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By Hon. Mutava
Today, Thursday, June 6,

KENYA NATIONAL ASSEMBLY 2013

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6/6/13

ELEVENTH PARLIAMENT - FIRST SESSION

BUDGET AND APPROPRIATIONS COMMITTEE
REPORT ON THE ESTIMATES OF
REVENUE AND EXPENDITURE
FOR FINANCIAL YEAR 2013/2014

June 2013

Preamble

Mr. Speaker Sir, the Constitution has placed significant responsibilities on Parliament and indeed the National Assembly over the management of public resources. Parliament has in particular received enhanced responsibility with regard to resource mobilization, allocation, monitoring and control. Article 221 (4 and 5) of the Constitution and the Public Finance Management Act, 2012 contemplates a committee of the National Assembly to oversight the budget process. In this regard, Standing Order 207 establishes the Budget & Appropriations Committee with a specific mandate among which is to:

- i. Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget,
- ii. Discuss and review the estimates and make recommendations to the House

Mr. Speaker Sir,

In line with the provisions of the constitution, the budget estimates and related documents for three arms of government namely, National Government, Parliament, and Judiciary were submitted to the National Assembly on 30th April 2013. As required by the Constitution, the Budget & Appropriations Committee is required to discuss and review the Estimates and make recommendations to the National Assembly for consideration.

Mr. Speaker Sir, the Budget & Appropriations Committee as currently constituted comprises of the following Honorable Members:

1. Hon. Mutava Musyimi, MP - **Chairperson**
2. Hon. Mary Emaase, MP - **Vice Chairperson**
3. Hon. James Gakuya, MP
4. Hon. Stephen Kinyanjui, MP
5. Hon. Stephen Ngare, MP
6. Hon. Jamleck Kamau, MP
7. Hon. George Wanjohi, MP
8. Hon. Priscilla Nyokabi, MP
9. Hon. Nelson Gaichuhie, MP
10. Hon. Clement Wambugu, MP
11. Hon. George Muchai, MP
12. Hon. Francis Njenga, MP
13. Hon. Dennis Kariuki, MP
14. Hon. Moses Ole Sakuda, MP
15. Hon. Mohamed Shidiye, MP

16. Hon. Tiyah Galgalo, MP
17. Hon. Patrick Ole Ntutu, MP
18. Hon. Jackson Kiptanui, MP
19. Hon. Moses Lessonet, MP
20. Hon. Benjamin Langat, MP
21. Hon. Joseph Limo, MP
22. Hon. Lati Lelelit, MP
23. Hon. Bitok S. Kirwa, MP
24. Hon. Daniel Nanok, MP
25. Hon. Banticha Jaldesa, MP
26. Hon. Abdulaziz Farah, MP
27. Hon. Alfred Sambu, MP
28. Hon. Muriuki Njagagua, MP
29. Hon. Zebedeo Opore, MP
30. Hon. Samuel Gichigi, MP
31. Hon. Alfred Agoi, MP
32. Hon. Reginalda Wanyonyi, MP
33. Hon. Alice Ng'ang'a, MP
34. Hon. Lekuton Joseph, MP
35. Hon. Omar Mwinyi, MP
36. Hon. John Mbadi, MP
37. Hon. Mohamed Hassan Mwanyoha, MP
38. Hon. Chrisantus Wamalwa Wakhungu, MP
39. Hon. Suleiman Murunga Kasuti, MP
40. Hon. Omondi George Washington Mallan, MP
41. Hon. Irshad Sumra, MP
42. Hon. Abdikadir Omar Aden, MP
43. Hon. Jared O. Opiyo, MP
44. Hon. Manson Nyamweya, MP
45. Hon. Onyonka Richard, MP
46. Hon. Silverse Lisamula Anami, MP
47. Hon. Dr. James W. Nyikal, MP
48. Hon. Benjamin Andola Andayi, MP
49. Hon. Charles Nyamai, MP
50. Hon. Shukran Hussein Gure, MP
51. Hon. Makali Mulu Benson, MP

Mr. Speaker Sir,

The 2013/14 budget marks a great milestone in the public finance architecture in this country. This is because the budget in process fully ushers in devolved form of government envisaged under the Constitution. Unlike in the past, resources are now being shared between the national government and 47 county governments according to the responsibilities of each level of government. The National Assembly maintains the responsibility to ensure public resources are used in a prudent and responsible way.

The Committee scrutinized the estimates for the national government, the Judiciary and Parliament and has made a number of recommendations to this House.

Mr. Speaker Sir,

In reviewing the 2013/2014 Budget Estimates the Committee held six sittings. In line with the Constitution, the Committee also held public hearings with the general public on the estimates. These public hearings were held in ten centers across the country. This was in Nyeri, Embu, Mombasa, Kisumu, Nakuru, Kakamega, Garissa, Eldoret, Isiolo and Nairobi. These hearings were conducted to receive views and recommendations of Kenyans on the proposed budget estimates and public opinion on areas where more resources are required to enable creation of more job opportunities, and also areas of wastage or expenditure cuts. **Mr. Speaker Sir**, allow me to thank Kenyans who took time to participate in the consultations and whose views we have taken into account in this report.

Further, as required by the Standing Orders, the Committee received written submissions with recommendations from all the twelve Departmental Committees. **Mr. Speaker Sir**, let me also appreciate all the Departmental Committees who worked tirelessly to prepare their reports within the short timeframe we had. The combined report of the public hearings and Departmental Committees' reports are annexed to this report.

Lastly, the Committee is grateful to the Office of the Speaker and the office of Clerk of National Assembly for the support received as it discharged its mandate of reviewing the 2013/14 Estimates. The Committee is also grateful to the Members of Parliament who participated in the process, especially the public hearings in the aforementioned centers.

Mr. Speaker Sir,

It is therefore my pleasant duty and privilege, on behalf of the Budget & Appropriations Committee to table this Report and recommend it to the House for adoption.

Signed

A handwritten signature in black ink, appearing to read 'Mutava Musyimi', written over a horizontal line.

The Hon. Mutava Musyimi, MP
Chairman, Budget & Appropriations Committee
June, 2013

Comprehensiveness of the Budget Estimates and Adherence to the Public Financial Management Act (PFM) 2012

1. **Mr. Speaker Sir**, the 2013/14 budget is the first budget prepared under the Public Financial Management (PFM) Act of 2012. It was therefore expected that the format of budget estimates and the documentation would have been as per the requirements in this law. However, the documentations reveal very little of what is contained in the budget estimates for 2013/2014 and the medium term. Further, delays in publishing the regulations for the PFM law may have led to confusion among ministries and other entities with regard to the format of submission. As a result, Hon. Members may have noticed that the estimates submitted to this House by the Judiciary Service and by the Parliamentary Service were in a different format compared to that of the executive. The committee recommends that the Cabinet Secretary National Treasury with immediate submits to this house the draft regulations so that the necessary guidance is given to all entities of government.
2. **Mr. Speaker Sir**, the Hon. Members will agree with the Committee that it was so difficult to decipher information from the estimates provided to this House for the 2013/14 and the medium term. While we thank the Cabinet Secretary for having submitted the estimates on program basis and having for the first time provided outputs and outcomes attached to the resource being voted to various government agencies, we must register our displeasure that the documentation was poor. While presenting the budget, the Cabinet Secretary did not provide a list of all entities that receive funds appropriated from the budget of national government. As Honorable Members know, there are several Semi-Autonomous institutions that receive substantial resources from the exchequer. Under the PFM law, budget estimates ought to have been accompanied by an annex that shows the amount of resources these institutions are generating and how much they are receiving from the exchequer.

The overall expenditure and its impact on the economy

3. **Mr. Speaker Sir**, this year's budget is the highest this country has ever witnessed. The total combined budget presented to this House amounts to Ksh 1.642 trillion. Hon Members, you will agree with the Committee that we as a country have focused a lot on increasing government expenditure as opposed to creating surplus and allowing a private sector led economic growth.

4. Hon. Members, we must accept that Kenyans have a lot of expectations. However, as we all know, the administrative structures created by the constitution are many and expensive. This calls for serious reflection. It is therefore demanded of us to soberly discuss how to reduce some of the huge expenditures of these institutions without negatively impacting on their services. We have all seen the many fuel guzzlers in the streets of Nairobi belonging to some of these institutions. More so, the number of public servants has increased substantially.
5. **Mr. Speaker Sir**, some of the gains this country made when it rationalized its public sector some ten years ago may be reversed. The number of public servants will have more than doubled by the end of this year. As we move to devolved form of government where some responsibilities of national government have been transferred to counties, we expect serious rationalization of government employees. The estimates that were submitted to Parliament in particular from line ministries did not seem to recognize this fact.
6. **Mr. Speaker Sir**, the public expenditure in this country has more than doubled in the last decade and is tipped to grow beyond 50% if the both the national government and the county governments continues to expand through creations of new institutions and units of administration. In addition, as the government continues to borrow to finance the deficit arising from underperformance of revenues, the public debt repayment increases. Hon. Members, hard times call for difficult choices. The government must reduce its appetite and contain the public spending. Indeed the constitution article 201 (c) provides that the burdens and benefits of the use of resources and public borrowing shall be shared equitably between present and future generations. Hon. Members we are mortgaging the future generations through the build up of public debt, a debt which we are incurring to meet recurrent expenditures. Approving the estimates as submitted would be perpetuating the burden we are heaping on our children.
7. **Mr. Speaker Sir**, in reviewing the estimates submitted, the Committee sought to assure itself on two key issues: first, whether the resources are applied in a manner that is efficient and effective in an equitable manner. Second, whether the available resources are adequately to defray the desired expenditure.
8. **Mr. Speaker Sir**, The present budgeting system is largely incremental. Government routinely allocates money to programs without much consideration as to whether those programs generate public services in the most efficient way. Hon. Members, the estimates as presented this year have brought to us important information which we should use in our monitoring of government spending. Indeed, it is our hope that the Controller of Budget should

approve the budget on a program level and the quarterly reports should indicate how much of the outputs as stated in these documents are achieved.

9. **Mr. Speaker Sir**, huge sums of public money is spent on numerous noncore items such as external travel, and hospitality among others. The Constitution of Kenya provides in Article 201(d) that "public money shall be used in a prudent and responsible way". This means that we must make every effort to reduce wastage of public resources and apply to the most productive activities. Indeed, Hon. Members, the principle that should guide budget making should therefore be "achieving the greatest public good in the most cost-effective way."

Key Priority Areas for the 2013/14 Budget

I. Youth Empowerment and Employment Creation

10. **Mr. Speaker Sir**, unemployment contributes to poverty among our people and Hon. Members will share in the concern of this Committee. The only way the country will decisively deal with this problem is to provide opportunities for our youth to engage in gainful and productive activities in order to earn a decent living. This is indeed the reason why the Committee's main theme during public hearing was "creating employment opportunities through the budget." A details summary of the key issues from the public hearing is given in Annex 2.
11. **Mr. Speaker Sir**, the Committee was informed by the public during the hearings held across the country that youth unemployment has largely contributed to the rising cases of insecurity in the country. This House has an interest to protect our country by helping create opportunities for the young people.
12. **Mr. Speaker Sir**, the public supports the Youth Fund but emphasizes the need to restructure it and ensure youth are trained on the use and accounting of the resources and the type of projects that the youth should be involved in. In addition, the government should ensure that the youth can actually access the funds by simplifying the process and doing away with the many bureaucratic procedures which make it difficult for the youth to access funds. It was recommended for government to consider using other intermediaries such as the SACCOs and not commercial banks to channel the funds. Commercial banks were noted to create stringent conditions which discouraged youth from accessing the government loans.
13. **Mr. Speaker Sir**, members of the public called for the allocation of significant and specific resources to the Ministry of Industrialization and Enterprise Development to facilitate the revival and establishment of various industries across the country such as agro-processing and textile

industries in order to create more employment. The public expressed concern that the amounts allocated for Industrial Development and Investment is inadequate. **Mr. Speaker Sir**, the public told us to allocate more resources to the Ministry of Industrialization so that some of the industries that have been strangled by cheap imports including *mitumba*. We need to tackle the issue of kadogo economy and *mitumba* mentality in this great nation. Hon. Members, we are creative people and we must build our country using our own capacities.

II. Provision of Basic Social Services

14. **Mr. Speaker Sir**, the Constitution has placed the burden of providing basic social services on the government by making them a human right. The Hon. Members also are happy with the Presidential directive on the for free maternity services. However, a careful review of these estimates indicates that there was no provision to defray the costs incurred by the public facilities. Thus funds must be found to allocate both at the national and the county level for these services in order to fulfill the promise to our people.
15. **Mr. Speaker sir**, though the provision of basic healthcare has been assigned by the Constitution as a function of the County Governments, but the national government should fast track policies to guide provision of affordable healthcare. The government policy of free healthcare for an array of services has not been matched with the required resources. Indeed, bulk of resources in the Ministry of Health is transfers to SAGAs.
16. **Mr. Speaker Sir**, members of the public called for the provision of adequate funding for more teachers at all levels of education. It was noted that there was acute shortage of teachers in public schools which had compromised the quality of learning. In addition, the public noted that the infrastructure in the education sector was wanting. It was recommended that the government invest in training of teachers especially on computer skills.

III. Food Security

17. **Mr. Speaker Sir**, Article 43 of our constitution provides that every person has a right to food. Latest estimates indicate that close to a third of Kenya's population is considered food insecure. Hon. Members may be aware that we spend, on a yearly basis, substantial resources on food importation yet some countries within this region have become food sufficient. **Mr. Speaker Sir**, a government that cannot feed its people runs the risk of being unable to realize meaningful development.

18. **Mr. Speaker Sir**, the Committee therefore calls for a comprehensive food security program which is not solely dedicated to maize production but rather to the sustained production of all food crops. Livestock farmers are also concerned that livestock industry has been neglected for long. We specifically need a policy that ensures farmers have access to quality certified seed and other inputs such as fertilizer and extension services as well as ensuring concerns of livestock farmers are addressed. In this regard, the public informed the Committee that the current administration of fertilizers is inefficient, and prone to exploitation by middlemen. The public is also concerned that despite huge resources that the government was spending on irrigation, outputs have not been commensurate.
19. **Mr. Speaker Sir**, from the public hearings the Committee heard of the need to establish a local factory for fertilizer production in the Country. The Committee is in support of these views and respective ministries should ensure that their proposals are implemented. As you may recall, the last Parliament made specific recommendations and set aside funds for projects in agriculture. It is not clear exactly how many farmers and areas have benefitted from this provision.
20. **Mr. Speaker Sir**, the Committee heard cries of farmers who are pleading with government over collapsed public agricultural enterprises. The public requests the government to promote the pyrethrum industry and revive the Pyrethrum Board. Farmers noted that pyrethrum farmers have not been paid since 2008 and that the national government should intervene to have Ksh 500 million arrears paid to farmers. The Committee shares the concern of the farmers and recommends that the government considers revamping Agricultural Finance Corporation which had been useful in providing farmers with affordable loans. The Committee also recommends that the government addresses the concerns of national agricultural institutions such as KPCU and NCPB.
21. **Mr. Speaker sir**, the public is also concerned over the fishing industry. The Committee received requests from the public for better equipment, improved policing services in our waters where they conduct their business and better marketing infrastructure. Indeed they recommended for the creation for a Fish Fund.

