 billion has been borrowed and KES 53 billion repaid, leaving KES 12 billion outstanding, including KES 6 billion in non-performing loans. The committee noted the need for a detailed report covering customer data, loan performance, and recovery strategies.
89. The Hustler Fund is currently managed by third-party providers, which limits the State Department's control and access to timely information. To address this, the Department has secured approval for a dedicated staff structure and must now establish the necessary infrastructure and regulations to manage the funds directly and allocate resources effectively. An additional allocation of KES 400 million is required to support this initiative.
90. The Micro and Small Enterprises Authority has a recurrent budget proposal totaling Ksh 973 million for the for FY2025/26. However, only Ksh 543.0 million (61%) has been allocated, resulting in a shortfall of Ksh 430 million. Notably, the allocated funds are sufficient to cover staff personnel equipment only, leaving critical operational areas such as board expenses, contracted services (including rent, cleaning, and security) unfunded.
91. Kenya Industrial Estates (KIE) requires Kshs. 1.7 billion to support loan disbursements. The organization plans to disburse Kshs. 3.2 billion to Small and Medium Enterprises (SMEs) in the manufacturing and value addition sectors during the 2025/26 financial year. However, KIE can only raise Kshs. 1.5 billion from principal loan repayments. As a result, the organization will be unable to adequately serve SMEs with credit facilities, most of whom operate within the BETA priority value chains.

4.5 State Department for Investment Promotion

The committee observed that:

92. The proposed allocation for the State Department for Investment Promotion is Ksh 3,512.5 million, consisting of Ksh 1,378.4 million for recurrent expenditure and Ksh 2,134 million for development expenditure. This represents a reduction of Ksh 2,185.9 million from the approved Budget Policy Statement (BPS).
93. The allocation reflects an increase of Ksh 790.8 million compared to the FY 2024/25 budget. This rise is attributed to the inclusion of Ksh 602 million for the development of the Athi River Textile Hub (EPZA-BETA) and Ksh 504 million for the development of Special Economic Zones (BETA), both of which were unfunded in the previous financial year.

94. KenInvest operations and maintenance have a shortfall of Ksh 232.8 million, of which Ksh 82.8 million is non-discretionary expenditures. Additionally, there is a request to realign a capital transfer of Ksh 73 million to the recurrent budget to reduce the funding deficit of their operations.
95. The construction of the Kenanie Effluent Treatment Project has been completed, and certificate completion issued. The project, which was jointly funded by the Kenya Leather Development Council (KLDC) and the Export Processing Zones Authority (EPZA), currently has a pending bill Kshs 70million. Notably, KLDC has already cleared its portion of the payment, while the outstanding amount remains under EPZA's responsibility.
96. There is a donor-funded project of Ksh. 1.95 billion through the Exim Bank of India on the development of SMEs through the importation of plant, equipment, and machinery and consultancy services being implemented by KDC. The project is ongoing in FY 2024/25; in FY2025/26, its implementation is budgeted at Ksh 550 million but has not been captured in the development budget as loan AIA.
97. The development budget faces a shortfall of Ksh 1,714 million, which affects key priority projects. This includes Ksh 551 million required for the development of the Special economic zones (SEZ)Textile Park in Naivasha under SEZA, Ksh 60 million for the Athi River Textile Hub, and Ksh 800 million for the Export Processing Zones Authority (EPZA) flagship project. These funding gaps pose a risk to the timely implementation and operationalization of critical industrial infrastructure aimed at boosting investment and manufacturing capacity.

CHAPTER FIVE

5.0 COMMITTEE RECOMMENDATIONS

5.1 Non-Financial Recommendations Estimates FY 2025/26

98. The committee recommends that the State Department for MSME present a detailed report outlining customer data, loan performance, recovery strategies, and a comprehensive analysis of the proposed insurance premium financing product for the 4.9 million eligible Hustler Fund beneficiaries. The report should also include progress on the collaboration with the State Department for Housing in developing an affordable housing product for reliable borrowers, with clear implementation plans and beneficiary criteria within 90 days.
99. The committee recommends that the State Department for Cooperative conduct a comprehensive feasibility study on the proposed construction of the Narok Milk Plant to assess its economic viability. The study should examine market demand, raw milk availability, operational efficiency, and the project's long-term sustainability before the next budget cycle.

