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THE NATIONAL ASSEMBLY
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DATE: 29 JUN 2021

DAY

TUESDAY

THE NATIONAL ASSEMBLY CHAIR, BUDGET & APPROPRIATIONS

TABLED
BY:

HON. KANINI KESHA

CLERK AT
THE ASSEMBLY:

Getmude chebet.

TWELFTH PARLIAMENT

FIFTH SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE
SUPPLEMENTARY APPROPRIATION BILL (NATIONAL ASSEMBLY BILL NO. 33 OF
2021)

JUNE, 2021

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CHAIRPERSON'S FOREWORD

On behalf of the Members of the Budget and Appropriations Committee and as mandated by Article 223 of the Constitution, section 44 of the Public Finance Management Act, Public Finance Management Regulation 40 and Standing Orders 244 B; it is my pleasure to present to this House, the Committee's report on the Supplementary Appropriations Bill (National Assembly Bill No.33 of 2021).

Through the Committee of Supply, the House - by a resolution passed on Thursday, 24th June 2021- approved the report of the Budget and Appropriations Committee on the Second Supplementary Estimates for FY 2020/21. Pursuant to the provisions of the National Assembly Standing Order 244 B (2), upon approval of the second supplementary budget estimates, the Chairperson of the Budget and Appropriations Committee shall introduce a Supplementary Appropriation (No. 2) Bill for consideration by the House. In reviewing the Bill, the Committee held one (1) Sitting where extensive deliberations were held.

Arising from these deliberations, the Committee made the following observations:

Key observations

1. There seems to be a missing communication link between the National Treasury and MDAs in terms of budget preparation and implementation. The Committee urges the National Treasury to adopt a framework of consultation whereby each spending agency is considered on its own merit and the impact of any reduction or increment is fully assessed so as not to hamper MDA operations.
2. The committee is concerned that the supplementary process is proving disruptive to the policy direction of the budget due to the frequency of the supplementary budgets, the level of adjustment and the lack of consultation. As a result, the budget may not achieve its intended purpose.
3. The Committee observes that the submission of the Second Supplementary Budget too close to the end of the financial year limits the oversight role of the National Assembly due to the tight timelines for scrutiny of the Second Supplementary Budget.

4. There are huge amounts of pending bills cutting across various votes. The pending bills are under different categories such as historical pending bills, court awards and unpaid tax dues to the Kenya Revenue Authority. The Committee is concerned that the lack of sufficient provision for the aforementioned bills in the second supplementary budget may further worsen the skyrocketing amount of pending bills that we have witnessed in the recent past.

Committee recommendations

The Committee recommends that this House resolves to:

- i. Reverse the proposal in the BAC Report on the Supplementary Estimates No.2 for the FY 2020/2021 to reallocate Kshs. 150 million meant for the Olorika Dam to various water pans in Kajiado South.
- ii. Approve the schedules attached in the Supplementary Appropriation Bill (National Assembly No. 33 of 2021) with amendments. The proposed amendments are provided in Annex 1.
- iii. That the various MDA's prioritise payment of pending bills within the current resources for FY 2020/21 specifically the Ministry of Health should endeavour to pay the long standing pending bill for provision of CD4 Equipment and reagents.

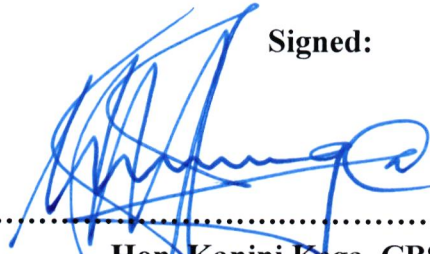
Acknowledgements

The Budget and Appropriations Committee is grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the steadfast support received as it discharged its mandate of reviewing the Supplementary Appropriation (No. 2) Bill, 2021.

I also wish to express my gratitude to the Honourable Members of the Budget and Appropriations Committee who made insightful contributions towards the preparation of this report.

