Approved for tabling Bett SNA 28/8/18

tabled by the chairperson of the Committee on 29/8/2018
Halima Suleiman

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

TWELFTH PARLIAMENT

SECOND SESSION

BUDGET AND APPROPRIATION COMMITTEE REPORT

REVIEW OF THE PROPOSED DIVISION OF REVENUE (AMENDMENT) BILL, 2018

(SENATE BILL NO. 14 OF 2018)

28TH AUGUST, 2018

MANDATE OF THE COMMITTEE

Mr. Speaker Sir, Article 221 (4 and 5) of the Constitution and 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 by the National Assembly. In this regard, Standing Order 207 establishes the Budget and Appropriations Committee with specific mandates among which is to:

1. Investigate, inquire into and report on all matters relating to coordination, control and monitoring of the national budget, and
2. Discuss and review the estimates and make recommendations to the House.
3. Examine Budget Policy Statement, Medium Term Debt Strategy Paper and Division of Revenue Bill (DORB) presented to the House
4. Examine Bills related to the national budget, including Appropriations Bill
5. Evaluate tax estimates, economic and budgetary policies and programs with direct budget outlays

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

1) **Hon. Kimani Ichung'wah, M.P- Chairperson**
2) **Hon. Moses Lessonnet, M.P- Vice Chairperson**
3) Hon. CPA. John Mbadi, CBS, M.P.
4) Hon. Richard Onyonka, M.P.
5) Hon. Samwel Moroto, M.P.
6) Hon. Millie Odhiambo, M.P.
7) Hon. Twalib Bady, M.P.
8) Hon. (Dr.) Gideon Ochanda, M.P.
9) Hon. James Mwangi Gakuya, M.P.
10) Hon. (Dr.) Makali Mulu, M.P.
11) Hon. Moses Kiarie Kuria, M.P.
12) Hon. Benard Masaka Shinali, M.P.
13) Hon. John Muchiri Nyaga, M.P.

14) Hon. Jude Njomo, M.P.

15) Hon. (Dr.) Korei Ole Lemein, M.P.

16) Hon. Sarah Paulata Korere, M.P.

17) Hon. Naisula Lesuuda, OGW, M.P.

18) Hon. Christopher Wangaya Aseka, M.P.

19) Hon. Danson Mwashako, M.P.

20) Hon. Fatuma Gedi Ali, M.P.

21) Hon. Florence Chepngetich Koskey, M.P.

22) Hon. James Gichuki Mugambi, M.P.

23) Hon. (Dr.) John K. Mutunga, M.P.

24) Hon. (Eng.) Mark Nyamita, M.P.

25) Hon. Paul Abuor, M.P.

26) Hon. Qalicha Gufu Wario, M.P.

27) Hon. Ruth W. Mwaniki, M.P.

THE DIVISION OF REVENUE (AMENDMENT) BILL (SENATE BILL NO. 14 OF 2018)

Mr. Speaker, the Senate submitted to the National Assembly the Division of Revenue (Amendment) Bill (Senate Bill No. 14 of 2018) for concurrence, in line with Article 111 of the Constitution. This amendment Bill, proposes to amend the Division of Revenue Act, No. 1 of 2018, with the aim of introducing three more conditional allocations for county governments for the FY 2018/19, to be financed by loans and grants from donors.

Mr. Speaker, the amendment bill was referred to the Budget and Appropriations committee on the 26th of June, 2018. The committee has had deliberations on this matter as hereby contained in this report.

Acknowledgements

Mr. Speaker, the committee is grateful to the your Office, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office for the support received as it discharged its mandate of reviewing the Division of Revenue (Amendment) Bill, (Senate Bill No. 14 of 2018).

Mr. Speaker, it is therefore my pleasant undertaking, on behalf of the Budget and Appropriations Committee to table this report and recommend it to the House for adoption.

Signed: ....

HON. KIMANI ICHUNG'WA, MP

CHAIRMAN, BUDGET & APPROPRIATIONS COMMITTEE

Date: 28/8/18

1) BASIS FOR THE AMENDMENT:

Mr. Speaker, the Division of Revenue (Amendment) Bill (Senate Bill No. 14 of 2018) proposes to amend the Division of Revenue Act, No. 1 of 2018, with the aim of introducing three more conditional allocations for county governments for the FY 2018/19, to be financed by loans and grants from donors.

Mr. Speaker, the amendment arose as the proposals for these additional conditional allocations had not been received by the National Treasury by the time the Division of Revenue Act, 2018 was enacted.

