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THE NATIONAL ASSEMBLY

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CLERK-AT-THE-TABLE:	R.K. Tiapati

TWELFTH PARLIAMENT

FOURTH SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE ESTIMATES OF REVENUE
AND EXPENDITURE FOR THE FINANCIAL YEAR 2020/2021

JUNE 2020

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CHAIRPERSON'S FOREWORD

Mr. Speaker, on behalf of the Members of the Budget and Appropriations Committee and as mandated by Article 221 of the Constitution, section 39(2) of the Public Finance Management Act and Standing Orders 235(5); it is my pleasure to present to this House the Committee's report on the Estimates of Revenue and Expenditure for Financial Year 2020/2021 and the medium term for the National Government, Parliament and the Judiciary.

Mandate of the Committee

Mr. Speaker, 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. In this regard, Standing Order 207 establishes 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 presented to the House;
- iv. Examine bills related to the national budget including appropriation bills;
- v. Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and
- vi. Examine the Division of Revenue Bill.

Membership of the Committee

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

Member	Constituency	Party
1. Hon. Kimani Ichung'wah, CBS, M.P- Chairperson	Kikuyu	Jubilee
2. Hon. Moses Lessonet, M.P- Vice Chairperson	Eldama Ravine	Jubilee
3. Hon. CPA John Mbadi, EGH, CBS, M.P.	Suba South	ODM
4. Hon. Richard Onyonka, M.P.	Kitutu Chache South	Ford Kenya
5. Hon. Samwel Moroto, M.P.	Kapenguria	Jubilee
6. Hon. Millie Odhiambo, M.P.	Suba North	ODM
7. Hon. Twalib Bady, M.P.	Jomvu	ODM
8. Hon. (Dr.) Gideon Ochanda, M.P.	Bondo	ODM
9. Hon. James Mwangi Gakuya, M.P.	Embakasi North	Jubilee
10. Hon. (Dr.) Makali Mulu Benson, M.P.	Kitui Central	Wiper
11. Hon. Moses Kiarie Kuria, M.P.	Gatundu South	Jubilee
12. Hon. Benard Masaka Shinali, M.P.	Ikolomani	Jubilee

13. Hon. John Muchiri Nyaga, M.P.	Manyatta	Jubilee
14. Hon. Jude Njomo, M.P.	Kiambu Town	Jubilee
15. Hon. (Dr.) Korei Ole Lemein, M.P.	Narok South	Jubilee
16. Hon. Sarah Paulata Korere, M.P.	Laikipia North	Jubilee
17. Hon. Naisula Lesuuda, OGW, M.P.	Samburu West	KANU
18. Hon. Sakwa Bunyasi, M.P.	Nambale	ANC
19. Hon. Danson Mwashako, M.P.	Wundanyi	Wiper
20. Hon. Fatuma Gedi Ali, M.P.	Wajir County	PDR
21. Hon. Florence Chepng'etich Koskey Bore, M.P.	Kericho County	Jubilee
22. Hon. James Gichuki Mugambi, M.P.	Othaya	Jubilee
23. Hon. (Dr.) John K. Mutunga, M.P.	Tigania West	Jubilee
24. Hon. (Eng.) Mark Nyamita, M.P.	Uriri	ODM
25. Hon. Paul Abuor, M.P.	Rongo	ODM
26. Hon. Qalicha Gufu Wario, M.P.	Moyale	Jubilee
27. Hon. Wangari Mwaniki, M.P.	Kigumo	Jubilee

Parliamentary Budget Office

1. Ms. Phyllis Makau Director, Parliamentary Budget Office
2. Mr. Martin Masinde Senior Deputy Director, Parliamentary Budget Office
3. Mr. Robert Nyaga Deputy Director, Parliamentary Budget Office
4. Ms. Millicent Makina Fiscal Analyst I
5. Mr. Joseph Ndirangu Fiscal Analyst II; Clerk, Budget and Appropriations Committee
6. Mr. Danson Kachumbo Fiscal Analyst II; Clerk, Budget and Appropriations Committee
7. Mr. Chacha Machage Fiscal Analyst II; Clerk, Budget and Appropriations Committee
8. Dr. Abel Nyagwachi Fiscal Analyst III
9. Mr. Jonathan Lemurt Fiscal Analyst III

Procedure for Examination of the Budget Estimates for Financial Year 2020/2021

Mr. Speaker, the Estimates of Revenue and Expenditure for the financial year 2020/2021 were submitted to the National Assembly on 29th April 2020. Equally, the Parliamentary Service Commission and the Judiciary independently submitted their budget estimates in line with Article 127(6)(c) and 173(3) of the Constitution respectively. Pursuant to Article 221(4) of the Constitution, the Estimates of Expenditure were committed to the Budget and Appropriations committee (BAC) as well as the Departmental Committees of the National Assembly for review. The Budget and Appropriations Committee has examined and discussed the estimates and has made recommendations which are contained in this report.