On behalf of the Committee and pursuant to Standing Order 199(6) & 244 B (2), it is my pleasant duty and privilege to table the Report on the Supplementary Appropriation Bill. Further, I would like to inform the House that I shall be moving amendments to the Bill at the Committee of the whole House.

Signed:



.....
Hon. Kanini Koga, CBS, M.P.

Chairperson, the Budget and Appropriations Committee

Date:

29TH JUNE 2021
.....

PREFACE

1.1 Establishment and Mandate of the Committee

Article 221 (4 and 5) of the Constitution of Kenya 2010 and Section 7 of the Public Finance Management Act, 2012 provide for the establishment of a Committee of the National Assembly whose main role is to take the lead in budgetary oversight. Pursuant to this constitutional provision, Standing Order 207 established the Budget and Appropriations Committee with specific mandates among which is to:

- i. Investigate, inquire into and report on all matters relating to coordination, control, and monitoring of the national budget.
- ii. Discuss and review the Estimates and make recommendations to the House.
- iii. Examine the Budget Policy Statement, the Medium-Term Debt Strategy Paper, and the Division of Revenue Bill (DoRB) presented to the House.
- iv. Examine Bills related to the national budget, including the Appropriations Bill; and
- v. Evaluate tax estimates, economic and budgetary policies, and programmes with direct budget outlays.

1.2 Membership of the Committee

The Budget and Appropriations Committee as currently constituted comprises of the following Honourable Members of Parliament:

Member	Constituency	Party
1. Hon. Kanini Kega, CBS, M.P. – Chairperson	Kieni	Jubilee
2. Hon. Benard Masaka Shinali, M.P. – Vice Chairperson	Ikolomani	Jubilee
3. Hon. CPA John Mbadi, EGH, CBS, M.P.	Suba South	ODM
4. Hon. Emmanuel Wangwe, CBS, M.P.	Navakholo	Jubilee
5. Hon. CPA Moses K. Lessonet, CBS, M.P.	Eldama Ravine	Jubilee
6. Hon. Samwel Moroto, M.P.	Kapenguria	Jubilee
7. Hon. Millie Odhiambo, M.P.	Suba North	ODM
8. Hon. Alfred Kiptoo Keter, M.P.	Nandi Hills	Jubilee
9. Hon. Richard Onyonka, M.P.	Kitutu Chache South	Ford Kenya
10. Hon. (Dr.) Makali Mulu Benson, M.P.	Kitui Central	Wiper
11. Hon. Twalib Bady, M.P.	Jomvu	ODM
12. Hon. Jude Njomo, M.P.	Kiambu Town	Jubilee
13. Hon. Sarah Paulata Korere, M.P.	Laikipia North	Jubilee
14. Hon. Josephine Naisula Lesuuda, OGW, M.P.	Samburu West	KANU
15. Hon. Fatuma Gedi Ali, CBS, M.P.	Wajir County	PDR

16.	Hon. Wangari Mwaniki, OGW, M.P.	Kigumo	Jubilee
17.	Hon. Sakwa Bunyasi, M.P.	Nambale	ANC
18.	Hon. Florence Chepng'etich Koskey Bore, M.P.	Kericho County	Jubilee
19.	Hon. James Gichuki Mugambi, MBS, M.P.	Othaya	Jubilee
20.	Hon. Danson Mwashako, M.P.	Wundanyi	Wiper
21.	Hon. (Eng.) Mark Nyamita, M.P.	Uriri	ODM
22.	Hon. Paul Abuor, M.P.	Rongo	ODM
23.	Hon. Mercy Wanjiku Gakuya, M.P.	Kasarani	Jubilee
24.	Hon. CPA Francis Kuria Kimani, M.P.	Molo	Jubilee
25.	Hon. Samuel Atandi, M.P.	Alego Usonga	ODM
26.	Hon. Joseph Manje, M.P.	Kajiado North	Jubilee
27.	Hon. Marselino Arbelle, M.P.	Laisamis	Jubilee

1.3 Parliamentary Budget Office and Committee Secretariat

The Committee is facilitated by the following officers from the Parliamentary Budget Office:

- | | | |
|----|----------------------|---|
| 1. | Dr. Martin Masinde | Senior Deputy Director, Parliamentary Budget Office |
| 2. | Dr. Benjamin Ng'imor | Senior Fiscal Analyst |
| 3. | Ms. Millicent Makina | Fiscal Analyst |

The Committee Secretariat comprises of the following officers:

- | | | |
|----|---------------------|--|
| 1. | Mr. Joseph Ndirangu | Fiscal Analyst I/ Clerk of the Budget and Appropriations Committee |
| 2. | Mr. Danson Kachumbo | Fiscal Analyst I/ Clerk of the Budget and Appropriations Committee |
| 3. | Ms. Winfred Kizia | Media Relations |
| 4. | Mr. Benard Omondi | Serjeant-at-arms |
| 5. | Mr. Eugene Luteshi | Audio Officer |
| 6. | Mr. George Mbaluka | Office Assistant |

A. INTRODUCTION

1. The Supplementary Appropriation Bill is prepared in accordance with the resolution made by the National Assembly as provided for in Article 223 (4) of the constitution of Kenya 2010. The Bill was published on Monday, 28th June 2021. It was read a first time in the National Assembly on Tuesday, 29th June 2021 and was committed to the Budget and Appropriation Committee. In accordance with the provision of the National Assembly Standing Order 127(6)(b), the Committee examined and reviewed the Bill and has made recommendations, which are contained in this report.

Contents of the Supplementary Appropriations Bill, 2021

2. The Supplementary Appropriation Bill, 2021 reflects the contents of the approved report of the Budget and Appropriations Committee on the Second Supplementary Estimates for FY2020/21. The report approved a decrease of the recurrent expenditure by Kshs. 16,657,599,945 and an increase of the development expenditure by Ksh. 8,480,922,681. Further the House approved an overall decrease in the total budget for Financial Year 2020/2021 by Kshs. 8,176,677,264.
3. According to the National Treasury, the second supplementary budget has been necessitated by the need to provide for Covid-19 related expenditures, low AIA collection, salary adjustments and changes in development partners financed projects. Additionally, the budget also seeks to regularize approved additional expenditures and reallocations already expended under Article 223 of the constitution, amounting to Ksh. 26.8 billion.

B. COMMITTEE OBSERVATIONS

4. The committee made the following observations:
 - i) There seems to be a missing communication link between the National Treasury and MDAs in terms of budget preparation and implementation. The Committee urges the National Treasury to adopt a framework of consultation whereby each spending agency is considered on its own merit and the impact of any reduction or increment fully assessed so as not to hamper MDA operations.

- ii) The Committee is concerned that the supplementary process is proving disruptive to the policy direction of the budget due to the frequency of the supplementary budgets, the level of adjustment and the lack of consultation. As a result, the budget may not achieve its intended purpose.
- iii) The Committee observes that the submission of the Supplementary Budget too close to the end of the financial year limits the oversight role of the National Assembly due to the tight timelines for scrutiny of the Supplementary Budget.
- iv) There are huge amounts of pending bills cutting across various votes. The pending bills are under different categories such as historical pending bills, court awards and unpaid tax dues to the Kenya Revenue Authority. The committee is concerned that the lack of sufficient provision for the aforementioned bills in the second supplementary budget may further worsen the skyrocketing amount of pending bills that we have witnessed in the recent past.
- v) The Committee observed that since the financial year was about to come to an end, allocating funds to new projects was not prudent since the spending agencies may not be able to absorb the funds.

C. COMMITTEE RECOMMENDATIONS

- 5. The Committee recommends that this House resolves to:
 - i) Reverse the proposal in the BAC Report on the Supplementary Estimates No.2 for the FY 2020/2021 to reallocate Kshs. 150 million meant for the Olorika Dam to various water pans in Kajiado South.
 - ii) Approve schedules attached in the Supplementary Appropriation Bill (National Assembly No. 33 of 2021) with amendments. The proposed amendments are provided in Annex 1.
 - iii) That the various Ministries, Departments and Agencies (MDAs) prioritise payment of pending bills within the current resources for FY 2020/21 specifically the Ministry of Health should endeavour to pay the long-standing pending bill for provision of CD4 Equipment and reagents.