IV. Roads/ Infrastructure

22. **Mr. Speaker Sir**, the public is concerned that the quality of road repairs and maintenance across the country was poor and vulnerable to rains. The public noted that the major highways had suffered years of neglect and needed to be restored and expanded. Throughout the

country, the public reiterated that the poor state of the country's transport system is an impediment to businesses and economic growth.

23. Mr. Speaker Sir, the government had initiated programs to expand the airstrips and airports across the country. The public notes that the process of completing these facilities has been slow and recommends that adequate resources be set aside to expand the regional airports. Eldoret Airport was noted to have been underutilized because the government has not facilitated completion of internal cargo depot which would open up the facility.

V. Security

24. Mr. Speaker Sir, The Committee is deeply concerned at the state of insecurity in the country. This country for a long time has prided itself as an island of peace but with the reports of lawlessness and crime in the country, the public will soon lose faith in government's ability to guarantee safety for its citizen. The public would like more police to be recruited and equipped to curb incidences of insecurity. The government is also urged to invest in community policing as one of the means of curbing insecurity. The public also proposes that high mast security lights/ floodlights should be set up especially in informal settlements. The Committee supports the proposal from the public and has recommended adjustments in allocation to police.

VI. Absorption of Donor Funds

25. Mr. Speaker Sir, during the interaction with Ministries and government agencies, the Committee noted a low absorption rate of funds due to lengthy and bureaucratic procurement procedures. In this regard, the Committee notes that the last Parliament called for reforms of the Public Procurement and Disposal Act. The relevant government agency is urged to urgently prepare a legislative proposal for this House to consider. In the meantime this Committee recommends that Government agencies prepare realistic work plans and accompanying procurement plans tied to the available resources. This is necessary to avoid holding funds which would have otherwise be utilized to meet other pressing needs. Hon. Members, the Committee has reallocated funds from areas where absorption capacity has been lacking to areas of high priority.

VII. Other Broad Concerns

26. Mr. Speaker Sir,

Committee Recommendations

To this end, the Committee recommends the following:

- a) Policy measures

27. **Mr. Speaker sir**, it is important for Government to adhere to the principles of fiscal responsibility. We are therefore recommending that the fiscal deficit (balance on cash basis including grants) for 2013/14 should not more than 4 percent of GDP. Therefore, Cabinet Secretary responsible for National Treasury should instill austerity measures to reduce the appetite for resources by Ministries, Departments and Agencies (MDAs). Alternatively, additional revenue measures must be sought to close the financing gap.
28. **Mr. Speaker Sir**, during our interaction with the Cabinet Secretary for National Treasury, the government expects tax collection to improve upon certain administrative measures. To support this, the Committee notes that in the 2012/13 report on the Budget Policy Statement, Parliament recommended the use of GPRS enabled Electronic Tax Register (ETR) as a means of enhancing VAT collection. Based on the aforementioned resolution, the VAT Act was amended in the Finance Bill of 2012. VAT is the tax of the future and if properly administered, it is likely to substantially enhance revenue collection. The GPRS-Integrated ETR is its single most valuable, powerful vehicle that is likely to increase VAT collection. The Committee is however concerned with the slow pace of implementation of GPRS enabled ETR. Available information indicates that the exact population of ETRs in the market is not known. This makes it difficult for the tax man to net in the non compliant taxpayers. To this end, we recommend that KRA hastens the implementation of GPRS enabled ETRs.
29. **Mr. Speaker Sir**, the Constitution provides for the Equalization Fund whose purpose is to bring the marginalized areas to a level comparable to other areas in the country. The provision of Kshs.3.4 billion is not based on any criteria. The National Treasury should therefore provide the Constitutional amount of Kshs.6.08 billion which has accumulated over the years since the promulgation of the Constitution. The amount should be allocated in a transparent manner, in line with the criteria set by the Commission on Revenue Allocation (CRA).
30. **Mr. Speaker Sir**, there is need to re-look at the dichotomy between National and devolved functions as detailed in the fourth schedule of the Constitution. For instance, the Ministry of Agriculture, Livestock, and Fisheries have devolved farmer training centers. However, the fourth schedule clearly indicates that this is a National Government function. On the other hand, the Ministry has remained with personnel and emoluments whereas the main function is envisaged to be undertaken by the County Government. In the spirit of the Constitution, all functions that are meant for the County Government must be fully devolved, including the corresponding personnel and emoluments. In this regard, the Committee has resolved that a joint forum of County Government, the National Executive led by the Cabinet Secretary for Devolution Transitional Authority and the Budget Committee

31. **Mr. Speaker Sir**, there are Government institutions with overlapping mandates and others whose primary role has been overtaken by events. The public is indeed concerned that some Government institutions with huge budgetary allocations have little to show for their activities. The Committee supports the government's effort to reduce administrative expenses by streamlining government institutions. More so, under devolved system of Government, it is expected that the role of National Government Ministries will eventually be reduced to mainly policy and coordination.
32. During the financial year 2012/13, arising from the hearings, the House approved specific projects that are supposed to be executed. As the year gets to an end, the Committee is concerned that some projects have not started being implemented. The Committee therefore urges Cabinet Secretary as well as the line Ministries to ensure that all the approved projects are fully implemented.
33. **Mr. Speaker Sir**, in this regard, the remaining part of this report should be considered as a notice of motion to adjust the 2013/14 Estimates submitted to Parliament in order to have an efficient and responsive budget that addresses the needs and requests of Kenyans and meets the aspirations of the citizenry.

b) Areas of Reduction

34. **Mr. Speaker sir**, after intensive consultations, there is some funds allocated to the National Treasury which could not be justified. This includes:
- i. Kshs.3 billion allocated to undertake human resource reforms,
 - ii. Kshs.319 million to the Public Procurement Oversight Authority,
 - iii. Kshs.500 million to the Financial Reporting Center,
 - iv. Kshs.100 million to the Nairobi Financial Centre
 - v. Kshs.278 million towards the refurbishment of the National Treasury and construction of a connecting bridge to Bima House,
 - vi. Kshs.4 billion for constitutional reforms,
 - vii. Kshs.2 billion to implement irrigation to schools,
 - viii. Kshs.105 million for construction of greenhouses for schools,
 - ix. Kshs.1.3 billion for irrigation infrastructure,
 - x. Kshs.300 million for establishing an expert/ service scheme at the National Treasury, and
 - xi. Kshs.75 million for the Privatization Commission

xii. Kshs.1.3 billion for prefab housing for health housing.

35. **Mr. Speaker sir**, the committee proposes that the above amounts be scaled down as follows: (i) the allocation for human resource reforms be reduced to **Kshs.1.5 billion**, (ii) the allocation to the Public Procurement Oversight Authority be reduced by **Kshs.19 million**, (iii) the amount allocated to the Financial Reporting Centre be reduced to **Kshs.350 million**, and (iv) the allocation for establishing an expert/ service scheme be scaled down to **200 million**. In addition, the allocations to the Nairobi Financial Center, refurbishment of the National Treasury, Constitutional reforms, irrigation project to schools, construction of green houses in schools, irrigation infrastructure, and privatization commission be reduced to zero. The reduction will result savings amounting to **Kshs.9.91 billion**.
36. **Mr. Speaker Sir**, the government spends colossal sums of money as transfers to Semi-Autonomous Agencies (SAGAs). It is important to note that approximately 60 percent of transfers go towards paying salaries and allowances. Despite Parliament's recommendation in the past, the pace of reducing the burden caused by these institutions has been painfully slow. To reduce overreliance on the exchequer and free resources to fund social and economic sectors, the recurrent budget for all transfers to SAGAs should be reduced by 5 percent. This will create savings worth **Ksh 3.7 billion**. The reduction exclude SAGAs in the Ministries of Education, Science and Technology, Health, Transport and Infrastructure, Environment, Water and Natural Resource, Energy and Petroleum, Agriculture, Livestock and Fisheries, Industrialization and Enterprise Development, and Mining. In addition, the exclusion list includes the Kenya Revenue Authority, National Museums of Kenya, Auditor General and Constitutional commissions as well as Parliamentary Service Commission and the Judiciary. The institutions exempted however should ensure that resources are utilized in a prudent manner.
37. Further, in order to keep the expenditures at sustainable level this committee urges the Cabinet Secretary National Treasury to maintain the austerity measures instituted in 2012/13 be continued in the 2013/2014 budget. This includes hospitality supplies, foreign travel, printing and advertisement. The Committee noted that some Ministries and agencies have reverted and allocated huge sums, which is against the policy directive. To this end, the committee recommends a reduction of 30 percent across all Government agencies of the National Government. These measures will create savings to a tune of **Kshs. 1.3 billion**.
38. **Mr. Speaker Sir**, the Budget Committee report for 2012/13 revised the allocation to Poverty Eradication Commission by 88 percent for recurrent expenditure while the development amount was revised to zero. During the 2013/14 budget hearings, it came out clearly that the Commission does not serve the intended purpose. Thus, the austerity measures adopted in the

2012/13 budget committee report will continue to take effect. Therefore, the budget for Poverty Eradication Commission be reduced by **Kshs.170 million** which comprising of Kshs.110 million in recurrent expenditure and Kshs.60 million in development estimates. In addition, the Cabinet Secretary responsible for Devolution and Planning should explore the modalities of winding up the Commission within 2013/14 financial year.

39. **Mr. Speaker Sir**, the cost of maintaining administrative institutions and units has created a major pressure to the recurrent budget. In order for the government to maintain the cost of administration to lower levels it is recommended that the allocations for all Commissions be reduced by 15 percent. This will create savings amounting to **Kshs.1.3 billion**. This would exclude the Judiciary Service Commission and the Parliamentary Service Commission which is already adjusted above. Indeed, the Committee will be making concrete recommendations to this House on these Commissions.
40. **Mr. Speaker sir**, based on the above austerity measures, the Committee has created savings to a tune of **Kshs.15.38 billion**, which I propose to allocate in priority areas as highlighted below.

c) **Areas of Increments and Reallocations**

41. The committee recommends the following additional allocations:
- i. **Kshs.3 billion** be allocated to the Ministry of East Africa Affairs, Commerce and Tourism, for tourism related initiatives;
 - ii. To address the issue of unemployment which came up in all the centers during the public hearings, **Kshs.3 billion** be allocated to the Ministry of Industrialization and Enterprise Development for jumpstarting industrial growth which is a key ingredient for attainment of the Vision 2030.
 - iii. **Kshs.1.3 billion** earmarked for prefab housing for health centers be implemented through CDF and therefore, all this resources be shifted to the Ministry of Devolution and Planning under the provision for CDF.
 - iv. **Kshs.300 million** be allocated to the Director of Public Prosecution (DPP) towards building capacity of the office.
 - v. The Committee observes that many countries such as Rwanda have embraced technology in dealing with issues of land. Thus, the Committee recommends that **Kshs.1 billion** be allocated towards revamping the Kenya National Spatial Data Infrastructure (Geomapping) under the Ministry of Lands, Housing, and Urban

Development. The Committee also urges the concerned Ministry to move with speed to ensure that the project is completed by end of 2013/14.

vi. **Kshs.200 million** be allocated to Gotu Bridge (Killer Bridge) in Isiolo.

vii. An amount of **Kshs.300 million** be allocated to Konza city.

Kshs. 500 million be allocated to the Auditor General owing to the expanded mandate of office.

d) **The Allocation for Parliamentary Service Commission (PSC)**

42. **Mr. Speaker Sir**, as earlier mentioned, hard times require tough decisions. In order to reduce the overall deficit, we recommend adjustments to be extended to both legislature and judiciary as well. We therefore recommended that the budget allocation for Parliamentary Service Commission be reduced from **Ksh 24.5 billion** to **Kshs.19 billion**. It is our considered opinion that this amount is enough to cater for the expanded Parliament including the provision for offices for Members of Parliament and all other expenses.

e) **The Allocation for Judiciary**

43. On the same basis, the threshold for Judiciary should be limited to **Kshs.16.1 billion** which is **Ksh 1.0 billion** above the ceiling given to the Judiciary. **Ksh 1.0 billion** has been recommended by the Committee to construct courts in the counties as requested by the Committee. The request from the Judiciary to purchase aircraft has been declined by the Committee.

44. These institutions should as well adhere to the PFM Act, by dedicating at least 30 percent of their budgets towards development expenditure. The

f) **Key areas requiring immediate funding**

45. **Mr. Speaker Sir**, during our interaction with the public as well as consultation with the Departmental Committees, the Budget Committee identified other key projects/ programmes that require funding. Should additional resources be identified, the Cabinet Secretary should consider funding the projects identified in Annex 1.

ANNEX 1: KEY PRIORITY AREAS NOT FUNDED

Ministry	Justification	Amount
Independent Policing Oversight Authority	<ul style="list-style-type: none"> Operationalization of IPOA – Kshs. 380 million 	Kshs. 380 million
Ministry of Interior and Coordination of National Government	<ul style="list-style-type: none"> Purchase of Motor vehicles - Ksh. 15 billion Procurement of two police aircrafts - Ksh. 2 billion Purchase of three speed boats - Ksh. 1 billion Traffic Reforms - Ksh 200 million Purchase of firearms and other security equipment - Ksh. 6.6 billion Forensic laboratory and crime research centre and CCTVs - Ksh. 1.2 billion Communication Equipment - Ksh. 4 billion 	Kshs. 30 billion
Ministry of Energy and Petroleum	<ul style="list-style-type: none"> development of renewable energy for photovoltaic solar system in Arid and Semi-Arid areas (ASAL) - Ksh. 500 million Rural Electrification Authority to enhance connection of 2460 public facilities - Ksh. 1.34 billion 	Kshs. 1.84 billion
Ministry of Information Communication Technology	<ul style="list-style-type: none"> Konza City Project - Ksh. 2 billion 	Kshs. 2 billion
Ministry of Lands, Housing and Urban Development	<ul style="list-style-type: none"> National Land commission for purchase of four wheel vehicles - Kshs 235 million Recruitment of key officers - Kshs 40 million Pending allowances to members of Land Tribunals - Kshs 5 million land records - Kshs 80 million Recruit technical officers - Kshs 60 million 	Kshs. 420 million
Ministry of Environment, Water and Natural Resources	<ul style="list-style-type: none"> NEMA to fund establishment of modern laboratory services - Kshs 500 million 	Kshs. 500 million
Ministry of mining	<ul style="list-style-type: none"> mineral commodity exchange - Kshs 150 million purchase of Drilling Rig and accessories - Kshs 20 million purchase of field vehicles - Kshs 20 million purchase of water buzzers - Kshs 10 million 	Kshs. 2.8 billion