5.2 Financial Recommendations Estimates FY 2025/26

The committee approves the estimates for the FY 2025/26 budget for the state department under its purview with the following amendments.

5.2.1 Proposed Reductions

Vote	MDA/ Programme	Programme	Rec	Dev	Justification
			Kshs	Kshs	
1173	State Department for Cooperative	Cooperative Development and management	500	550	Recurrent: Reduced Ksh 500m from cherry fund for allocation to priority areas within the coffee sector. Development: Reduce Ksh 550m dev from the following projects: Ksh 350m from Narok factory which lacks feasibility study, Ksh 100m Nandi Dairy Union Processing plant and Ksh 100m Runyejes milk factory funding to priority areas.
1175	State Department for Industry	Industrial promotion and development	0	1,300	Reduce Ksh 1,300m from CAIPs. The reduction is informed by the implementation status where in some cases the counties are at preliminary stages of commencing implementation with zero contribution due to land ownership issues, land transfers, identification of sites, among others.
1177	State Department for Investment promotion	Investment Development and Promotion	0	73	Realignment of the budget to fund priority non-discretionary expenditures under KenInvest. Reduce; Establishment of one stop Centre (OSC) for investment and office Ksh 73 m.
		Total	500	1,923	

5.2.2 Proposed Increases

Vote	MDA/	Programme	Rec	Dev	Details/Justification
			Kshs	Kshs	
1173	State Department for Cooperatives	Cooperative Dev and Management	500	363	Ksh 500m recurrent for coffee revitalization NKPCU, Ksh 363m dev for Refurbishment of NKPCU warehouse (Nairobi Ksh 213m, Sagana 100m), Construction of warehouse at Kakamega under NKPCU Kshs 50m
1174	State Department for Trade	International Trade promotion	200	0	Ksh 200m Japan Expo 2025 which is ongoing to promote Kenyan products
		Domestic Trade and Enterprise dev	520	67	Recurrent: KNTC moping of rice, wheat and legumes from farmers and cooperatives Ksh 500 m , presidential round table Ksh 20m Dev: Ksh 67m to unlock Ksh 600m grant development.
1175	State Department for Industry	General admin	20	0	O&M Ksh 20m foreign travel enhancement.
		Standards, Quality Infrastructure & Research	0	100	for (Kenya Industry and entrepreneurship project (KIEP) GOK counter funding Ksh 30 m , KENAs Ksh 70m implement accreditation programme
1176	State Department for (MSMEs) Development	Promotion and Development of MSMEs	200	200	Recurrent: Ksh 200m additional for rent, board expenses, Ksh 200m for constituency industrial development centers
			100	0	Recurrent: Facilitation of constituency uwezo fund management committees Ksh 100m
1177	State Department for Investment Promotion	Investment Development and Promotion	83	70	Recurrent: KenInvest Ksh 83m non-discretionary expense
					Dev: Pending bill for Kennanie affluent plant Ksh 70m
		Total	1,623	800	

5.3 Wish-list Estimates FY 2025/26

State department for Cooperatives

1. Additional funding of Ksh 500 million for coffee revitalization, specifically targeting the revival of cooperative societies, expansion of coffee acreage, and improved productivity.
2. Additional funding of KShs. 4.8 billion to cater for coffee debt waiver; (Cooperative Development and management programme)

State department for Industry

3. Additional Ksh 500 for KIRDI to facilitate construction within 2 years as approved by the National treasury.

State department for MSME development

4. Kenya Industrial Estates (KIE) Kshs. 1.7 billion to meet its Kshs. 3.2 billion loan disbursement targets for SMEs in manufacturing and value addition under the BETA priority value chains in FY 2025/26. (Product and Market Development for MSMEs programme)

State Department for Investment Promotion

5. Capturing of Ksh 550 million donor Appropriation in Aid (AIA) for a project being implemented by Kenya Development Corporation (KDC); the importation of plant, equipment, and machinery, and consultancy services being implemented by KDC. (Under Investment Development and Promotion programme)

SIGNED..........DATE.....26/05/2025.....

HON. BENARD MASAKA SHINALI, MP
CHAIRPERSON, DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY
AND COOPERATIVES