ANNEX 1: PROPOSED AMENDMENTS TO THE SUPPLEMENTARY APPROPRIATION (NO. 2) BILL, 2021 (NATIONAL ASSEMBLY BILL NO. 33 OF 2021)

The Committee did consider and approve the following amendments after it held consultations with the relevant Chairperson of the Departmental Committee:

NOTICE is given that the Chairperson of the Budget and Appropriations Committee (The Hon. Kanini Kega, CBS, MP) wishes to move the following amendments to the Supplementary Appropriation (No.2), 2021 -

Deletion of Clause 2 and substituting therefore with;

“2. The Treasury may issue out of the sum of twenty-three billion, six hundred and eighty-one million, three hundred and nineteen thousand, seven hundred and twenty-six shillings out of the Consolidated Fund and apply it towards the supply granted for the service of the year ending on the 30th June, 2021.”

Justification:

THAT, the Schedule be amended as follows-

(i) R1173- STATE DEPARTMENT FOR COOPERATIVES

a) Programme 0304000 Cooperatives Development and Management

By deleting the figure in respect to Supply, Kshs. 80,000,000 and substituting therefor with the figure, **Kshs. 60,000,000.**

b) By effecting the consequential amendments in the relevant Class Sub-Totals and the Cluster Sub-Totals.

MINUTES OF THE 38th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD AT GROUND FLOOR COMMITTEE ROOM, RED CROSS BUILDING, PARLIAMNET BUILDINGS ON TUESDAY, 29TH JUNE 2021, AT 10.00 A.M.

PRESENT:

1. **Hon. Kanini Kega, CBS, M.P.- Chairperson**
2. **Hon. Benard Masaka Shinali, M.P.- Vice Chairperson**
3. Hon. (CPA) Moses K. Lessonet, CBS, M.P.
4. Hon. Millie Odhiambo, M.P.
5. Hon. Richard Onyonka, M.P.
6. Hon. Samwel Moroto, M.P.
7. Hon. Jude Njomo, M.P.
8. Hon. (Dr.) Makali Mulu, M.P.
9. Hon. Alfred Kiptoo Keter, M.P.
10. Hon. Sarah Paulata Korere, M.P.
11. Hon. Josephine Naisula Lesuuda, OGW, M.P.
12. Hon. Danson Mwashako, M.P.
13. Hon. Mercy Wanjiku Gakuya, M.P.
14. Hon. (CPA) Francis Kuria Kimani, M.P.

ABSENT WITH APOLOGY:

1. Hon. (CPA) John Mbadi, EGH, CBS, M.P.
2. Hon. Emmanuel Wangwe, CBS, M.P.
3. Hon. Badi Twalib, M.P.
4. Hon. Wangari Mwaniki, OGW, M.P.
5. Hon. Fatuma Gedi Ali, CBS, M.P.
6. Hon. Sakwa Bunyasi, M.P.
7. Hon. James Gichuki Mugambi, MBS, M.P.
8. Hon. (Eng.) Mark Nyamita, M.P.
9. Hon. Paul Abuor, M.P.
10. Hon. Florence C. K. Bore, M.P.
11. Hon. Joseph Manje, M.P.
12. Hon. Masalino Arbelle, M.P.
13. Hon. Samuel Atandi, M.P.