Ministry	Justification	Amount
	<ul style="list-style-type: none"> • Aerial Geophysical Survey - Kshs 2.5 billion. 	
Ministry of Education	<ul style="list-style-type: none"> • Free day Secondary Education – Kshs. 3 billion • Free Primary Education – Kshs. 716 million • Provision of sanitary towels – 500 million • Infrastructure grants to primary & Secondary School and Upgrading of National School – Kshs. 5.39 billion • New Mitihani House – Kshs. 720 million • Economic Stimulus Program - Kshs. 2.6 billion • Institute for Capacity Development of Teachers in Africa (ICADETA) formerly CEMASTESA – Kshs. 500 million • Implementation of salary award to Public Universities Staff - Kshs. 1.8 billion • Students Loans and Bursary - Kshs.800 million • Kenya Universities and Colleges Central placement Service - 20 million • National Research fund - Kshs 53 million • TVET Curriculum Reform programme - Kshs. 500 million 	Kshs. 16.53 billion
Teachers Service Commission	<ul style="list-style-type: none"> • Operation and Maintenance - Kshs. 609 million • Recruitment of 2000 teachers - Kshs. 7.6 billion • Recruitment of ECD teachers - Kshs. 4.8 billion • Teacher Promotion - Kshs. 3.5 billion • Automation programme and ICT Connectivity - Kshs. 55 million 	Kshs. 16.5 billion
Ministry of Health	<ul style="list-style-type: none"> • ARVs and Vaccines programme - Kshs. 6 billion 	Kshs. 6 billion
Ministry of Defence	<ul style="list-style-type: none"> • Modernization program - Kshs. 3 billion • single accommodation housing units for KDF Forces - Kshs. 1 billion. • Emergency Security Operations - Kshs. 3 billion 	Kshs. 5 billion
Ministry of Foreign Affairs	<ul style="list-style-type: none"> • Purchase of vehicles – Kshs. 60 billion • Regional Technical Cooperation - Kshs. 300 million • Acquisition of land to construct Ministry headquarters - Kshs. 1 billion • construct a chancery and ambassador's residence in Kampala - Kshs. 460 million • Kenya Mission to the United Nations and the Consulate - Kshs. 1 billion • construct a commercial building and ambassador's residence in Juba - Kshs. 150 million • purchase a chancery and ambassador's residence and staff houses in Geneva - Kshs. 800 million • operationalize the mission in Somalia - Kshs. 100 	Kshs. 63.2 billion

Ministry	Justification	Amount
Ministry of Agriculture livestock and fisheries	<p>million.</p> <ul style="list-style-type: none"> • on-going construction of grain drying facilities in 14 sub-counties - Kshs 400 million • operationalization of Agriculture, Fisheries and food Authority Act, 2013 and Kenya Agriculture and livestock Research Act,2013 - Ksh 10 million • counterpart funding on donor supported programme - Kshs 760 million • grants for fish farmers - Kshs 100 million 	Kshs. 11.26 billion

ANNEX 2:-SUMMARY OF KEY ISSUES ARISING FROM PUBLIC HEARINGS

On the following thematic areas, members of the public gave the following submissions:

a) AGRICULTURE

The public proposed that the government should invest more in agriculture so as to spur economic development in the country. This includes investment in irrigation, provision of fertilizers to farmers at a subsidized rate as well as facilitating farmers to market their produce. Specifically, the public would like the following:

- i. **Allocate additional funds to the Ministry of Agriculture.** This can be achieved through re-allocating funds from other ministries such as the Ministry of Interior and Coordination.
- ii. **Set up agriculture based and agro-processing industries** such as Poultry slaughterhouses; Food and vegetable processing plant, fruit and juice processing plant, Tea factory in Mt. Elgon at Ksh. 3 billion, Soya beans processing plant, and Kitinda milk processing plant at 250 million, Chwele Coffee Milling factory at Ksh. 500 million and Construction of a Tomato processing industry at Ksh. 500 million.
- iii. **Promote use of fertilizers** and certified seeds by providing these to farmers at a subsidized rate. The public also proposed the setting up a fertilizer factory to conclusively deal with the issue of availability of fertilizers.
- iv. **Promote coffee farming** in Nakuru County (Kshs 100 million) as well as Kshs 50 million to invest in rabbit farming in the region.
- v. **Provide for a fish development fund** to boost the fisheries sector. In addition, fish project should be introduced in every public school as part of a program to introduce fish rearing as an income activity. It was also suggested that fishing gears be bought for the fishermen who engage in sea fishing to render their endeavor potent.
- vi. **The government should also promote the pyrethrum industry and revive the Pyrethrum Board** to promote the crop. Leaders noted that pyrethrum farmers had not been paid since 2008 and that the national government should intervene to have Ksh 500 million arrears paid to farmers.
- vii. **Invest in large scale irrigation** through developing the necessary infrastructure to tap the irrigation potential of various regions such as Oluoch-Kimira project in Kisumu County whose area stands at 600 hectares. The government should also allocate Kshs.50 million for development of Mokerere water project.
- viii. **Harmonize irrigation programmes** under the Ministry of Agriculture and Ministry of Water and Sanitation.

- ix. **Revitalize Agricultural Finance Corporation** which had been useful in providing farmers with cheap loans. It was recommended that Ksh 250 million be added to AFC in the budget.
- x. **Enhance allocation to livestock development** as the proposed Kshs5 billion is too little to bring about development in the livestock industry. In addition, consider creation of a livestock fund to compensate livestock farmers when there is drought or famine in the area since many cattle die. Furthermore, the government should budget for construction of abattoirs; Provision of veterinary services; Provision of water through construction of dams and sinking bore holes.
- xi. It was pointed out allocation of 3 billion for fisheries development was below the sector requirement of 10.6 billion.
- xii. **The Kenya Planters Cooperative Union members request the government to grant them a bail out of 1.2 billion** in order to save Ukulima house from being auctioned by auctioneers' in order to settle a debt owned by Kenya Commercial Bank.
- xiii. **Enhance Agricultural extension services.**

b) WATER

There were concerns about the decline of budgetary allocation for the water sector over the years. They proposed that the allocation should increase so that more Kenyans are able to access to clean water. Specifically, the government should do the following:

- i. **The government should construct dams, dig boreholes especially in Arid and Semi-Arid Lands, and put in place mechanisms of harvesting water** in order to facilitate large scale irrigation and enhance food security. Shallow pans and other forms of rain water storage will assist in reducing households' dependence on rain fed agriculture by increasing small scale irrigation at the grassroots through more organized water harvesting. Also, the government should promote re-afforestation of forests especially the water catchment areas such as the Mau Forest and the Aberdare ranges.
- ii. Water in Naivasha is not safe for drinking as it is full of fluoride. The high fluoride level in water is a danger to the health of Nakuru residents. The public proposes that the fluoride levels in water should be reduced from 2.4 parts per million to 1.5 parts per million as recommended by the World Health Organization. Introducing water from another pipeline to dilute the fluoride is also welcome. Kshs 360 million should be set aside in the budget to finance Malewa Dam or Gilgil/Suswa Pipeline to dilute fluoride effects.
- iii. Budgetary allocations should be set aside to revamp water infrastructure especially at the Coast as the pipes are too old and constantly burst.

c) ROADS/ INFRASTRUCTURE

Despite the heavy investment in the roads infrastructure, the state of Kenyan roads especially those in the rural areas is in a dilapidated state and is largely untarmacked. Throughout the country, the public reiterated that the poor state of the country's transport system is an impediment to businesses and economic growth. In this regard, the public would like the following:

- i. **Allocate additional funds to the Ministry of Transport and Infrastructure.** This can be achieved by reallocating Kshs 15 billion from the Ministry of Interior and Coordination of National government and Kshs 5 billion from the Ministry of Defence.
- ii. **The following roads should be expanded and tarmacked** in order to decongest the streets and reduce traffic jams.
 - **Nakuru:** Rehabilitate Bondeni – Muranga road, tarmac the Subukia D366 road, tarmac Eveready – Kaptembwa road, rehabilitate Road D320 and Road D321 (Kikopey – Elementaita road). Furthermore, there is need to completely tarmac roads C15 and C17.
 - **Kakamega:** Tarmac roads from Malaba – Busia through to Funyula and improve the road network to make it easier for security patrols. Also, tarmac Brigidier – Ndivisi – Misikhu Roads; Chwele – Sirisia – Lwakhakha; Kapsokwony – Kopsiro – Namwela – Cheptais and Musukoma – Buyofu – Mungatsi and Buyofu – Jinja roads.
 - **Nyanza:** Tarmac Nyakae-Marani-Kisaka Road. Rehabilitate RodiKopang road in Oyugis, Rangwe-Suneka road, Kadel-Rangwe-Rogo road, Kendubay-Oyugis road, Rodi-Ndhiwa-Sori road, and Nyadorera-Ukwala-Ugunja road.
 - **Isiolo:** The roads in the County are largely untarmacked and areas like Garbatulla have no road network.
 - **Nyeri:** Tarmac Ndunyu-Nyeri road; Kirima-Murungaru-Turasha-Gilgil road; Miharati-Gilgil road; Matara-Rwanyambo road; Ndarugu-Mangu road; Mangu-Gatundu road, Kangoo-Kamwangi road.; Nyeri-Ihururu-Kimathi-Gathuthi road; Kagumo-Muthinga-gatiki-Kiandigi road and Kihara-Mioro-Kagongo (Mau Mau) road, Mugeka-Thuita-Kiriani-Kagicha road. Also construct pedestrian bridges.
 - **Garissa:** Repair the roads from Garissa to Masalani, Liboi, Dadaab, Bura and Modogashe. Along the Balambala-Dawyere road, the construction of the Rawhole section of the seasonal stream that creates a five-kilometer stretch of swamp during rainy season cutting completely the entire Dawyere Ward of the other parts of the region.

- **Mombasa:** address the roads expansion and repair within the city from Airport to Bamburi and as far as Mariakani weigh bridge to render it attractive to tourists and investors alike. In addition, the DongoKundu by-pass which was said to be on the works needs to be hastened to reduce the flow of traffic on the Likoni Channel. Also, rehabilitate road at Chonyi in Kaloleni, Kilifi County; Kilifi-Mavueni-Kaloleni road; as well as Voi-Taveta road. Allocate funds for the construction of a dual carriage road from Moi International Airport to Mtwapa to aid traffic flow thereby encouraging tourism activities.
- iii. **Construction of Airports:**
- Fast track construction of an international Airport in Nakuru in order to open up business and tourism in the area.
 - Provide Kshs 500 million for the rehabilitation of Kakamega airstrip.
 - Develop Homabay Airport
 - Expand Eldoret Airport by expanding the runway. The public also recommends an Internal Cargo Depot at the airport to be equipped.
 - Complete revamping of the Isiolo airstrip. It was noted that though the National Government had budgeted to build a runway of 4Km, only 1.5Km of runway was constructed while the funds for the remaining 2.5Km was diverted to Kisumu airport.
 - Expand Garissa airport to facilitate transport of produce to Nairobi and other destinations.
- iv. **Revamp the railway system across the country** to reduce congestion on roads. Further, a railway line was proposed from Mariakani to Mombasa as well as a dual carriage from the airport to Mtwapa, to ease movement. Concerns were raised over the allocation for a high speed train as it is not reflected in the budget.
- v. **Improve drainage system in the country** to prevent flooding of roads especially during rainy season.
- vi. **Fast track construction of bypasses** whose feasibility studies had been conducted by the relevant Ministry.
- vii. **Allocate funds for construction of Gotu Bridge** and investigate what happened to previous resource allocations towards this project as it has never kicked off.
- viii. Mtongwe ferry services should be reinstated and a bridge at Tamarind channel be considered in the budgetary allocations
- ix. Resources allocated to roads should be used for construction of new road networks instead of filling patches.
- x. The budgetary allocations for the National Housing Corporation should be enhanced. According to Vision 2030, it is envisioned that the government will construct 200,000

housing units annually but the budgeted NHC production is only 860 units which is less than 1%.

- xi. Concerns over budgetary allocations for the LAPSET project as it is not reflected in the budget estimates.

d) ENERGY

- xii. **Increase resource allocation to renewable energy.** Government was also urged to consider allocating more resources for rural electrification and connect areas such as Garissa to the national grid to ensure access to electricity in rural areas.
- xiii. It was proposed that the government should consider lowering the electricity connection fee which the cabinet secretary proposed to be increased from Ksh. 35,000 to Ksh. 75,000 to allow all Kenyans to have access to electricity.

e) GENDER, CHILDREN AND SOCIAL DEVELOPMENT

The public feels that the government should set aside funds for the promotion of welfare of vulnerable groups. Specifically:

- i. The Women Enterprise Fund should be allocated more funds and the start up allocation be increased from Kshs 50,000 to at least Kshs 100,000 - 150,000. In addition, the money should not be a grant but rather a revolving fund which shall be paid at lower interest rates. In terms of operationalizing the fund, the public suggested that the money be managed by the women representative in every county and the disbursement of these funds should follow CDF mode.
- ii. The Poverty Eradication Commission (PEC) should be allocated more funds as it has had some successful projects in some parts of the country.
- iii. The public would also like the girl child especially those of school going age to be facilitated with free sanitary towels.
- iv. The public also feels that the elderly have been neglected by the government to consider building retirement homes for the elderly.
- v. The elderly cash transfer programme should be enhanced from Kshs 2,000 to at least Kshs 5000 in order to promote the well-being of the elderly. In addition, the program should be rolled out throughout the country.
- vi. A center/mechanism for retired professionals to render services as they are still in a position to contribute to the economy.
- vii. The public also feels that more funds should be set aside for the slum upgrading programme

- viii. The government should take full responsibility for orphaned and vulnerable children (OVCs) including rehabilitation of street children and ensure adequate funding in the budget for them as well as direct support for the training of stakeholders.
- ix. The government should invest in ensuring that it puts a stop to Female Genital Mutilation (FGM) in the country.
- x. Increase pension for civil servants as the amount given as pension to civil servants is very low considering changing economic situation and the basic needs of retirees. The public proposes regular revision of pensions as and when salaries of civil servants are reviewed. Pension funds should be paid to the pensioners on time and without unnecessary delays so that the retirees get their monies without a problem. There was a proposal to pay former councilors Kshs 10,000 per month and increase the amounts for pensions and gratuities by 100 million to improve the welfare of former leaders. The pensions act should be reviewed.
- xi. The public proposes establishment of a development kitty for County Women Representatives. Besides the CDF which is under the purview of the members of National assembly, there should be analogically a similar fund for the County Women Representatives. Alternatively, the public proposes that the Women Enterprise Fund should be managed by the County Women representatives.
- xii. The public proposes allocation of Kshs 503,000,000 so as to pilot a women shelter project. They proposed that the shelters will provide an environment from which they can carry out studies, research and analysis to see the trend in gender based violence so as to begin to take action towards preventing rather than responding to violence. The shelter will also be able to run public awareness programmes to address cultural norms and promote zero tolerance to the vice.
- xiii. The government should consider giving hardship allowance for people living with disabilities. A participant also called for government to enforce the policy of making all buildings accessible to the persons with disabilities. Additional funding for schools catering for children with special needs was also recommended.
- xiv. The government should also decentralize the operations of the National Council of People with Disability at every county level and even at sub-county levels. This will help in creation of awareness, empowerment, skills development even registration of persons with disability at local level with less hustle and discrimination.

f) YOUTH EMPOWERMENT AND EMPLOYMENT CREATION

The public feels that youth unemployment is to blame for various incidences of insecurity in the area. As such, they proposed the following:

- i. That youth empowerment centers be set up countrywide. The government should expand youth training programs to improve business management skills.
- ii. The public proposes that funds allocated to the Youth Enterprise Fund (YEF) should be increased significantly noting that the Jubilee government promised to channel Kshs 6 billion specifically to the youth as loans in case there was no runoff in the presidential elections. In addition, the government should ensure that the youth can actually access the funds by simplifying the process and doing away with the many bureaucratic procedures which make it difficult for the youth to access funds. It was recommended for government to consider using other intermediaries such as the SACCOs and not commercial banks to channel the funds. Commercial banks were noted to create stringent conditions which discouraged youth from accessing the government loans. It is also worth noting that due to cultural and religious practices, the residents cannot access the fund because their religion, predominantly Muslim, is against charge of interests on money borrowed. Thus the government should consider other conduits of the funds to the youth without interest.
- iii. The minimum amount given to youth to set up businesses should be increased to Ksh. 250,000/- and that 10 percent of the total budget should be allocated to the Ministry of Industrialization in order to facilitate job creation through industries.
- iv. Labor intensive technology should be embraced as a means of job creation for the youth. The youth can be involved in manual jobs such as repair of roads in order to facilitate employment.
- v. The public also proposes the building of an ICT center in the County.
- vi. Resources should be allocated to the National Youth Council which was established in 2011 to operationalize its activities throughout the country. The members of the council proposed that the government allocates Kshs 1.3 billion to the council. The money could be channeled under vote number 090600 Youth Development and Empowerment Services under the ministry of devolution and planning. They also proposed also to be considered in KES 6 billion that shall be distributed to all constituencies in the country as a revolving fund proposed for the youth and women to access credit for starting or expanding small business.