Mr. Speaker, the first conditional grant amounts to Ksh. 1 Billion and is to be financed by the government of Sweden for the *Agricultural Sector Development Support Program II.* This program is part of the implementation strategy of the Agricultural Policy for both levels of government, and aims to facilitate commercialization of agricultural based enterprises, by transforming food, livestock and fishery production.

Mr. Speaker, This program will be implemented by the National Government's State Department for Crops Development and will benefit all the 47 counties with top beneficiaries being *Turkana, Wajir* and *Mandera* counties. A breakdown of county allocation has been provided in Annex I.

Mr. Speaker, the second conditional grant is valued at Ksh. 880 Million and funded for the European Union for the *Water Tower Protection and Climate Change Mitigation & Adaptation Program*. This program is aimed at facilitating the impleme

ntation of the National Climate Change Action Plan,and the Master Plan for the conservation of water catchment areas. The program will be implemented through the National Government's Ministry of Environment and Forestry and will benefit 11 Counties, with each receiving Ksh. 80 million, as indicated in Annex II.

Mr. Speaker, the third conditional grant is a worth Ksh. 1.85 billion, to be financed by the International Development Assistance (World Bank) and is geared towards the establishment and operation of Urban Institutional arrangements such as charters, boards, administrations, and for the initial preparation for urban infrastructure investments. This program will benefit 45 counties (Excluding Nairobi and Mombasa) with each county receiving Ksh. 41.2 million, indicated in Annex III. Program implementation will be undertaken by the National Government's State Department of Housing and Urban Development.

2) COMMITTEE OBSERVATIONS:

Mr. Speaker, after deliberations, the following issues were observed by the committee–

(i.) The timing of the signing of agreements for conditional loans and grants with development partners is not in line with Kenya's budget cycle, primarily the preparation and approval of the annual Division of Revenue Bill. This has subsequently resulted in a number of proposed amendments to the Division of Revenue laws which is time consuming, and occasion delays the completion of the programs funded related to these conditional allocations.

(ii.) There is need for a framework for carrying out regular appraisal on the performance of projects funded by these loans and grants. This will enhance oversight of these allocations by Parliament.

(iii.) That the proposed amendment bill will have no effect on the shareable revenue which remains at Ksh. 1.688 trillion for the National Government, and Ksh. 314 billion for County Governments. The proposed amendment, however increases the conditional loans and grants available to county governments by 11%, therefore increasing total allocation to county governments from Ksh. 372.7 billion for the FY 2018/19 to Ksh. 376.48 billion.

3) COMMITTEE RECOMMENDATIONS

i. Policy recommendations

Mr. Speaker, the following policy recommendations are proposed:

a) That agreements for conditional loans and grants to county governments, should be aligned to Kenya's budget process timelines.

b) That a framework for assessing the performance of conditional allocations from loans and grants for effective oversight, be developed by the National Treasury in consultation with the implementing Ministries, Departments and Agencies.

ii. **Financial Recommendations**

Mr. Speaker, the following financial recommendations are proposed:

a) That this House approves the amendment of the Division of Revenue Act No. 1 of 2018, to enable the disbursement of Ksh. 3,739,453,370 for the following 3 additional conditional grants to county governments, for the FY 2018/19:

   i. Ksh. 1,005,453,370, for the Agriculture Sector Development Program II (ASDP II)

   ii. Ksh. 880,000,000, for the EU - Water Tower Protection & Climate Change mitigation & Adaptation Program

   iii. Ksh. 1,854,000,000, IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP) - Urban institutional Grants (UIG) plus balances carried forward from FY 2017/18.

4) CONCLUSION

Mr. Speaker, the committee hereby recommends that the House adopts this report on the Division of Revenue (Amendment) Bill (Senate Bill No. 14 of 2018).

Thank you.

ANNEXES

Annex I: Allocation of Conditional Grants for the Sweden Agricultural Sector Development Support Program – FY 2018/19 (Ksh.)