PARLIAMENTARY BUDGET OFFICE

- | | |
|----------------------------|-----------------------------|
| 1) Mrs. Phyllis Makau, OGW | Director, PBO |
| 2) Dr. Martin Masinde | Senior Deputy Director, PBO |
| 3) Dr. Benjamin Ng'imor | Senior Fiscal Analyst |
| 4) Ms. Millicent Makina | Fiscal Analyst |

COMMITTEE SECRETARIAT

- | | |
|------------------------|------------------|
| 1) Mr. Danson Kachumbo | Fiscal Analyst I |
| 2) Mr. Benard Omondi | Sergeant at Arms |
| 3) Ms. Clarah Kimeli | Legal Officer |
| 4) Mr. Eugene Luteshi | Audio Office |
| 5) Mr. George Mbaluka | Office Attendant |

AGENDA

1. Preliminaries & Confirmation of Agenda
2. *Consideration of the Draft BAC report on Supplementary Appropriation Bill (No. 2), 2021*
3. Any Other Business (A.O.B)

MIN.NO.NA/BAC/2021/375: PRELIMINARY

The Chairperson welcomed the committee members to the meeting and called the meeting to order at 10.30 a.m. Thereafter, a prayer was said.

MIN.NO.NA/BAC/2021/376: CONSIDERATION OF THE DRAFT BAC REPORT ON SUPPLEMENTARY APPROPRIATION BILL NO.2,2021

The Chairperson invited the Senior Deputy Director to brief the Committee on the draft Committee report. The report was proposed by Hon. Benard Shinali, M.P. and seconded by Hon. Sarah Paulata Korere, M.P. After deliberations, the committee adopted the draft report as follows.

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MIN.NO.NA/BAC/2021/378: ANY OTHER BUSINESS & ADJOURNMENT

There being no other matters to consider, the meeting was adjourned at 12.00 p.m.

SIGNED



.....
HON. KANINI KEGA, CBS, M.P.

CHAIRPERSON, BUDGET AND APPROPRIATIONS COMMITTEE

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29th JUNE 2021



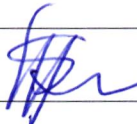
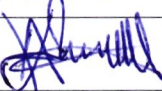
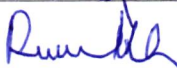
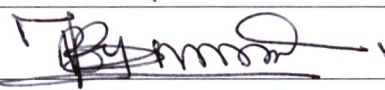

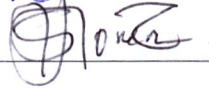
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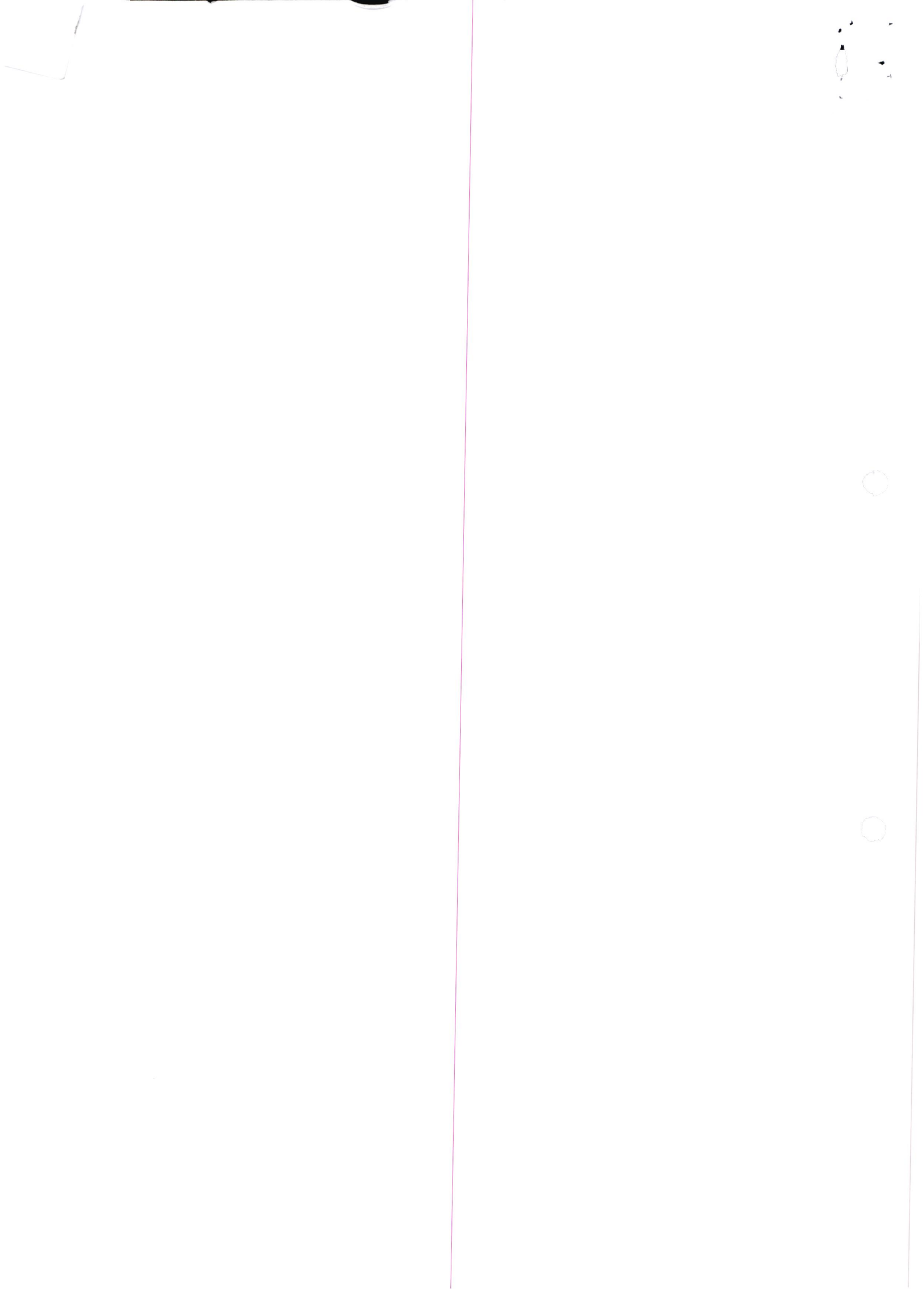
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Members' attendance list