g) EDUCATION

The public would like the government to invest heavily in education through increased funding to ensure that the education provided is quality education. Specifically, the public would like the following:

- i. The public proposes that the government should construct at least two secondary schools across the country. The government could also consider expanding existing

- infrastructure by building additional classrooms in every primary and secondary school to cater for the increasing demand for education.
- ii. Funds for the subsidized free primary and secondary education should be doubled and resources set aside for additional school equipment such as learning benches, additional books etc. in order to ensure that free primary education is also quality education. The public also proposes the provision of school uniforms by the government. Charges such as water and electricity in the primary schools should not be charged on parents.
 - iii. The public faulted the laptops for Standard One Children idea pointing out that it was not a priority, was an expensive venture and laptops were likely to be lost or destroyed. They propose that the government should instead consider setting up a computer laboratory in all secondary schools.
 - iv. Kenya National Union of Teachers (KNUT) and Kenya Union of Post Primary Education Teachers (KUPPET) gave submissions that teachers should be recruited to address issue of shortage of teachers. Currently, the country requires an additional 120,000 teachers. The public proposes that this year, the government can employ 40,000 teachers at a cost of Kshs 15.2 billion and 24,000 ECD teachers at a cost of Kshs 5 billion. This will ensure quality education at the early childhood and primary level. Ideally, the teacher pupil ratio should be 1:40.
 - v. Avail at least KSh. 200 billion to TSC. Teachers should also be well remunerated in line with legal notice 534 of 1997. The proposal is for government to increase commuter allowance to be equal to other civil servants at a cost of Ksh. 15.7 billion and responsibility allowance be increased at a cost of Kshs 3.9 billion together with leave allowance to be equal to one month basic salary. Furthermore, there is a proposal to pay risk allowance to teachers handling chemicals as well as implement pending promotions (4.0 billion); allocate funds for Training and development of teachers (0.5 billion); Provision for ICT in schools (0.2 billion).
 - vi. The government should invest in training and development of teachers as well as training three (3) teachers per school on computer skills before rolling out the computer programme. In addition, the public proposes recruitment of Islamic Religious Education teachers in Muslim populated areas.
 - vii. The government should also consider building more Universities in Counties especially in Northern Kenya as well as build polytechnics or upgrading existing ones such as upgrading the Naitiri Youth Polytechnic to a Technical Training Institute; construction of Kopsiro Technical Training Institute; and rehabilitation of the existing polytechnics to enhance technical education at the village level.

- viii. The public proposes implementation of school feeding programmes in schools in vulnerable areas.
- ix. The government should consider establishment of Primary Boarding and Mobile Schools in Balambala Constituency and the larger Garissa County due to pastoralist nature of the community the rate of drop out in schools is high especially in the upper primary.
- x. In North Eastern, the government should establish boarding schools in the following areas:
 - Shimbirey Primary School, which is a feeder school of four (4) ECD schools and Four (4) mobile schools.
 - Dujis Primary School, which is a feeder school of more than five (5) ECD schools and one mobile school.
 - Liban law Primary School, which is a feeder school of more than two (2) Primary Schools, 5 ECD schools and three (3) mobile schools. The school has only 7 class rooms.
 - Dawyere Primary School, appealing for construction of an extra dormitory for the school and recommends for a Girls wing to be built within the school.
 - Boarding schools within Abdisamad Bulla for the nomadic children who cannot afford to make settlement within the area because their lifestyle of moving from one place to another. Maintenance of water conservation tanks and construction of a dormitory for the approved boarding school by the District education board.
 - Construction of pit latrines for teachers.
- xi. The government should mainstream sign language in the education curriculum.
- xii. The government should also invest in adult education throughout the country especially North-eastern region has the lowest adult literacy level in the country at less than 10%.
- xiii. Consider scrapping the proposed free milk to pupils and re-allocate the funds to other projects.
- xiv. The public proposes allocation of Kshs1 billion allocated for Research, Science, Technology and Innovation was insufficient in the face of aspiration of vision 2030.
- xv. The public proposes compilation of crucial data on schools and learners should be undertaken so as to inform sound strategies/policies.

h) SECURITY

- i. The public would like more police especially the Administration Police (AP) to be recruited in order to improve the police citizen ratio and curb incidences of insecurity.
- ii. More resources should be allocated towards equipping the police with uniforms, modern communication gadgets and security vehicles among other equipment's in order to enhance service delivery.
- iii. Police should also be well remunerated and their accommodation facilities improved.
- iv. The government should also invest heavily in community policing as one of the means of curbing insecurity.

- v. The government should build more child protection units in police stations and have dedicated staff who only deal with such cases. Alternatively, the government can employ civilians under the Umbrella of the police to handle such cases.
- vi. To enhance security surveillance, more police stations need to be built especially at the local levels and in insecurity prone areas such as North Eastern. The public also proposes that high mast security lights/ floodlights should be set up especially in informal settlements to promote security. Allocations for these can be increased under the metropolitan infrastructure programmes.
- vii. Just like the other security organs, the village elders should be paid a monthly salary given the role they play in promoting security.
- viii. Governance structures should be strengthened and decentralized to counties to prevent pilferage of public money. In this regard, allocation to the Ethic & Anti-Corruption Commission should be enhanced.
- ix. The government should provide proper accommodation to prison staff.
- x. As part of prison reforms, the government should consider paying prisoners well for services rendered so that they are able to start a decent life once they leave prison.

i. **TRADE AND INDUSTRY**

- i. The public would like markets to be rehabilitated and expanded in order to give room for all traders and get rid of hawkers in the street who have congested the roads and are also a threat to security.
- ii. The public also proposed that funds be set aside to assist the small scale home based industries in order to boost employment.
- i. Furthermore, all the defunct factories such as Pan Paper Mills at 2 billion, Malakisi, Nambale and Luanda Cotton Ginneries at a cost of over Ksh. 600 million. Also revive various agro processing industries across the country be revamped in order to boost employment. The Government should also step in to rescue Mumias Sugar Company which, is at the brink of collapsing.
- iii. The public feels that the allocation to the Ministry of Industrialization and Enterprise development is too little and should be increased if the country wants to boost industrialization as a means to job creation.
- iv. Science, technology and research have also been underfunded. The public proposes additional resource allocations.
- v. The government should consider reducing land rates in order to encourage business investment in the region.

- vi. Funds should be set aside for the implementation of micro and small enterprises Act, 2012; that is, formation of micro and small enterprises authority that should be under the ministry of industrialization and enterprises development.
- vii. The informal sector traders to be supported through loans by the government which should be channeled through the authority.
 - ii. The budget should support research on other potential cash crops such as Aloe Vera to encourage diversification of income sources.
- viii. Budgetary allocations for the Kenyan manufacturing sector should be enhanced to reduce the amount of imports and create employment.
 - iii. International market should be set up in Mombasa County to act as the link between Kenya and the rest of the world given the presence of the sea port.
- iv. Create open air and roofed markets to enable more people to participate in the wholesale and retail activities which is important source of income for households to buy food

j) HEALTH

The public would like the government to enhance the budgetary allocation to the Ministry of Health. Specifically, the public proposes the following:

- i. Properly equip all hospitals especially the provincial general and referral hospitals with medicine and medical equipment in order to enhance service delivery. In addition, the public would like the hospital charges to be reduced in order to make treatment more affordable for wananchi.
- ii. The public also proposes the upgrading of district hospitals to level 5 hospitals, upgrade all Level 5 hospitals and build more hospitals especially at county level to enhance access to healthcare.
- iii. It is further proposed that community health workers should be factored in the budget given their importance to the community. The stipend of Kshs 2000 that they are given is not enough and this figure should be enhanced.
- iv. The government should also set aside funds for the management of mentally ill patients.
- v. The public also feels that more funds should be allocated for preventive health rather than curative health.
- vi. The universal health insurance scheme should be revamped and the Health sector be funded from the tax collected. For instance, the Government could come up with an earmarked fund of 0.1 percent to fund the national health insurance fund for all Kenyans.

- vii. Funds should be set aside in the budget for the operationalisation of a number of health facilities in the region which were constructed using CDF funds but are not operational due to lack of equipment and personnel.
- viii. It was also noted that adequate resources should be availed to local health centers as they were more accessible. Inefficiencies in distribution of drugs should be addressed.
- ix. The government should train more professionals in health sciences to address issue of shortage of doctors.
- x. The government should set guidelines on how it intends to address the issue of free maternity.
- xi. In Garissa, given the lack of Health facilities, the public proposes upgrading of the Dawyere dispensary into a health center with a maternity wing and also establishment of dispensaries in the following areas, Mudey, Sigley and Libahlow.
- xii. The public proposes that the funding of ARVs by the government should be increased, instead of overdependence of development partners.
- xiii. Concern was raised over the absorption capacity of ministry of Health; they felt that it should be addressed in light of the increased allocation in the sector.

k) LAND

The public pointed out that large tracts of land in the area are in the hands of a few individuals in the area. They would like the government to facilitate residents in the acquisition of land.

The members of the public were concerned that budgetary allocation for Land commission was little and they proposed that it should be revised upwards.

Unutilized tracts of land should be used by the government for food production.

l) TOURISM, SPORTS AND CULTURE

The public proposes that the entry fee to the National Park should be decreased from the current Kshs 1000 in order to boost domestic tourism. Funds should be set aside to market the County as a tourism center.

The public would also like funds to be set aside for the rehabilitation of Afraha Stadium to international standards. Refurbishment of Kisii Stadium should also be prioritized.

The government should also allocate more funds to the Sports, Culture and Arts as a means of employment creation for the youth. This includes establishment of Talent Academies in the County to nurture the talented sports men and women personalities in the county

Enough budgetary allocation to revamp Tourism attraction sites in the country such as Giraffe Sanctuary in Arawale and Boni National Reserves.

m) AREAS OF WASTAGE OF GOVERNMENT RESOURCES

- i. The public proposes that there is need to reconsider the laws governing the many commissions as some consume resources but with little to show in terms of value for money. Commissions with no substantive work should be done away with and the resources allocated to more important agencies such as the Auditor's office whose allocated funds are very little.

Independent commissions should be restructured to reduce the high overhead costs due to high numbers of commissioners with three full time commissioners and others engaged on a part time basis at least half yearly and employ more technocrats beyond the level of commissioners and some commissioners be merged e.g. the gender commission and KNCHR. They also proposed a reduction of foreign trips by state officers. They also concerned that the restructuring of provincial administration in line with the constitution and county governments has not been captured in the budget.

- ii. There is need to finalize ongoing government projects such as CDF and those that were previously under LATF
- iii. The public feels that the Witness Protection Agency is of little value and would like their funds to be re-allocated to other more important sectors such as health and education.
- iv. The members of public expressed concern on the wastage of public resources that is witnessed in government offices by highlighting the report of the Auditor General. They urged the committee to ensure that the money is used effectively as stipulated in the constitution. They stated that even though good projects are earmarked and funds set the projects are never implemented and there is general lack of transparency. The members also urged that the committee to ensure that those who misuse government funds should be prosecuted.

n) RESETTLING OF SQUATTERS/IDPS

- i. The public expressed concern over the failure of the government to resettle the Mau evictees as well as IDPs who are still living in camps since they were displaced from their homes in the 2007 post-election violence. The Public would like the government to set aside funds for the immediate resettlement of IDPs.
- ii. In addition, the public would like the government to resettle the Ogiek Community which was evicted from the Mau forest back in the Mau because it is their original habitat. Noting the importance of the Mau forest, the Public felt that the Ogiek can actually play a role in the preservation of the forest by remaining in their habitat and being encouraged to protect

- it. It was also proposed that the government should set up an Ogiek cultural center in the Mau as a means of promoting tourism in the region.
- iii. Participants emphasized on the need for re-settlements of families currently residing at kieni forest after they were evicted from their land in 1991/92 ethnic clashes and those in colonial villages.

POVERTY ERADICATION

- i. Members of the public proposed that the Ksh. 4 million that is provided for the Sub Counties for poverty eradication should be increased to Ksh10 million and that allowance to committee members be increased from Ksh. 1,200/= to Ksh. 2,000/=. The government should also provide more funds for capacity building on the said fund and improve monitoring and evaluation.
- ii. The public requested for increased funding for District Poverty Eradication Committee by increased funding to Poverty Eradication Commission for loaning to community groups with a bias towards disabled, women and youth who cannot access funding from formal institutions and existing funding programmes since they have no collateral. The funds enable the group members to carry out activities that would enable them to be economically independent.
- The members of the Poverty Eradication Commission proposed Institutionalization of the commission; Legalization of the working committees' county, sub-county and ward level. Furthermore they proposed a review of the existing pilot revolving fund and guidelines.

DISASTER MITIGATION

- i. There is need for a long term strategy on disaster management, especially in far as mitigating floods in Nyando. The Government has continuously spent so much money on providing food relief as opposed to addressing the root cause of the problem. The government should set aside an allocation of Kshs 1 million for each constituency for training on disaster management.
- ii. In Garissa, a canal which will divert Tana River waters to areas of Danyare, Balambala, Lagdera, Dadaab, Fafi and Ijara areas should be built. The Ewaso Nyiro River can also be diverted to boost agricultural productivity in the area. The topography is conducive and the diversion of the waters will be mainly through gravitational forces without much outlays on mechanization. The water will be used for irrigation in the farms for production of pishori rice and livestock folder, while mitigating against flooding downstream in times of rainy seasons.

- iii. Government should consider undertaking restocking of cattle after droughts to enhance the resilience of livestock farmers to these shocks.

DEVOLUTION

Whereas devolution in the budget meets the constitutional threshold of at least 15%, it is still encouraged that MPs mobilize more resources to trickle down to the counties since the functions the county governments have are enormous.

It is necessary that once the equalization fund is determined, the funds are shared among the counties perceived as marginalized and sent directly to the county revenue fund. This will allow the decisions affecting the equalization fund to be made at the county level by the county government. Parliament need to legislate and reverse this provision to allow to counties take charge of the management of the equalization fund.

The revenue allocation formula for the equalization fund was faulted with some counties feeling they had been allocated little resources.

MACROECONOMIC STABILITY

It was suggested that the government should write off county debts to enable the county start on a clean slate in delivery of services to citizens.

OTHER CONCERNED GROUPS

UNION OF KENYAN CIVIL SERVANTS

The members proposed the inclusion of their harmonized house allowances in the budget proposals; Inclusion of hardship allowances in the budget proposals and tax relief for all civil servants.

THE EAST AFRICAN COMMUNITY EX- WORKERS ASSOCIATION (KENYA)

The members proposed that national budget provides the necessary fund to cater for payment of the delayed Kshs 14 billion to the Ex-Community Workers (K) who have waited for the last 37 years while their counterparts in Uganda and Tanzania were paid in the year 2000 and 2005 respectively.