No.	County	FY 2017/18	FY 2018/19	Total FY 2018/19
1)	Baringo	10,359,375	10,359,375	**20,718,750**
2)	Bomet	10,242,697	10,242,697	**20,485,394**
3)	Bungoma	11,202,343	11,202,343	**22,404,686**
4)	Busia	10,820,119	10,820,119	**21,640,238**
5)	Elgeyo/Marakwet	9,704,469	9,704,469	**19,408,938**
6)	Embu	8,870,682	8,870,682	**17,741,364**
7)	Garissa	12,373,746	12,373,746	**24,747,492**
8)	Homa Bay	10,545,829	10,545,829	**21,091,658**
9)	Isiolo	11,014,485	11,014,485	**22,028,970**
10)	Kajiado	10,152,990	10,152,990	**20,305,980**
11)	Kakamega	11,887,378	11,887,378	**23,774,756**
12)	Kericho	9,555,304	9,555,304	**19,110,608**
13)	Kiambu	10,234,231	10,234,231	**20,468,462**
14)	Kilifi	11,826,937	11,826,937	**23,653,874**
15)	Kirinyaga	8,249,274	8,249,274	**16,498,548**
16)	Kisii	11,005,655	11,005,655	**22,011,310**
17)	Kisumu	9,976,736	9,976,736	**19,953,472**
18)	Kitui	12,286,504	12,286,504	**24,573,008**
19)	Kwale	11,569,394	11,569,394	**23,138,788**
20)	Laikipia	9,699,319	9,699,319	**19,398,638**
21)	Lamu	8,079,318	8,079,318	**16,158,636**
22)	Machakos	10,553,835	10,553,835	**21,107,670**
23)	Makueni	11,365,112	11,365,112	**22,730,224**
24)	Mandera	13,954,490	13,954,490	**27,908,980**
25)	Marsabit	13,710,116	13,710,116	**27,420,232**
26)	Meru	10,351,644	10,351,644	**20,703,288**
27)	Migori	10,509,757	10,509,757	**21,019,514**
28)	Mombasa	9,527,474	9,527,474	**19,054,948**
29)	Muranga	9,523,416	9,523,416	**19,046,832**
30)	Nairobi	12,829,570	12,829,570	**25,659,140**
31)	Nakuru	10,991,817	10,991,817	**21,983,634**
32)	Nandi	9,618,267	9,618,267	**19,236,534**
33)	Narok	10,501,355	10,501,355	**21,002,710**
34)	Nyamira	9,913,787	9,913,787	**19,827,574**
35)	Nyandarua	9,261,320	9,261,320	**18,522,640**
36)	Nyeri	8,712,329	8,712,329	**17,424,658**
37)	Samburu	11,326,099	11,326,099	**22,652,198**

No.	County	FY 2017/18	FY 2018/19	Total FY 2018/19
38)	Siaya	9,655,796	9,655,796	**19,311,592**
39)	Taita Taveta	9,998,132	9,998,132	**19,996,264**
40)	Tana River	12,263,088	12,263,088	**24,526,176**
41)	Tharaka Nithi	8,939,088	8,939,088	**17,878,176**
42)	Trans Nzoia	9,797,919	9,797,919	**19,595,838**
43)	Turkana	15,688,112	15,688,112	**31,376,224**
44)	Uasin Gishu	9,497,484	9,497,484	**18,994,968**
45)	Vihiga	9,080,661	9,080,661	**18,161,322**
46)	Wajir	14,453,298	14,453,298	**28,906,596**
47)	West Pokot	11,045,931	11,045,931	**22,091,862**
	TOTAL	**502,726,682**	**502,726,682**	**1,005,453,364**

Source: National Treasury, 2018/19

Annex II: County Beneficiaries of the EU – Water Tower Protection & Climate Change mitigation & Adaptation (Water) Program (Ksh.)

No.	County	Amount
1)	Bungoma	80,000,000
2)	Busia	80,000,000
3)	Elgeyo-Marakwet	80,000,000
4)	Kakamega	80,000,000
5)	Kisumu	80,000,000
6)	Nandi	80,000,000
7)	Siaya	80,000,000
8)	Tana River	80,000,000
9)	Trans Nzoia	80,000,000
10)	Uasin Gishu	80,000,000
11)	Vihiga	80,000,000
	Total	**880,000,000**

Source: National Treasury, 2018/19

Annex III: County allocation of Conditional Allocations from the World Bank: Kenya Urban Support Project (KUSP): Urban Infrastructure Grant Allocations – FY 2018/19 (Ksh.)