Budget and Appropriations Committee

Date. 29.06.21 Time. 11:00 AM Sitting: 1st sitting

Name	Signature
1. The Hon. Kanini Kega, CBS, M.P.- Chairperson	
2. The Hon. Benard Masaka Shinali, M.P.- Vice Chairperson	
3. The Hon. (CPA) John Mbadi, EGH, CBS, M.P.	
4. The Hon. Emmanuel Wangwe, CBS, M.P.	
5. The Hon. (CPA) Moses K. Lessonet, CBS, M.P.	Virtual.
6. The Hon. Samwel Moroto, M.P.	Virtual 
7. The Hon. Millie Odhiambo, M.P.	Virtual
8. The Hon. Alfred Kiptoo Keter, M.P.	
9. The Hon. Richard Onyonka, M.P.	
10. The Hon. (Dr.) Makali Mulu, M.P.	
11. The Hon. Badi Twalib, M.P.	
12. The Hon. Jude Njomo, M.P.	
13. The Hon. Sarah Paulata Korere, M.P.	
14. The Hon. Fatuma Gedi Ali, CBS, M.P.	
15. The Hon. Wangari Mwaniki, OGW, M.P.	
16. The Hon. Josephine Naisula Lesuuda, OGW, M.P.	Virtual.



Name	Signature
17. The Hon. Sakwa Bunyasi, M.P.	
18. The Hon. Florence C. K. Bore, M.P.	
19. The Hon. James Gichuki Mugambi, MBS M.P.	
20. The Hon. Danson Mwashako, MP	Virtual
21. The Hon. (Eng.) Mark Nyamita, MP	
22. The Hon. Paul Abuor, MP	
23. The Hon. Mercy Wanjiku Gakuya, M.P.	Virtual
24. The Hon. (CPA) Francis Kuria Kimani, M.P.	Virtual
25. The Hon. Samuel Atandi, M.P.	
26. The Hon. Joseph Manje, M.P.	
27. The Hon. Masalino Arbelle, M.P.	

Signed.....

Date.....

Committee Clerk

Signed.....

Date.....

Director of Audit, Appropriations & Other Select Committees