GLASS MANUFACTURERS ASSOCIATION

The members of the association proposed The PVB/EVA film used for the manufacture of Bullet proof glass, laminated glass and windscreen glass be zero rated for licensed local glass manufacturers. Furthermore, a duty of 25% should be charged on all imported finished products in glass for Bullet proof Glass, Laminated Glass and Windscreen glass. Quality assurance control should be fully effected by the relevant agencies particularly on single glass.

THE KENYA IRON AND SCRAP METALS ASSOCIATION

The members of the association protested the treatment given by steel smelters. They proposed that the government imposes import duty on steel billets so that local scrap steel is consumed by local factories. They also requested the waiver of 20% export duty on stainless steel.

RETIRED MEMBERS OF PARLIAMENT

The members were concerned about the processing of their pensions and requested that Kshs 10 billion be allocated for the 750 retired members of parliament so that they could get their retirement benefits on time.

Proposed Areas of Expenditure Cuts

They public proposed the cutting of expenditure by cutting down foreign visits by state officers. They also proposed that the resource allocations to the following ministries can be reduced and resources re-allocated to other agencies:

- i. Ministry of Devolution and Planning
- ii. Ministry of Interior and coordination of National Government
- iii. Ministry of Labor Social Security and Services
- iv. Ministry of East African Affairs, Commerce and Tourism
- v. National Security Intelligence Service
- vi. Witness Protection Agency

MINUTES OF THE NINTH SITTING OF THE BUDGET AND APPROPRIATIONS
COMMITTEE HELD ON 6th JUNE 2013 IN BOMA HOTEL AT 10.00 A.M

PRESENT

1. Hon. Mutava Musyimi, M.P -
Chair
2. Hon. Mary Emaase, M.P.-V. Chair
3. Hon. Jackson Kiptanui, M.P.
4. Hon. Jamleck Kamau, M.P
5. Hon. Abdikadir Omar Aden, M.F.
6. Hon. Bitok S. Kirwa, M.P.
7. Hon. Muriuki Njagagua, M.P.
8. Hon. Dr. J. W. Nyikal , M.P.
9. Hon. Francis Njenga, M.P.
10. Hon. George Wanjohi, M.P.
11. Hon. James Gakuya, M.P.

12. Hon. KK Stephen Kinyanjui,
M.P.
13. Hon. Makali Mulu Benson, M.P.

14. Hon. Omar Mwinyi, M.P.
15. Hon. Omondi G. W. Mallan,
M.P.
16. Hon. Onyonka Richard, M.P.
17. Hon. Samuel Gichigi, M.P.

18. Hon. Silverse Lisamula Anami,
M.P.
19. Hon. Suleiman Murunga Kasuti,
M.P.
20. Hon. Zebedeo Opore, M.P
21. Hon. Alfred Agoi, M.P.
22. Hon. Jared O. Opiyo, M.P.
23. Hon. Dennis Kariuki, M.P.

24. Hon. Alfred Sambu, M.P.
25. Hon. Moses Lessonet, M.P
26. Hon. Reginalda Wanyonyi, M.P.
27. Hon. Irshad Sumra, M.P.
28. Hon. Priscilla Nyokabi, M.P

29. Hon. Chrisantus W. Wakhungu,
M.P
30. Hon. Lekuton Joseph, M.P
31. Hon. Benjamin Langat, M.P
32. Hon. Clement Wambugu, M.P
33. Hon. Mohamed Shidiye, M.P
34. Hon. Nelson Gaichuhie, M.P
35. Hon. Daniel Nanok, M.P
36. Hon. Joseph Limo, M.P
37. Hon. Lati Lelelit, M.P
38. Hon. Mohamed Hassan
Mwanyoha, M.P.
39. Hon. Shukran Hussein Gure,
M.P
40. Hon. Tiyah Galgalo, M.P

ABSENT WITH APOLOGIES

1. Hon. Alice Ng'ang'a , M.P.
2. Hon. Lati Lelelit, M.P.
3. Hon. Joseph Limo, M.P.
4. Hon. Stephen Ngare, M.P
5. Hon. Charles Nyamai, M.P.
6. Hon. Clement Wambugu, M.P
7. Hon. Mohamed Shidiye, M.P
8. Hon. Abdulaziz Farah, M.P.
9. Hon. Manson Nyamweya, M.P.
10. Hon. Patrick Ole Ntutu,
M.P.
11. Hon. John Mbadi, M.P
12. Hon. Moses Ole Sakuda,
M.P
13. Hon. Banticha Jaldesa,
M.P.
14. Hon. Benjamin Andayi,
M.P
15. Hon. George Muchai, M.P

IN ATTENDANCE

1. Ms. Phyllis Makau
2. Mr. Martin Masinde
3. Mr. Fredrick Muthengi
4. Mr. Gilbert Kipkirui
5. Mr. Benjamin Ng'imor
6. Mr. Joseph Ndirangu
7. Ms. Millicent Ojiambo
8. Mr. Erick O. Otieno
9. Mr. Danson Kachumbo

SECRETARIAT

- Director, PBO
- Deputy Director, PBO
- Principal Fiscal Analyst
- Principal Fiscal Analyst
- Fiscal Analyst
- Fiscal Analyst
- Fiscal Analyst
- Junior Fellow
- Junior Fellow

MIN 38/2013: Adoption of the Committee's Report on Estimates of Revenue and Expenditure 2013/14

The committee went through the report clause by clause, proposing various amendments to which were incorporated in the final report. The committee unanimously adopted the report as amended.

MIN 39/2013: AOB

There being no other business, the meeting adjourned at 12.30 pm.

SIGNED
CHAIRPERSON

.....
DATE

**MINUTES OF THE EIGHTH PARLIAMENTARY BUDGET AND APPROPRIATIONS
COMMITTEE MEETING HELD ON 5TH JUNE 2013 AT BOMA HOTEL AT 5.30 PM**

PRESENT

1. Hon. Mutava Musyimi, M.P -Chair
2. Hon. Mary Emaase, M.P.-V. Chair
3. Hon. Jackson Kiptanui, M.P.
4. Hon. Jamleck Kamau, M.P
5. Hon. John Mbadi, M.P
6. Hon. Moses Ole Sakuda, M.P.
7. Hon. Abdikadir Omar Aden, M.P.
8. Hon. Bitok S. Kirwa, M.P.
9. Hon. Muriuki Njagagua, M.P.
10. Hon. Dr. J. W. Nyikal, M.P.
11. Hon. Francis Njenga, M.P.
12. Hon. Daniel Nanok, M.P.
13. Hon. James Gakuya, M.P.
14. Hon. KK Stephen Kinyanjui, M.P.
15. Hon. Makali Mulu Benson, M.P.
16. Hon. Omar Mwinyi, M.P.
17. Hon. Omondi G. W. Mallan, M.P.
18. Hon. Onyonka Richard, M.P.
19. Hon. Samuel Gichigi, M.P.
20. Hon. Silverse Lisamula Anami, M.P.
21. Hon. Zebedeo Opore, M.P
22. Hon. Alfred Agoi, M.P.
23. Hon. Jared O. Opiyo, M.P.
24. Hon. Dennis Kariuki, M.P.
25. Hon. Alfred Sambu, M.P.
26. Hon. Moses Lessonet, M.P
27. Hon. Reginalda Wanyonyi, M.P.
28. Hon. Irshad Sumra, M.P.
29. Hon. Priscilla Nyokabi, M.P
30. Hon. Nelson Gaichuhie, M.P.
31. Hon. Lati Lelelit, M.P.
32. Hon. Joseph Limo, M.P.
33. Hon. Lekuton Joseph, M.P.
34. Hon. Clement Wambungu, M.P
35. Hon. Mohammed H. Mwanyoha, M.P
36. Hon. Benjamin Langat, M.P
14. Hon. Tiyah Galgalo, M.P.
15. Hon. Alice Ng'ang'a, M.P.

ABSENT WITH APOLOGIES

1. Hon. Charles Nyamai, M.P
2. Hon. Mohamed Shidiye, M.P
3. Hon. Banticha Jaldesa, M.P.
4. Hon. Benjamin Andola Andayi, M.P.
5. Hon. George Wanjohi, M.P.
6. Hon. Manson Nyamweya, M.P.
7. Hon. Abdulaziz Farah, M.P.
8. Hon. Chris W. Wakhungu, M.P.
9. Hon. George Muchai, M.P.
10. Hon. Patrick Ole Ntutu, M.P.
11. Hon. Shukran Hussein Gure, M.
12. Hon. Stephen Ngare, M.P
13. Hon. Suleiman Murunga Kasuti, M.P.

IN ATTENDANCE

- 1. Ms. Phyllis Makau
- 2. Mr. Martin Masinde
- 3. Mr. Fredrick Muthengi
- 4. Mr. Gilbert Kipkirui
- 5. Mr. Benjamin Ng'imor
- 6. Mr. Joseph Ndirangu
- 7. Mr. Erick O. Otieno
- 8. Mr. Danson Kachumbo

SECRETARIAT

- Director, PBO
- Deputy Director, PBO
- Principal Fiscal Analyst
- Principal Fiscal Analyst
- Fiscal Analyst
- Fiscal Analyst
- Junior Fellow
- Junior Fellow

Agenda

- 1. Preliminaries
- 2. Deliberations on the Annual Division of Revenue Bill, 2013
- 3. Any Other Business

MIN 35/2013: Preliminaries

The Chairman called the meeting to order at 5.30 p.m. and thereafter led the members and participants in a word of prayer.

MIN 36/2013: Deliberations on the Annual Division of Revenue Bill, 2013

After a long deliberation on the communication from the Speaker on the message from the Senate relating to the Annual Division of Revenue Bill, 2013, the Committee came into a conclusion that the Hon. Speaker on 28th May 2013 had already ruled and given direction on the processing of the Annual Division of Revenue Bill, 2013.

The committee therefore resolved as follows:

- 1) *That the provisions of the Constitution are clear when it comes to money matters and the roles of the National Assembly in the Division of Revenue.*
- 2) *That the Bill stands as approved by the House on Thursday, 9th May 2013.*

The Committee adopted the Budget and Appropriations Committee's Report on the Annual Division of Revenue Bill, 2013.

Min 37/2013: AOB

There being no other business the Committee adjourned at 10.30 p.m.

SIGNED

CHAIRPERSON

.....6.6.2013.....

DATE

MINUTES OF THE SEVENTH SITTING OF THE BUDGET AND APPROPRIATIONS
COMMITTEE HELD ON 5th JUNE 2013 IN BOMA HOTEL AT 12.00 A.M

PRESENT

1. Hon. Mutava Musyimi, M.P -
Chair
2. Hon. Mary Emaase, M.P.-V. Chair
3. Hon. Jackson Kiptanui, M.P.
4. Hon. Jamleck Kamau, M.P
5. Hon. John Mbadi, M.P
6. Hon. Moses Ole Sakuda, M.P.
7. Hon. Abdikadir Omar Aden, M.P.
8. Hon. Benjamin Andola Andayi,
M.P.
9. Hon. Bitoks. Kiriwa, M.P.
10. Hon. Muriuki Njagagua, M.P.
11. Hon. Dr. J. W. Nyikal , M.P.
12. Hon. Francis Njenga, M.P.

13. Hon. George Wanjohi, M.P.
14. Hon. James Gakuya, M.P.

15. Hon. KK Stephen Kinyanjui,
M.P.
16. Hon. Makali Mulu Benson, M.P.

17. Hon. Omar Mwinyi, M.P.
18. Hon. Omondi G. W. Mallan,
M.P.
19. Hon. Onyonka Richard, M.P.
20. Hon. Samuel Gichigi, M.P.

21. Hon. Silverse Lisamula Anami,
M.P.
22. Hon. Suleiman Murunga Kasuti,
M.P.
23. Hon. Zebedeo Opore, M.P
24. Hon. Alfred Agoi, M.P.
25. Hon. Jared O. Opiyo, M.P.
26. Hon. Banticha Jaldesa, M.P.
27. Hon. Dennis Kariuki, M.P.

28. Hon. Alfred Sambu, M.P.
29. Hon. Moses Lessonet, M.P
30. Hon. Reginalda Wanyonyi, M.F.
31. Hon. Irshad Sumra, M.P.
32. Hon. Priscilla Nyokabi, M.P
33. Hon. George Muchai, M.P.
34. Hon. Chrisantus W. Wakhungu,
M.F

ABSENT WITH APOLOGIES

1. Hon. Benjamin Langat, M.P.
2. Hon. Alice Ng'ang'a , M.P.
3. Hon. Nelson Gaichuhie, M.P.
4. Hon. Lati Lelelit, M.F.
5. Hon. Joseph Limo, M.P.
6. Hon. Stephen Ngare, M.P
7. Hon. Lekuton Joseph, M.P.
8. Hon. Charles Nyamai, M.P.
9. Hon. Clement Wambugu, M.P
10. Hon. Mohamed Shidiye,
M.P
11. Hon. Abdulaziz Farah,
M.P.
12. Hon. Daniel Nanok, M.P.
13. Hon. Manson Nyamweya,
M.P.
14. Hon. Mohammed H.
Mwanyoha, M.P
15. Hon. Patrick Ole Ntutu,
M.P.
16. Hon. Shukran Hussein
Gure, M.
17. Hon. Tiyah Galgalo, M.P.

IN ATTENDANCE

1. Henry Rotich
2. Justus Nyamunga
3. Samuel Kiiru
4. Albert Mwenda
5. Ontweka Onderi
6. George Anyona

NATIONAL TREASURY

- Cabinet Secretary, National Treasury
National Treasury
National Treasury
National Treasury
National Treasury
National Treasury

IN ATTENDANCE

7. Ms. Phyllis Makau
8. Mr. Martin Masinde
9. Mr. Fredrick Muthengi
10. Mr. Gilbert Kipkirui
11. Mr. Benjamin Ng'imor
12. Mr. Joseph Ndirangu
13. Ms. Millicent Ojiambo
14. Mr. Erick O. Otieno
15. Mr. Danson Kachumbo

SECRETARIAT

- Director, PBO
Deputy Director, PBO
Principal Fiscal Analyst
Principal Fiscal Analyst
Fiscal Analyst
Fiscal Analyst
Fiscal Analyst
Junior Fellow
Junior Fellow

MIN 33/2013: Meeting with Cabinet Secretary in charge of the National Treasury

The chairman welcomed the Cabinet Secretary and his technical staff to the meeting. The meeting started with introductions from everyone present. The Cabinet Secretary was then invited to give a response to the issues as had been requested by the Committee.

The deliberations of the Cabinet Secretary and the Committee were as follows:

The Cabinet Secretary informed the Committee that the budget estimates were prepared based on the Budget Policy Statement of 2013/14. The assumptions underpinning the budget include an economic growth of 5.6% in 2013/14, inflation within 5% target, exchange rate between 82-85 Kshs to the dollar.

He highlighted expenditure pressures of the current financial year in terms of wage pressures from teachers, nurses and the police, election expenditure pressures as well as government operations in Somalia all of which had driven up recurrent expenditure and necessitated reprioritization of expenditure. These

issues will be catered for in the supplementary budget 2 which the Treasury would bring to the House.

Format of budget was programme based as required by the current legal framework- constitution, public finance management act and the previous recommendations of the Budget Committee on the budget estimates 2012/13.

However, the line item budget has also been prepared and would be tabled in the meeting.