No.	County	FY 2018/19
1)	Baringo	41,200,000
2)	Bomet	41,200,000
3)	Bungoma	41,200,000
4)	Busia	41,200,000
5)	Elgeyo/Marakwet	41,200,000
6)	Embu	41,200,000
7)	Garissa	41,200,000
8)	Homa Bay	41,200,000
9)	Isiolo	41,200,000
10)	Kajiado	41,200,000
11)	Kakamega	41,200,000
12)	Kericho	41,200,000
13)	Kiambu	41,200,000
14)	Kilifi	41,200,000
15)	Kirinyaga	41,200,000
16)	Kisii	41,200,000
17)	Kisumu	41,200,000
18)	Kitui	41,200,000
19)	Kwale	41,200,000
20)	Laikipia	41,200,000
21)	Lamu	41,200,000
22)	Machakos	41,200,000
23)	Makueni	41,200,000
24)	Mandera	41,200,000
25)	Marsabit	41,200,000
26)	Meru	41,200,000
27)	Migori	41,200,000
28)	Mombasa	-
29)	Muranga	41,200,000
30)	Nairobi	-
31)	Nakuru	41,200,000
32)	Nandi	41,200,000
33)	Narok	41,200,000
34)	Nyamira	41,200,000
35)	Nyandarua	41,200,000
36)	Nyeri	41,200,000
37)	Samburu	41,200,000
38)	Siaya	41,200,000
39)	Taita Taveta	41,200,000
40)	Tana River	41,200,000

No.	County	FY 2018/19
41)	Tharaka Nithi	41,200,000
42)	Trans Nzoia	41,200,000
43)	Turkana	41,200,000
44)	Uasin Gishu	41,200,000
45)	Vihiga	41,200,000
46)	Wajir	41,200,000
47)	West Pokot	41,200,000
	TOTAL	1,854,000,000

Source: National Treasury, 2018/19

MINUTES OF 41st SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE HELD ON TUESDAY, 28th AUGUST 2018, IN THE MEDIA CENTRE, PARLIAMENT BUILDINGS AT 11.00 A.M.

PRESENT

1. **Hon. Kimani Ichung'wah, M.P- Chairperson**
2. **Hon. Moses Lessonet, M.P- Vice Chairperson**
3. Hon. (Dr.) Makali Mulu, M.P.
4. Hon. (Dr.) Korei Ole Lemein, M.P.
5. Hon. James Mwangi Gakuya, M.P.
6. Hon. Samwel Moroto, M.P.
7. Hon. Fatuma Gedi Ali, M.P.
8. Hon. (Dr.) John K. Mutunga, M.P.
9. Hon. Wangari Mwaniki, M.P.
10. Hon. James Gichuki Mugambi, M.P.
11. Hon. Danson Mwashako, M.P.
12. Hon. Paul Abuor, M.P.
13. Hon. Christopher Wangaya Aseka, M.P.

ABSENT WITH APOLOGIES

1. Hon. CPA. John Mbadi, CBS, M.P
2. Hon. Millie Odhiambo, M.P.
3. Hon. (Dr.) Gideon Ochanda, M.P.
4. Hon. Richard Onyonka, M.P.
5. Hon. Benard Masaka Shinali, M.P.
6. Hon. Naisula Lesuuda, OGW M.P.
7. Hon. Moses Kiarie Kuria, M.P.
8. Hon. Jude Njomo, M.P
9. Hon. Sarah Paulata Korere, M.P.
10. Hon. Florence Chepngetich Koskey, M.P.
11. Hon. John Muchiri Nyaga, M.P.
12. Hon. (Eng.) Mark Nyamita, M.P.
13. Hon. Qalicha Gufu Wario, M.P.

14. Hon. Twalib Bady, M.P.

MEMBER OF PARLIAMENT

1. Hon. Elisha Odhiambo, M.P.

PARLIAMENTARY BUDGET OFFICE & SECRETARIAT

1. Mr. Danson Kachumbo	Fiscal Analyst III/ Clerk
2. Mr. James Chacha	Fiscal Analyst III/ Clerk
3. Mr. Jonathan Lemurt	Fiscal Analyst
4. Linnet Otieno	Legal Officer
5. Mr. Joram Baraza	Office Attendant

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Confirmation of the previous minutes
4. Matters Arising
5. Agenda: Agenda: *Committee Discussion and Decision on:*

i. *The Kenya Information Communication and Technology (amendment) Bill, 2018 by Hon. Elisha Odhiambo, M.P.*

ii. *Adoption of draft BAC report on review of the proposed Division of Revenue (Amendment) Bill, 2018 (Senate Bill No. 14 of 2018)*

6. Any Other Business

MIN BAC /41 /2018/01: PRELIMINARIES/CONFIRMATION OF AGENDA

The chairman called the meeting to order at 11.00 a.m. and welcomed members of the committee to the meeting. Thereafter, Hon. James Gichuki Mugambi, M.P. led the committee with a word of prayer. In his introductory remarks, the Chairman read the agenda of the meeting. He then welcomed Parliamentary Budget Office (PBO) to brief members on the Kenya Information Communication and Technology (amendment) Bill, 2018 by Hon. Elisha Odhiambo, M.P.