On Austerity measures, the Cabinet Secretary pointed out that the National Treasury is continuing to institute austerity measures as provided for in the previous budget such as 30% reduction in Domestic Travel, 50% reduction in foreign travel, 20% reduction in fuel oil and lubricants, 20% reduction in other operating expenses, 50% reduction in research, feasibility studies and 4% reduction in grants to government agencies and notably, 100% reduction in motor vehicle purchases.

The meeting was informed that the details of external financing had been captured in the line item budget which would be availed to them.

On county functions, Members were informed that it had been agreed with the Transition Authority that all county functions as contained in the Fourth Schedule be devolved and counties which lack capacity can apply for the National Government to carry out their functions. Members expressed concern over whether counties would agree to request the national government to carry out their functions. It was also pointed out that the notice to governors to apply for the functions they would carry and what they wanted the national government to carry out was on short notice and they may not meet the deadline. This may hamper service delivery.

There was widespread concern over whether counties actually had the capacity to carry out the devolved functions. They were informed that the Transition Authority was carrying out a rapid assessment to determine capacity of counties.

On Transfers to SAGAS, members were informed that the government was working on a policy to reform government agencies and ensure that they are contributing to overall development. There were discussions to limit these transfers.

On budgets for the Parliament and the Judiciary, the meeting was informed that the Parliament was given a ceiling of Kshs 17.5 billion but had tabled estimates amounting to 24.5 billion hence resulting in a deficit of 7 billion. On the other hand, the Judiciary was given a ceiling of Kshs 15.1 billion but had presented estimates amounting to Kshs 24.2 billion resulting in a deficit of approximately Kshs 9 billion. Cumulatively, the two budget proposals result in a deficit of Kshs 16 billion.

The Cabinet Secretary proposed that the Parliamentary Service Commission and the Judiciary should try to operate within the ceilings that they had initially been allocated. Members felt that this proposal was prudent and there were proposals to maintain Judiciary budget at the 2012/13 budget. It was agreed that purchase of aircrafts was not a priority for the Judiciary and that they could instead consider leasing such from other government agencies such as Kenya Wildlife Service whenever need arises.

It was proposed that to reduce the PSC budget, Parliament should try to occupy already existing government offices as opposed to purchasing. Members proposed the occupation of the AG chambers given its proximity to Parliament. After consultations, it was agreed that the PSC budget be increased by Kshs 1.5 billion from the Kshs 17.5 billion ceiling to Kshs 19 billion.

On the Division of Revenue Bill, the meeting was informed that the Treasury had initially proposed an allocation of Kshs 198.7 billion but after consultations, had agreed to Kshs 210 billion for counties; the amount that was passed by the National Assembly. The Cabinet Secretary pointed out that the Kshs 258 billion for counties as proposed by the Senate was not tenable given the challenges in revenue collection. Some members felt that the allocation to county governments should be the Kshs 231 billion as had earlier been proposed by the Commission on Revenue Allocation.

Members were informed that the revenue shortfalls currently being experienced are due to challenges being experienced in the administration of the current VAT Act. Members were urged to pass the proposed VAT bill when it comes to Parliament as the proposed new measures would assist in recouping losses.

Members were informed that debt levels are quite high and the debt servicing charges are consuming a significant portion of the revenue. It would therefore not be prudent for the government to borrow whether domestically or externally.

On ongoing projects especially those under the Economic Stimulus Programme which had not been finalized, members were informed that the projects were being funded under the relevant line ministries as the ESP was not an ongoing programme but had been implemented to resuscitate the economy. For instance, the project of 70 district headquarters was being catered for under the Ministry of Public Works. Members also wanted to know if there were any allocations for the rehabilitation of roads which had been destroyed by floods and were informed that Kshs1.5 billion had been availed.

Members raised concern on the issue of Teacher's salaries given that they had given notice to go on strike. The Cabinet Secretary informed members that the issue would be addressed within the Salaries and Remuneration Commission framework. However, he cautioned against the rising wage bill and the spiral effect of increasing salaries to a section of civil servants.

Members also felt that County governments should be allowed to borrow but were informed that this would not be prudent. They were informed that resources allocated to counties included personnel as well as funding for functions

Members also felt that the government should consider withdrawing its shareholding from the National Bank and the Kenya Commercial Bank as there was nothing strategic for the government in these banks. The National Treasury informed members that the issue of privatization had not been factored in the budget for the current year but that a privatization programme was currently under consideration.

Members also urged the Treasury to be innovative and consider digitalizing the government and computerizing all payments in order to reduce resource leakages. They were informed that KENTREN in partnership with Singapore was working on digital system to track landlords, buildings and tap on rental income.

Concern was expressed over the failure by the KRA to meet revenue targets. It was felt that perhaps the resource allocation to the KRA should be increased in order to facilitate them in enhancing revenue collection. Members also felt that the government can enhance revenue collection by addressing the challenges at the Port of Mombasa. The National Treasury concurred that the allocation to KRA at 1.65% of national revenue was less than adequate and it would be ideal to increase this to 2% of national revenue. However, members were informed that funding for development projects such as purchase of equipments in KRA was

given directly through the budget. Members also felt that the government should try and expand tax base by addressing issue of tax avoidance such as in the SMEs.

Members pointed out that the government should put in place strategies to address corruption in order to reduce resource leakages.

Concern was expressed over the cost of energy in the country perceived to be too high. The meeting was informed that some donors were willing to fund energy projects in Suswa at a cost of 17 billion and Bogoria at a cost of Kshs 8 billion. However, they required seed money of Kshs 1.5 billion for each project. The National Treasury agreed that the resources could be availed through the Public Private Partnership (PPP). Support would also be given to green energy sources and the Geothermal development company to enhance electricity coverage and with time, reduce cost of electricity.

Members were informed that debt rescheduling would be difficult as domestic debt does not qualify for rescheduling and none of the external debts qualify for rescheduling.

The National Treasury was requested to submit a line item budget to the committee, detailed donor support by programme and list of all SAGAs and their allocation for 2013/14 by close of business. The National Treasury tabled the line item budget after determination of admissibility but cautioned members that it was still a work in progress taking into account the reorganization of the government ministries and programmes. There was need to consolidate some programmes to avoid duplication of votes.

Members felt the need to rationalize public expenditure for efficient utilization of resources. It was felt that rationalizing the budgets of constitutional commissions would free up resources for more priority expenditure. Members felt the need to streamline IFMIS operations for efficiency in resource transmission to ministries.

Members also wanted to know how much had been allocated for thee laptops project and how practical it was. They were informed that 16 billion had been allocated for the programme and that the policy was viable and there were plans to roll it out in January 2014. The programme is intergrated and involves teacher training and connection where there was no power available.

Members also wanted to know the status of reviving defunct industries such as Pan Paper Mills, Kitinda cotton ginnery, Malakisi among others as well as the status of flagship projects that had been allocated resources on the previous

financial year. They were informed that Pan paper was facing challenges but would be sold after sorting out the long term lenders. Flagship projects had been allocated resources and they were all underway but the Mitihani house project had faced challenges of absorption and a re-allocation was proposed. Members were also informed that Malakisi and Kitinda ginneries were ready for implementation but the Ministry had failed to provide complete information for rolling out the same.

Members were informed that coverage of the cash transfer programmes for the elderly, orphans and vulnerable children had been doubled.

Members felt that the Ministry of Devolution and Planning had been given too much resources considering that most functions are devolved. However, they were informed that the allocation to devolution comprised CDF, WEF and YEF hence the huge amount. They were also informed that the management of WEF and YEF was being remodeled on CDF framework to enhance reachability and there was an initiative to tie in funds with capacity building for efficiency purposes. Members requested to be involved in the drafting of these regulations.

Members wanted to know whether the government had allocated resources for various policies of the new government such as free maternity and 6 billion for youth. They were informed that these resources are available in the 2013/14 budget. Additional resources of Kshs 4 billion had also been set aside for the police. Other projects include Galana ranch and Agribusiness fund.

Members felt that counties should be allowed to bank in commercial banks as opposed to government banks so long as they have a presence in all the counties.

It was agreed that there was need to review the Procurement law to address inefficiencies. The reviewed law should incorporate the requirement of 30% of tenders to be awarded to the youth.

The meeting resolved as follows:

That the National Treasury should give a written statement Teachers' salaries and intern doctors.

That there was need to involve Members of Parliament in the determination of framework of management of the Youth fund and Women enterprise fund.

MIN 34/2013: AOB

There being no other business, the meeting adjourned at 4.00 pm.

SIGNED
CHAIRPERSON

6.6.2013
.....
DATE

MINUTES OF THE SIXTH PARLIAMENTARY BUDGET AND
APPROPRIATIONS COMMITTEE MEETING HELD WITH THE
GOVERNOR'S COUNCIL ON 5TH JUNE 2013 AT BOMA HOTEL AT 10.00
AM

PRESENT

1. Hon. Mutava Musyimi, M.P -Chair
2. Hon. Mary Emaase, M.P.-V. Chair
3. Hon. Jackson Kiptanui, M.P.
4. Hon. Jamleck Kamau, M.P
5. Hon. John Mbadi, M.P
6. Hon. Moses Ole Sakuda, M.P.
7. Hon. Abdikadir Omar Aden, M.P.
8. Hon. Benjamin Andola Andayi, M.P.
9. Hon. Bitok S. Kiriwa, M.P.
- 10.Hon. Muriuki Njagagua, M.P.
- 11.Hon. Dr. J. W. Nyikal , M.P.
- 12.Hon. Francis Njenga, M.P.
- 13.Hon. George Wanjohi, M.P.
- 14.Hon. James Gakuya, M.P.
- 15.Hon. KK Stephen Kinyanjui, M.P.
- 16.Hon. Makali Mulu Benson, M.P.
- 17.Hon. Omar Mwinyi, M.P.
- 18.Hon. Omondi G. W. Mallan, M.P.
- 19.Hon. Onyonka Richard, M.P.
- 20.Hon. Samuel Gichigi, M.P.
- 21.Hon. Silverse Lisamula Anami, M.P.
- 22.Hon. Suleiman Murunga Kasuti, M.P.
- 23.Hon. Zebedeo Opore, M.P
- 24.Hon. Alfred Agoi, M.P.
- 25.Hon. Jared O. Opiyo, M.P.
- 26.Hon. Banticha Jaldesa, M.P.
- 27.Hon. Dennis Kariuki, M.P.
- 28.Hon. Alfred Sambu, M.P.
- 29.Hon. Moses Lessonet, M.P
- 30.Hon. Reginalda Wanyonyi, M.P.
- 31.Hon. Irshad Sumra, M.P.
- 32.Hon. Priscilla Nyokabi, M.P
- 33.Hon. George Muchai, M.P.

ABSENT WITH APOLOGIES

1. Hon. Benjamin Langat, M.P.
2. Hon. Alice Ng'ang'a , M.P.
3. Hon. Nelson Gaichuhie, M.P.
4. Hon. Lati Lelelit, M.P.
5. Hon. Joseph Limo, M.P.
6. Hon. Stephen Ngare, M.P
7. Hon. Lekuton Joseph, M.P.
8. Hon. Charles Nyamai, M.P.
9. Hon. Clement Wambungu, M.P
- 10.Hon. Mohamed Shidiye, M.P
- 11.Hon. Abdulaziz Farah, M.P.
- 12.Hon. Chris W. Wakhungu, M.P.
- 13.Hon. Daniel Nanok, M.P.
- 14.Hon. Manson Nyamweya, M.P.
- 15.Hon. Mohammed H. Mwanyoha,
M.P
- 16.Hon. Patrick Ole Ntutu, M.P.
- 17.Hon. Shukran Hussein Gure, M.
- 18.Hon. Tiyah Galgalo, M.P.

MEMBERS OF THE GOVERNORS COUNCIL

- | | |
|--------------------------|-----------------|
| 1. Hon. Isaac Ruto | - Chairman |
| 2. Hon. Dr. Evans Kidero | - Vice Chairman |
| 3. Hon. Nderitu Gachagua | Member |
| 4. Hon. David Mutai | Member |
| 5. Hon. Kenneth Lusaka | Member |
| 6. Hon. Philip Kitima | Deputy Governor |

IN ATTENDANCE

1. Ms. Phyllis Makau
2. Mr. Martin Masinde
3. Mr. Fredrick Muthengi
4. Mr. Gilbert Kipkirui
5. Mr. Benjamin Ng'imor
6. Mr. Joseph Ndirangu
7. Ms. Millicent Ojiambo
8. Mr. Erick O. Otieno
9. Mr. Danson Kachumbo

SECRETARIAT

- Director, PBO
- Deputy Director, PBO
- Principal Fiscal Analyst
- Principal Fiscal Analyst
- Fiscal Analyst
- Fiscal Analyst
- Fiscal Analyst
- Junior Fellow
- Junior Fellow

Agenda

1. Preliminaries
2. Meeting with the Governor's Council
3. Any Other Business

MIN 31/2013: Preliminaries

The Chairman called the meeting to order at 10am and thereafter led the members and participants in a word of prayer. He then left the floor to the Governors council led by their Chairman, H.E Hon. Isaac Ruto to guide the presentation by the team.

MIN 32/2013: Presentation by Governors

The Chairman of the Governors Council began by thanking the Committee for the extraordinary opportunity they had been granted under stringent timelines to present their views. He said that the point of concern was the issue of devolved funds which is crucial to the success of devolution. He noted that whereas

governors respect the sharing of formulae passed by parliament, the historical base year of 2011/2012 revenues remained untenable. He said that Kenyans need not bear the burden of the failure of relevant institutions to audit and present the most recent government revenues. Members informed the Council that the threshold had been met either by the use of historical or projected revenues. The Council urged the members to consider sharing of revenues on the basis of projected instead of the historical data as per the constitutional requirement.

The county leaders indeed highlighted areas where more resources have remained at national level yet most of the functions have to be done at the county level according to the Fourth Schedule of the Constitution. Key among them is Agriculture where about KSh.47 billion is projected to be used at national whereas about KSh. 16billion would be devolved. Other ministries where there were concerns were the ministries of education and health. The Governors wondered why so much money had been set aside for the ministry of health yet only referrals and policy issues remain national functions.

The leaders further stated that the amounts proposed for allocation to counties were not informed by any scientific research. They argued that if the formula is strictly adhered to then some counties would run into financial deficits and liquidity. They indeed clarified that the additional resources they request for counties do not include the CDF which they supported should be handled by MPs as before. Furthermore, they said Governors are not best placed to handle CDF since the intention of devolution remains the desire to achieve long-term growth whereas CDF should be set aside for exigent expenditures.

The Council members in fact noted that the ministry of roads has undertaken an ambitious exercise aimed at keeping more resources at the national level yet most of these need to be devolved under Kenya Urban Roads Authority and Kenya Rural Roads Authority.

Remarks by Members

On these issues the members requested the Governors to give specific figures on the exact amounts that they would want devolve to counties accompanied by justification for such allocations. The Honourables were concerned that some

counties may not have the necessary efficiency and fiscal capacity to absorb the additional resources. Some members even argued that allocation of more resources to counties that have little absorption capacity would deny such counties future resources when such absorption rates are used as basis for future allocations. They explained that the different counties would be fiscally capable at different times. The Chairman BA & C expounded that the current problems facing the county governments might have emanated from the many power centres and lack of coordination at the county level.

Members inquired if the county governments had negotiated with Teachers Service Commission on the issue of employment of ECD teachers. On this issue, there was unease since only the Commission is mandated to employ teachers at various levels of basic education. Members wanted to know what would be the fate of ongoing projects in case they are not earmarked for funding in the coming budget.

The Committee urged the Governors to engage the Commission on Revenue Allocation and Transitional Authority to ensure costing of functions is done in readiness for the 2014/15 budget.

The members wondered if members had done a computation of how much revenues their counties would be expected to raise in terms of Appropriations in Aid to cater for any financing gaps. These members argued is due to scarcity of resources at the national level which would restrict the amount of money that can be devolved to counties.

Governors Response

The Governors undertook to cooperate with other elected leaders to ensure that they better serve the electorate as a team. This they explained is even a requirement under the CDF Act. They concurred with members that the power struggles need not cloud the joint desire to see development at the grassroots.

On fiscal capacity the Governors said that it exists since the functions to be performed by the county governments are existing and ongoing. They further noted that all they intend to do is to strengthen those functions in order to increase capacity.

The Council members proposed that the national government may consider the transfer of some functions to the county governments. This they said should be accompanied with corresponding transfer of resources to execute those functions.

The team undertook to do a thorough costing of county functions to come up with exact amount needed to efficiently enable them achieve their objectives. However, they pleaded with members to adopt the CRA figures. They pointed out that if the initial allocations for 2013/14 are low it would set a bad precedence going forward.

Concluding Remarks

The Chairman to the Budget Committee concluded by thanking the Governors for the powerful and persuasive presentation they had put before the committee. He assured them that his team was fully behind devolution and would consider their plea in line with other requests from various sectors.

It was agreed that the Cabinet Secretary for Devolution and Planning should be called upon to explain the huge resource allocations to the Devolution ministry despite most of the functions being devolved. Members resolved that the subcommittee of Economic Affairs, Legislature and Judiciary would hold a joint meeting with the Cabinet Secretary of Devolution and Planning, the Governors Council, and the Transitional Authority to discuss and find a way forward on the issue of county functions vs national functions.

Min 33/2013: AOB

There being no other business the Committee adjourned at 11.30am



SIGNED

CHAIRPERSON

6.6.2013

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DATE



**MINUTES OF THE FIFTH PARLIAMENTARY BUDGET AND
APPROPRIATIONS COMMITTEE MEETING HELD ON 4TH JUNE 2013 AT
SMALL DINING AT 10.00 AM**

PRESENT

1. Hon. Mutava Musyimi, M.P -Chairperson
2. Hon. Mary Emaase, M.P.-Vice Chair
3. Hon. Lekuton Joseph, M.P.
4. Hon. Charles Nyamai, M.P.
5. Hon. Clement Wambungu, M.P.
6. Hon. Jackson Kiptanui, M.P.
7. Hon. Jamleck Kamau, M.P
8. Hon. John Mbadi, M.P
9. Hon. Mohamed Shidiye, M.P
10. Hon. Moses Ole Sakuda, M.P.
11. Hon. Abdikadir Omar Aden, M.P.
12. Hon. Abdulaziz Farah, M.P.
13. Hon. Benjamin Andola Andayi, M.P.
14. Hon. Bitok S. Kiriwa, M.P.
15. Hon. Muriuki Njagagua, M.P.
16. Hon. Daniel Nanok, M.P.
17. Hon. Dr. J. W. Nyikal , M.P.
18. Hon. Francis Njenga, M.P.
19. Hon. George Wanjohi, M.P.
20. Hon. James Gakuya, M.P.
21. Hon. KK Stephen Kinyanjui, M.P.
22. Hon. Makali Mulu Benson, M.P.
23. Hon. Mohammed H. Mwanyoha, M.P
24. Hon. Omar Mwinyi, M.P.
25. Hon. Omondi George W. Mallan, M.P.
26. Hon. Onyonka Richard, M.P.
27. Hon. Patrick Ole Ntutu, M.P.
28. Hon. Priscilla Nyokabi, M.P.
29. Hon. Samuel Gichigi, M.P.
30. Hon. Shukran Hussein Gure, M.
31. Hon. Silverse Lisamula Anami, M.P.
32. Hon. Suleiman Murunga Kasuti, M.P.
33. Hon. Tiyah Galgalo, M.P.
34. Hon. Zebedeo Opore, M.P
35. Hon. Alfred Agoi, M.P.
36. Hon. Jared O. Opiyo, M.P.
37. Hon. Banticha Jaldesa, M.P.
38. Hon. Dennis Kariuki, M.P.
39. Hon. Manson Nyamweya, M.P.
40. Hon. Chrisantus W. Wakhungu, M.P.

ABSENT WITH APOLOGIES

1. Hon. Alfred Sambu, M.P.
2. Hon. Benjamin Langat, M.P.
3. Hon. Alice Ng'ang'a , M.P.
4. Hon. Moses Lessonet, M.P
5. Hon. Nelson Gaichuhie, M.P.
6. Hon. Lati Lelelit, M.P.
7. Hon. Reginalda Wanyonyi, M.P.
8. Hon. Irshad Sumra, M.P
9. Hon. Joseph Limo, M.P.
10. Hon. George Muchai, M.P.
11. Hon. Stephen Ngare, M.P

IN ATTENDANCE

Ms. Phyllis Makau
Mr. Martin Masinde
Mr. Fredrick Muthengi
Mr. Gilbert Kipkirui
Mr. Gichohi Mwaniki
Mr. Joseph Ndirangu
Mr. Erick O. Otieno
Mr. Danson Kachumbo

BUDGET COMMITTEE SECRETARIAT

Director, PBO
Deputy Director, PBO
Principal Fiscal Analyst
Principal Fiscal Analyst
Senior Fiscal Analyst
Fiscal Analyst
Junior Fellow
Junior Fellow

Agenda

1. Preliminaries
2. Confirmation of Previous Meeting
3. Matters Arising
4. Meeting with the Judicial Service Commission on 2013/14 Estimates
5. Meeting with Parliamentary Service Commission
6. Meeting with the Auditor General
7. Any Other Business

MIN 23/2013: Preliminaries

The Chairman of the committee called meeting to order at 10 a.m. and began by informing members that the task ahead was enormous.

MIN 24/2013: Confirmation of Previous Meeting:

The members unanimously agreed to defer the confirmation of the previous meeting minutes to the next meeting.

MIN 25/2013: Matters Arising

There were no matters arising

MIN 26/2013: Meeting with the Judicial Service Commission

The Chairman welcomed the Judiciary team led by the Chief Registrar Gladys Boss Shollei to make their presentation to the Committee on the budget estimates for 2013/14.

The Chief Registrar began by highlighting the roles of the Judiciary under the new dispensation. On this she said that the constitution empowers the arm of government to ensure Kenyans have access to equitable and expeditious delivery of justice. She went ahead to explain that to achieve this, judiciary needs cooperation of all in line with the ten Key Result Areas (KRAs) under the umbrella of transformation.

The Registrar then elaborated the key achievements of the Judiciary in the financial year 2012/13 among them court refurbishment and construction, development of ICT infrastructure and hiring of more judicial officers and staff. Specifically she said the Judiciary has managed to train 5800 staff, develop an ICT Strategic plan, carry out a staff audit and rationalization,

develop workplans for 113 stations, do feasibility study of Court Construction and decentralise the Court of Appeal to Nyeri, Kisumu and Malindi.

Ms Shollei gave a detailed presentation on what the Judiciary has done on various centres across the country. For instance she highlighted the clean-up of the Machakos Registry, development of safe prefabricated courts and completion of previous incomplete CDF funded projects.

She then concluded by presenting her prayers to the committee. On this she pleaded with the committee for a total of KSh. 17.179 billion to be used for recurrent expenses and an additional KSh. 7.046 billion for development. She justified this by arguing that the judiciary remain good stewards of public money and that the institution has massively invested in technology to stop loss of funds.

The Chairman then welcomed members to raise their concerns regarding the presentation by the Judiciary. These were some of the key issues raised:

- The need to determine the exact absorption rate of the Judiciary.
- The rise in employment of judicial officers vis-a-vis the continued backlog of cases.
- The jump of the sector budget above the KSh. 12 billion ceiling
- The rise in allocation for office and general supplies from KSh. 4.7 million in 2012/13 to KSh. 34.9 million in 2013/14
- The plan to buy a fixed wing airplane for KSh. 300 million under the headquarters.
- The KSh. 2.2 billion allocated as grants
- The lifespan of the prefabricated courts
- The availability of procurement cartels at the judiciary

On the issues raised the Chief Registrar explained that the budget rise is occasioned by the fact that increase in judges comes with corresponding need for office space and investment in technology. She explained that salaries of judicial staff have been improved to attract and retain employees. The loan, she noted, is aimed at making the staff enjoy better terms of employment like easy access to mortgage among others. On procurement cartels she assured members that a new procurement team has been set up and all their actions are above board.

The Chairman requested the Judiciary to submit a detailed Cost Benefit Analysis Report on the proposed purchase of a fixed wing aeroplane by 2pm latest on Tuesday 3rd July, 2013. The Registrar undertook to comply. The Chairperson thanked the judiciary for the work they are doing in dispensing justice and further assured them that their request for additional resources would be considered along other requests and government competing needs.

MIN 27/2013: Meeting with the Parliamentary Service Commission (PSC)

The PSC led by the Clerk of the Senate Mr. Nyegenye presented their budget of KSh. 24.5 billion to the Committee. He started by picking out the key issues unique to the 2013/14 budget estimates for PSC. Among the key issues noted by the Clerk were:

- The cumulative recurrent expenditure and commitments for the period July, 2012 to March, 2013 is KSh. 6.1 billion representing about 47% of the net estimates for 2012/13. Bulk of resources will be utilised in the last quarter of the FY 2012/13
- The net development estimates for 2012/13 is KSh. 2.9 billion which was further reduced to KSh.2.3 billion in the 2012/13 supplementary estimates.
- The institution has pending bills that includes KSh. 55 million for final payment of the Senate Speaker's residence, KSh. 97 million for motor vehicles to D.T. Dobie and Toyota Kenya and KSh. 120 million to Senate Project contractor.
- The proposed estimates of KSh. 24.5 billion are premised on the PSC strategic plan with key strategic objectives of strengthening the capacity of members to effectively play their mandate, strengthening the capacity of members in the oversight role, enhancing the public image of parliament, improving working environment, enhancing staff capacity and service delivery and leveraging on ICT for improved operations and communications.

PSC said the proposed budget represents a rise of KSh. 9.3 billion from the 2012/13 budget of KSh. 15.2 billion. The proposed figure, the team explained represents a total variance of KSh. 8 billion from the National Treasury envelop of KSh. 16.7 billion.

After the detailed presentation by the Commission the Chairman invited members to raise any issues on the presentation. The following were raised;

- ✓ The low absorption capacity and huge pending bills
- ✓ The huge travel expenses budgeted for the commission
- ✓ The failure to adhere to the MTEF ceilings
- ✓ The failure to adhere to austerity measures and little relationship between the estimates and previous figures
- ✓ Information flow within Parliament and issues of public relations
- ✓ The presentation of their budget in the traditional line item format instead of the program based budget

To the questions raised PSC explained that the low absorption capacity was due to the fact that a huge part of the recurrent expenditure is spent on members' salaries which are yet to be effected in the current part of the financial year. The committee was further informed that PSC is progressively reducing the amount of foreign travels as well as working hard to ensure members get the best treatment in Parliament. PSC while pointing out that the government has offered KICC for use by Parliament clarified that this excludes the conference facilities.

MIN 28/2013: Meeting with the Auditor General

After being welcomed by the Chairman the Auditor General, Mr. Edward Ouko, took members through the key issues related to his office. He explained the mandate of the Office of the Auditor General (OAG) and their enhanced mandate under the new constitution which requires the AG to confirm whether public resources have been lawfully and effectively applied. This he said is an enormous responsibility which requires extra resources.

The Auditor General (AG) informed members that between September, 2012 and April, 2013 his office have held consultations with various people among them money committees of parliament and the PS Treasury with an aim of reaching consensus.

The AG indeed gave the rationale for more resource allocation. He said these would enable his office confront the challenges of lack of sufficient resources to recruit and retain competent staff, inability to attract multi disciplinary staff, inability to access housing & car loans, lack of management information system, lack of efficient national communication infrastructure and inability to access emerging audit tools. With these resources granted, the AG promised to deliver timely reports to parliament and county assemblies, continuous reporting

on managerial and delivery to Kenyans at both national and county assemblies and effective & efficient support to parliament in its oversight role.

To this end the OAG requested for a total of KSh. 5.4 billion for which KSh. 4 billion is earmarked for recurrent expenditure while KSh. 1.4 billion would be directed towards development expenditure.

Members generally noted that the presentation from the Auditor General was too brief and lacked in key details. The AG was hence requested to submit a detailed report by 5pm Tuesday 3rd June, 2013 which need to contain the challenges facing the office. The AG was also asked to consider the measures that would increase tax revenue as well as the status of the 2012 audit reports.

MIN 29/2013: Any Other Business

The Director PBO reminded members that there would be a retreat on report writing at Boma Hotel South C starting on 5th June, 2013 at 9AM. She informed them that the accommodation had been paid hence those willing would spend the night at the venue. The major activities to be undertaken would include meeting with the Cabinet Secretary for National Treasury, meeting with the Governors Council, review of the overall estimates and report writing.

Members were requested to avail themselves so as to make the report to be adopted authentic and with numerical backing.

MIN 30/2013: Adjournment

There being no other business the chairperson adjourned the meeting at 2.30pm.

SIGNED

CHAIRPERSON

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DATE

**MINUTES OF THE FOURTH PARLIAMENTARY BUDGET AND
APPROPRIATIONS COMMITTEE MEETING HELD ON 28th MAY 2013 AT
SMALL DINING AT 10:00AM**

PRESENT

1. Hon. Mutava Musyimi, M.P -Chairperson
2. Hon. Mary Emaase, M.P.-Vice Chair
3. Hon. Alfred Sambu, M.P.
4. Hon. Lekuton Joseph, M.P.
5. Hon. Charles Nyamai, M.P.
6. Hon. Clement Wambungu, M.P.
7. Hon. Moses Ole Sakuda, M.P.
8. Hon. Nelson Gaichuhie, M.P.
9. Hon. Abdikadir Omar Aden, M.P.
10. Hon. Abdulaziz Farah, M.P.
11. Hon. Alfred Agoi, M.P.
12. Hon. Benjamin Andola Andayi, M.P.
13. Hon. Bitok S. Kirwa, M.P.
14. Hon. Njagagua Muriuki, M.P.
15. Hon. Chrisantus W. Wakhungu, M.P.
16. Hon. Daniel Nanok, M.P.
17. Hon. Dennis Waweru, M.P.
18. Hon. Dr. J. W. Nyikal, M.P.
19. Hon. Francis Njenga, M.P.
20. Hon. George Muchai, M.P.
21. Hon. Irshad Sumra, M.P.
22. Hon. James Gakuya, M.P.
23. Hon. Joseph Limo, M.P.
24. Hon. Makali Mulu Benson, M.P.
25. Hon. Manson Nyamweya, M.P.
26. Hon. Mohammed H.Mwanyoha, M.P.
27. Hon. Omar Mwinyi, M.P.
28. Hon. Omondi George W. Mallan, M.P.

29. Hon. Priscilla Nyokabi, M.P.
30. Hon. Samuel Gichigi, M.P.
31. Hon. Silverse Lisamula Anami, M.P.
32. Hon. Suleiman Murunga Kasuti, M.P.
33. Hon. Tiyah Galgalo, M.P.