MIN BAC/41/2018/02: CONFIRMATION OF PREVIOUS MINUTES/ MATTERS ARISING

No minutes were confirmed.

MIN BAC /41/2018/03: COMMITTEE DISCUSSION AND DECISION ON THE KENYA INFORMATION COMMUNICATION AND TECHNOLOGY (AMENDMENT) BILL, 2018 BY HON. ELISHA ODHIAMBO, M.P.

The presentation from Parliamentary Budget Office highlighted that the Kenya Information and Communication (Amendment) Bill, 2018 proposes to amend Section 25 of the Kenya Information and Communication Act No. 2 of 1998 by introducing Section 25 A to allow any person to operate other businesses apart from providing telecommunication service or operating a telecommunication system provided such person meets the following conditions:

a) Obtain the relevant licenses from the respective regulators of any other sector the licensee ventures into other than telecommunication services;
b) Legally split or separate the telecommunication business from other businesses; and
c) Provide separate accounts and reports in respect of the different types of business engaged in.

The draft Bill also introduces Section 34 A which provides for liability for compensation for call drops by the licensee if a consumer who initiates a call gets cut out after a connection by ten-shilling worth of airtime for each call drop within its network for a maximum of three call drops per day.

The draft Bill in Clause 4 also proposes amendments to improve on the management of the Universal Service Fund (USF) by: revising the object and purpose of the fund; obligating the Communication Authority (CA) Kenya to submit annual report on the Fund to National Assembly; revising the formula for utilization of the Fund; and providing a penalty for a person who fails to utilize the USF in the prescribed manner.

A. SITUATIONAL ANALYSIS

(i) The Universal Service Fund

The Universal Service Fund (USF) is established under the Kenya Information Communications Act, Cap. 411A and the Kenya Information Communications and Communications Regulations 2010 with an objective of complimenting the private sector initiatives towards meeting universal access objectives. The fund is governed by the Communications Authority of Kenya with oversight of the Universal Service Advisory Council (USAC). The objectives of the fund are:

a. Promote communications infrastructure and services rollout in rural, remote and under-served areas;
b. Ensure availability of communication services to persons with disabilities, women and other vulnerable groups;
c. Support the development of capacity building in ICTs and technological innovation;
d. Support expansion of communication services to schools, health facilities and other organizations serving public needs; and
e. Facilitate development of and access to a wide range of local and relevant content.

The USF is primarily financed by mandatory contributions from licensed operators which provide services in the various communications market segments, with provisions for complementary financing from other sources. The Kenya Information Communications Act and Communications Regulations 2010 provides for a universal service levy of not exceeding one per cent of gross revenue to be charged on all licensees offering communication systems and services on a commercial basis including: telecommunication network and service provider licensees; postal and courier licensees; and broadcasting licensees.

Presently the set universal service levy charged is 0.5 percent of the gross revenues. The funds are disbursed in form of non-reimbursable grants, for the purpose of underwriting the capital and operating costs of projects to be implemented by the funds recipients. The law provides that the Authority shall ensure that the utilization of the fund is transparent and the award of disbursements is done in a competitive process.

In distributing the resources from the USF, the CA Kenya and the USAC determination is based upon consultations and market assessment, the appropriate allocation for each of the programs. The fund also seeks to balance its activities and financing among the different initiatives, within the limitations of available budget and capacity and projects are designed to fit these budget levels, with priority locations determined according to agreed, transparent criteria

The USF undertakes programs in the following categories: -

a. **Mobile Telephone Network Expansion:** - Projects under this program target coverage gaps in mobile networks, where operators are unable or unwilling to extend service on their own. The fund works with the operators to identify the boundaries of the gaps, and to determine the scope of infrastructure investment required to ensure full coverage. Priority projects are those that reach the largest un-served populations in remote areas of the country.
b. **Community Broadband Networks:** -The focus of the program is to bring broadband connectivity into towns and villages where broadband is unavailable. The targeted locations include schools, health facilities, government offices and other community service locations. Contracting operators implementing projects under this program are responsible for constructing and operating the local broadband networks and services in the designated areas. The fund also supports subscription/usage costs for the institutions for an interim period.
c. **ICT capacity Building and Awareness**: -The program seeks to achieve expanded capacity and awareness building in connection with other Fund projects. The projects include hands on training classes, public awareness raising events and training at public institutions.
d. **Special USF Projects:** - The fund also undertakes certain special projects that merit financing and are consistent with the funds priority objectives.

The USF was fully operationalized in the year 2014. The audited accounts of the USF for the financial year 2014/2015 indicates that a total collection of Ksh.2 billion was collected from the universal service levies and a collection of Ksh. 1 billion was received from contributions resulting to total revenue of Ksh.3 billion. The strategic plan of the CA Kenya indicates a compendium of projects to be undertaken using the monies in the USF between the financial years 2017/18 and financial year 2021/22 as shown in table 1.0.

B. BASIS FOR DETERMINING THE FINANCIAL AND ECONOMIC IMPLICATIONS

The determination of the financial and economic implications of the proposed draft bill is guided by the following assumption:

i. The total gross revenue in the USF will grow at an annual rate of 12% (average rate of growth of the sector's revenue).
ii. The USF projects allocation shall be as provided for in Clause 4 draft Bill as opposed to the present criteria determined by the CA Kenya and USAC;
iii. The proposal to legally split telecommunication services from other services and obtaining the relevant licenses as proposed in the Bill will not result to significant increase in revenue bases;
iv. The proposal aimed at ensuring compensation for call drops may not have any financial and economic implication since the requirement to maintain good quality in the telecommunication services is provided in the CA Kenya Regulations.

C. OBSERVATIONS

The enactment of the amendments implies that the resources available in the universal service fund shall be utilized as proposed in the Bill, however data on specific expenditure items is not available and therefore it is not possible to compare the proposed formula with the current criteria determined by the CA and USAC. The enactment of the Bill will further require the splitting of businesses by the telecommunication services which may not have a major financial impact since the new revenues bases are part of the existing revenue base for the telecommunication operators.

After the presentations, the Chairman opened the floor for comments and concerns. Members queried whether there was need for intervention on the Information, Communication and Technology sector since it was a growing sector. It was observed that currently the sector has created numerous jobs which has had a positive impact on the economy. Members observed that there was need to include more players in the legislative proposal. It was also observed that there was need to amend the Banking Act so as to incorporate the Banks in the Bill since they are one of the key players in the telecommunication industry.

D. COMMITTEE RECOMMENDATION

After deliberations, **the committee recommends that the legislative proposal proceed as proposed.**

MIN BAC /41/2018/04: ADOPTION OF DRAFT BAC REPORT ON ON REVIEW OF THE PROPOSED DIVISION OF REVENUE (AMENDMENT) BILL, 2018 (SENATE BILL NO. 14 OF 2018

Members were taken through the draft report by Parliamentary Budget Office. After deliberations, the Committee adopted the report which was proposed by Hon. (Dr.) Makali Mulu, M.P. and Seconded by Hon. Danson Mwashako, M.P. with the following recommendations:

i. Policy recommendations

The following policy recommendations were proposed:

a) That agreements for conditional loans and grants to county governments, should be aligned to Kenya's budget process timelines.

b) That a framework for assessing the performance of conditional allocations from loans and grants for effective oversight be developed by the National Treasury in consultation with the implementing Ministries, Departments and Agencies.

ii. Financial Recommendations

The following financial recommendations were proposed:

a) That the House approves the amendment of the Division of Revenue Act No. 1 of 2018, to enable the disbursement of Ksh. 3,739,453,370 for the following 3 additional conditional grants to county governments, for the FY 2018/19:

   i. Ksh. 1,005,453,370, for the Agriculture Sector Development Program II (ASDP II)

   ii. Ksh. 880,000,000, for the EU - Water Tower Protection & Climate Change mitigation & Adaptation Program

   iii. Ksh. 1,854,000,000, IDA (World Bank) Credit for the Kenya Urban Support Project (KUSP) - Urban institutional Grants (UIG) plus balances carried forward from FY 2017/18.

MIN BAC /41 /2018/05: ANY OTHER BUSINESS

There being no other business the meeting was adjourned at 1.00 p.m.

SIGNED

....

HON. KIMANI ICHUNG'WAH, M.P.
CHAIRMAN, BUDGET AND APPROPRIATIONS COMMITTEE

28/8/18
....
DATE