ABSENT WITH APOLOGIES

1. Hon. Mohamed Shidiye, M.P.
2. Hon. Alice Ng'ang'a, M.P.
3. Hon. Jared O. Opiyo, M.P.
4. Hon. Banticha Jaldesa, M.P.
5. Hon. Stephen Ngare, M.P.
6. Hon. Benjamin Langat, M.P.
7. Hon. Jackson Kiptanui, M.P.
8. Hon. Jamleck Kamau, M.P.
9. Hon. John Mbadi, M.P.
10. Hon. Moses Lessonet, M.P.
11. Hon. George Wanjohi, M.P.
12. Hon. KK Stephen Kinyanjui, M.P.
13. Hon. Lati Lelelit, M.P.
14. Hon. Onyonka Richard, M.P.
15. Hon. Patrick Ole Ntutu, M.P.
16. Hon. Reginalda Wanyonyi, M.P.
17. Hon. Shukran Hussein Gure, M.P.
18. Hon. Zebedeo Opopore, M.P.

IN ATTENDANCE

Ms. Phyllis Makau
Mr. Fredrick Muthengi
Mr. Gilbert Kipkirui
Mr. Joseph Ndirangu
Mr. Erick O. Otieno
Mr. Sammy Mutua

BUDGET COMMITTEE SECRETARIAT

Director, PBO
Principal Fiscal Analyst
Principal Fiscal Analyst
Fiscal Analyst
Junior Fellow
Junior Fellow

Agenda

1. Preliminaries
2. Confirmation of Previous Meeting
3. Matters Arising
4. Preparedness of the Public Hearings for 2013/14 Estimates
5. Any Other Business

MIN 18/2013: Preliminaries

The Chairman of the committee called meeting to order at 10:00 a.m. and began by a word of prayer. He thanked everyone for attending and welcomed members for the meeting.

MIN 19/2013: Confirmation of Previous Meeting:

1. The minutes of the meeting held on 17th May 2013 were read through and confirmed as a true record of the Committee's deliberations. They were proposed by Hon. Abdikadir Aden and seconded by Hon. Tiyah Galgalo.
2. The minutes of the meeting held on 21st May 2013 were read through and confirmed as a true record of the Committee's deliberations. They were proposed by Hon. Chrisantus Wakhungu and Hon. Mary Emaase.
3. The minutes of the meeting held on 28th May 2013 were read through and confirmed as a true record of the Committee's deliberations. They were proposed by Hon. George Omondi.

MIN 20/2013: Matters arising

Min 15/2013

Members wanted to know more on gender analyses of the budget. It was explained that Gender Responsive Budgeting analysis how budgetary allocations affect both male and females through investments in areas like health, education, water and the benefit incidence analysis of socio-economic expenditures. It was proposed that the committee can plan for a meeting to discuss this further.

Min 16/2013

Oversubscription by members to some public hearing centres was noted, particularly Mombasa. Members were advised to reconsider their preferred public hearings centres and advise the secretariat accordingly.

MIN 21/2013: Preparedness of the Public Hearings for 2013/14 Estimates.

It was reported that most members had signed up for the various public hearing centres. The secretariat indicated that all necessary arrangements had been done for members to travel to the respective centres on Wednesday 29th May 2013 in readiness for the public hearing on Thursday 30th May 2013. Members were expected back in Nairobi by Monday 3rd June 2013 to attend the Nairobi Public hearing event at KICC. The meeting was informed that members travelling by road for the public hearings would use their own vehicles and later claim for mileage.

Members wanted to know if there is a provision in the budget for their security and driver. They were advised that there were no budgetary allocations to cater for personal driver and security but meals will be provided. It was reported that the secretariat had contacted county commissioners to provide security at the venues, and that each team had been allocated an officer from the sergeant at arms department.

It was noted that more publicity needs to be done through local radio stations, as most people don't have access to newspapers. The secretariat was asked to utilise the imprest system and air adverts in these radio stations.

Members were encouraged to sign up for centres within their regions, and liaise with local leaders to inform them of the public hearings. Specific members were nominated to take the lead in informing county leaders for each of the nine centres as follows **Isiolo**: Hon. Tiyah Galgalo; **Kisumu**: Hon. George Omondi; **Nakuru**: Hon. Nelson Gaichuhie; **Kakamega**: Hon. Alfred Sambu; **Mombasa**: Hon. Irshad Sumra; **Nyeri**: Hon. Francis Njenga; **Embu**: Hon. Njagagua Muriuki; **Garissa**: Hon. Abdikadir Omar Aden; **Eldoret**: Hon. Daniel Nanok.

It was agreed that a member of the budget committee leads the delegation to each of the nine centres. Members agreed to choose amongst themselves a chairman and to pay a courtesy call to the Governor of the respective County.

The Director Budget Office took members through the proposed program for the public hearings. The meeting was informed that the secretariat has prepared a budget summary and talking notes for the Chairman. The secretariat was tasked with pulling out all issues raised during last year's public hearings and later taken up for implementation through budgetary allocations.

MIN 22/2013: Any Other Business

Teams going for public hearings were encouraged to meet and consult after the meeting. Members were also invited to pick copies of the estimates from the secretariat staff after the meeting.

There being no other business the chairperson adjourned the meeting at 11.40 am.



SIGNED

CHAIRPERSON

6.6.2013

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DATE

**MINUTES OF THE THIRD PARLIAMENTARY BUDGET AND
APPROPRIATIONS COMMITTEE MEETING HELD ON 23RD MAY 2013
AT SMALL DINING AT 8.45 AM**

PRESENT

1. Hon. Mutava Musyimi, M.P -Chairperson
2. Hon. Mary Emaase, M.P.-Vice Chair
3. Hon. Alfred Sambu, M.P.
4. Hon. Lekuton Joseph, M.P.
5. Hon. Benjamin Langat, M.P.
6. Hon. Charles Nyamai, M.P.
7. Hon. Clement Wambungu, M.P.
8. Hon. Jackson Kiptanui, M.P.
9. Hon. Jamleck Kamau, M.P
10. Hon. John Mbadi, M.P
11. Hon. Moses Lessonet, M.P
12. Hon. Moses Ole Sakuda, M.P.
13. Hon. Abdikadir Omar Aden, M.P.
14. Hon. Abdulaziz Farah, M.P.
15. Hon. Benjamin Andola Andayi, M.P.
16. Hon. Bitoks. Kiriwa, M.P.
17. Hon. Muriuki Njagagua, M.P.
18. Hon. Daniel Nanok, M.P.
19. Hon. Dr. J. W. Nyikal , M.P.
20. Hon. Francis Njenga, M.P.
21. Hon. George Wanjohi, M.P.
22. Hon. Irshad Sumra, M.P.
23. Hon. James Gakuya, M.P.
24. Hon. Joseph Limo, M.P.
25. Hon. KK Stephen Kinyanjui, M.P.
26. Hon. Lati Lelelit, M.P.
27. Hon. Makali Mulu Benson, M.P.
28. Hon. Mohammed H. Mwanyoha, M.P
29. Hon. Omar Mwinyi, M.P.
30. Hon. Omondi George W. Mallan, M.P.
31. Hon. Onyonka Richard, M.P.
32. Hon. Patrick Ole Ntutu, M.P.
33. Hon. Priscilla Nyokabi, M.P.
34. Hon. Reginalda Wanyonyi, M.P.
35. Hon. Samuel Gichigi, M.P.
36. Hon. Shukran Hussein Gure, M.
37. Hon. Silverse Lisamula Anami, M.P.
38. Hon. Suleiman Murunga Kasuti, M.P.
39. Hon. Tiyah Galgaio, M.P.
40. Hon. Zebedeo Opore, M.P
41. Hon. Nelson Gaichuhie, M.P.

ABSENT WITH APOLOGIES

1. Hon. Mohamed Shidiye, M.P.
2. Hon. Alfred Agoi, M.P.
3. Hon. Alice Ng'ang'a , M.P.
4. Hon. Jared O. Opiyo, M.P.
5. Hon. Banticha Jaldesa, M.P.
6. Hon. Chrisantus W. Wakhungu, M.P.
7. Hon. Dennis Kariuki, M.P.
8. Hon. George Muchai, M.P.
9. Hon. Manson Nyamweya, M.P
10. Hon. Stephen Ngare, M.P

IN ATTENDANCE

Ms. Phyllis Makau
Mr. Martin Masinde
Mr. Fredrick Muthengi
Mr. Gilbert Kipkirui
Mr. Gichohi Mwaniki
Mr. Joseph Ndirangu
Mr. Erick O. Otieno
Mr. Danson Kachumbo

BUDGET COMMITTEE SECRETARIAT

Director, PBO
Deputy Director, PBO
Principal Fiscal Analyst
Principal Fiscal Analyst
Senior Fiscal Analyst
Fiscal Analyst
Junior Fellow
Junior Fellow

Agenda

1. Preliminaries
2. Confirmation of Previous Meeting
3. Matters Arising
4. Brief of the 2013/14 Budget
5. Preparations for Public Hearings for 2013/14 Estimates
6. Any Other Business

MIN 12/2013: Preliminaries

The Vice Chairman of the committee called meeting to order at 8.45 a.m. and began by leading those present in a word of prayer. She welcomed everyone and highlighted the importance of that particular meeting.

MIN 13/2013: Confirmation of Previous Meeting: the members unanimously agreed to defer the confirmation to the next meeting.

MIN 14/2013: Matters Arising

Arising from lots of paper work and briefs the Committee raised concern that critical documents for them to read should be emailed to ahead of the meeting. This will furnish the committee with adequate information and prior preparations to future meetings. The Director assured the Committee this will be implemented and requested members to provide their personal email addresses besides the Constituency emails hosted by bunge.

MIN 15/2013: Brief of the 2013/14 Budget

A. OVERALL ANALYSIS OF THE BUDGET

The Chairman welcomed the Director to make introductory remarks before leaving the floor for Mr. Masinde to expound further on the notable issues on the 2013/14 Budget Estimates.

Mr. Masinde took the Honourable members through a detailed account of the 2013/14 budget estimates. The following were some of the key issues pointed out by Mr. Masinde:

- In terms of documentation required by the PFM Act, the compliance rate was 50% implying that most documentation required for effective scrutiny had not been submitted:
- Budget Estimates did not meet the requirements of Section 15(2) of the PFM Act which requires that in the MTEF at least 30% of all County and National Government Budgets shall be allocated to development expenditures.
- The 2013/14 budget is not fully funded; there is a financing gap of KSh. 163.4 billion.
- With the economic classification only on the basis of allocation of resources, it becomes increasingly difficult to target where Parliament can curb wasteful expenditure via austerity measures
- Estimates for national entities that ought to be prepared and submitted to line ministries to be considered alongside other budget documents were lacking.
- The amount of money being collected and used at source (Appropriations in Aid (AIA)) has not been provided.
- The development expenditure as presented does not provide details of the source of donor financing in terms of loans and grants. The loans have not been broken down into revenue and AIA.

B. ANALYSIS OF CONSOLIDATED FUND SERVICES

The Director then welcomed Mr. Kipkirui to lead the members on scrutinizing the budget estimates for Consolidated Fund Services (CFS). Mr. Kipkirui started by emphasizing that CFS represents mandatory allocation. He went ahead to remind memebes that CFS gives the first government expenditure noting that the more-it increases the inflexible a government expenditure options become. The main issues of concern noted by Mr. Kipkirui were:

- **Domestic Financing-** The government has budgeted on interest rates for its bills ranging from 7.0% p.a. to 11.7% p.a., which is higher than the rates it factored in the last budget. The government has also projected higher returns to its bonds. This is likely to create appetite for government securities thus further pushing up domestic interest rates. The low rate may however be feasible given that the average rate for these securities in the last 12 months has been above 13%. A forecast indicates that interest rates are not expected to fall in the near future given the

forecasted macroeconomic conditions. The rise in the rates is an indicator that it is getting more expensive for government to borrow.

- **Debt and Borrowing-** Debt redemption and interest payment takes a huge percentage of total CFS allocations (89%) with a substantial amounts going towards domestic debt. Treasury should provide information on debt management strategy with detailed information on future external debt interest payments and ceiling for domestic borrowing. A total of Kshs.1.3 billion has been budgeted for guaranteed debt. The Government should provide details of the guaranteed debts and list of all the defaulting agencies. This is bound to be a major issue eventually as County Governments begin to operate.
- **Salaries and Allowances under CFS-** A scrutiny of the estimates indicates that allocations for Judicial Service Commission, National Gender & Equality Commission, and Parliamentary Service Commission are not reflected in the estimates of CFS. There are no allocations for Parliamentary Service Commission in the estimates submitted by the Commission.
- **Pensions-** The Government has been paying Refund of Pension to UK Government Ksh 109,272,700 in 2011/12, 2012/13 and 2013/14 and projected to rise in the medium term. The estimates do not reflect any variations expected in pensions notwithstanding the fact that these alleged pension has been there since independence 50 years ago. The Auditor General's report has raised concern in the last three audits over the existence of the pensioners.

MIN 15(1)/2013: Issues raised by Honourable members

The Chairman welcomed members to raise their questions, remarks and concerns regarding the briefs presented by the Parliamentary Budget Office. Following deliberations, these were some of the issues raised by the s:

- The need for Parliamentary Budget Office (PBO) to conduct a gender analysis of the budget
- The rise of domestic borrowing and how that relates to development priorities
- The austerity measures proposed in the last budget and how far they were implemented

- Budget Office requested to do thorough analysis on how to raise revenues, seal loopholes and contain rising expenditure
- The need for treasury to give reasons for the imbalanced budget and how the deficit would be financed
- The importance of Treasury to give a detailed account of the status of projects financed by the 2012/13 budget
- The difficulty of scrutinizing the budget from the block figures presented
- The capability of PBO to do effective oversight and whether that capacity needs to be enhanced
- PBO mandated to give an analysis of how to solve issues related to pensions
- How the budget deficit would affect counties if at all
- The importance of PBO in tracking debates in the Senate and at the National Assembly with respect to division of revenues to ensure the B & AC is informed all times
- The need for treasury to give details of all money under Appropriation-In-Aid

After those deliberations the Chairman welcomed the Director PBO to respond to questions and concerns within her doctrine. The Director informed the Committee that PBO had collaborated with KEWOPA to compile a detailed gender-based analysis of the 2013/14 budget estimates. Concerning austerity, she said that a letter would be written to treasury to give clarity on the issues raised. The Director further explained that PBO has the adequate capacity to handle all issues raised. She concluded by showing members a letter from Treasury outlining their take on the budgets for Parliamentary Service Commission and Judicial Service Commission.

MIN 16/2013: Preparations for Public Hearings for 2013/14 Estimates

The members agreed that they go ahead with the planned public hearings on Thursday 30th May 2013 in the nine centres simultaneously. In this regard, members were requested to indicate their preferred centres of choice during the hearings. Members agreed to meet on Tuesday 28th May 2013 to finalise the

preparations. There was a plea to members to consider attending public hearings away from their regional home turfs.

Members

The Chairman opened by alerting ~~s~~ that there had been oversubscription in the Sub-Committees of Infrastructure and Energy. The Sub-committees of Health & Education, Agriculture land and Environment, National Security Defence and Foreign Relations and Economic Affairs, Legislature and Judiciary had seen the least number of interested persons. He requested members to reconsider their preferred sub committees.

MIN 17/2013: Any Other Business

There being no other business the chairperson adjourned the meeting at 11.00 am. Next meeting will be held on Tuesday 28th May at 11.00 am.

SIGNED

CHAIRPERSON

..... 28.5.13

DATE