Mr. Speaker, in reviewing the Estimates for FY 2020/2021, the Budget and Appropriations Committee held fifteen (15) sittings which included two (2) meetings with the National Treasury. The committee also received submissions from the Departmental Committees of the National

Assembly; highlighting significant policy and financial recommendations on the budgets of the various Ministries, Departments and Agencies within their purview. These submissions have been incorporated in the BAC recommendations on the budget that are contained in this report. Once approved by the House, these recommendations will form the basis for the passage of the FY 2020/2021 Appropriations Bill. The consolidated report of the departmental committees is contained in Annex I of this report.

Mr. Speaker, as you are aware, Article 221(5) of the constitution requires the budget and appropriations committee to seek the views of the public on the budget and take their recommendations into account when finalizing this report. Due to the ongoing COVID-19 pandemic and the resultant ban on public gatherings **Mr. Speaker**, the committee could not hold public consultations on the budget in the usual conventional manner whereby MPs congregate with *wananchi* in select counties to discuss the budget. Instead, members of the public were requested to submit written memoranda highlighting their areas of concern and key expenditure priorities.

In particular, **Mr. Speaker**, in line with an already established tradition of addressing key expenditure priorities for twelve (12) select counties in each financial year, the committee sought the views of the public on the key expenditure priorities for the following counties: **Tana River, Garissa, Kitui, Muranga, Turkana, Samburu, Kericho, Narok, Busia, Homabay, Kisii and Kwale**. The committee has reviewed all submissions that were received and has incorporated a number of recommendations in this report. Notably, submissions were received from the International Budget Partnership (IBP), Nature Kenya and from residents of the select counties highlighting various concerns on matters of public finance as well as key expenditure priorities. The summary of public hearing submissions is in Annex II of this report.

Acknowledgements

Mr. Speaker, the Budget and Appropriations Committee is grateful to the Departmental Committees for their adaptability to the new normal and their dedication to the process which has enabled the National Assembly to effectively execute its budgetary oversight role.

Mr. Speaker, the Committee is also grateful to members of the public and organized groups who took their time to review the proposed budget and submit written memoranda thereby enabling the committee to re-align the budget in a manner that is more people oriented. In particular, the Committee would like to express its gratitude to the International Budget Partnership (IBP) and Nature Kenya as well as the residents of Tana River, Garissa, Kitui, Muranga, Turkana, Samburu, Kericho, Narok, Busia, Homabay, Kisii and Kwale Counties for their timely and clearly articulated submissions.

Lastly **Mr. Speaker**, the Committee is grateful to the Office of the Speaker of the National Assembly, the Office of the Clerk of the National Assembly, the Clerks to the Departmental Committees and the Parliamentary Budget Office for their organization of service delivery and the invaluable support to the members of parliament as they discharged their mandate of reviewing the Printed Budget Estimates for the Financial Year 2020/2021.

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'wah, M.P.
Chairperson, the Budget and Appropriations Committee

Date:
04/06/2020

I. INTRODUCTION

1. **Mr. Speaker**, the 2020/2021 budget is being processed at a time when the country is grappling with a public health crisis of unprecedented proportions. Globally and domestically, the COVID-19 pandemic has put a significant strain on public health infrastructure and is jeopardizing the performance of economies worldwide. The impact of the COVID-19 containment measures (stay at home orders, cessation of movement, border closures and dusk to dawn curfew) on the Kenyan economy is already evident in form of reduced export earnings, fewer business operations, declining consumer demand, and increased unemployment levels. This is therefore not just a health crisis but an economic crisis and at worst, a humanitarian crisis.
2. **Mr. Speaker**, as the country's elected leaders who hold the power of the purse, it is our duty and responsibility to provide strategic direction for the distribution of resources in a manner that effectively mitigates the impact of COVID-19 on the economy and livelihoods of our people. The national budget is the best tool we have that can effectively map out a response and mitigation strategy that will address the health, economic and humanitarian aspects of the crisis. **Mr. Speaker**, I stand before this House today under the shadow of mounting national challenges – the health pandemic, disastrous flooding and landslides, cholera outbreak, increasing hunger, rising unemployment and lost livelihoods– to say that it cannot be business as usual. Importantly we have to give hope to our people.
3. **Mr. Speaker**, this crisis has revealed all the flaws and limitations of our budgeting process. It was extremely disappointing to note that the policy framework of the 2020/2021 budget simply did not capture the magnitude of the crisis at hand. Instead of proposing measures to revamp healthcare and address the concerns of healthcare workers, protect livelihoods through social safety nets, implement flood mitigation measures and propose an economic recovery strategy post COVID, it was business as usual as the national budget allocated significant resources to ongoing and new public investments while leaving COVID-19 intervention measures to the COVID-19 Emergency Response Fund which is being managed outside the budget framework.
4. **Mr. Speaker**, I am pleased to inform this House that following robust discussions in the public sphere, the National Government submitted a follow up document for incorporation into the 2020/2021 budget outlining a post COVID-19 economic stimulus programme (PC-ESP) as well as budgetary allocations for the Nairobi Metropolitan Services. Some of the interventions proposed under this programme include *kazi mtaani* programme for youth empowerment and employment creation; measures to improve educational infrastructure including hiring of additional teachers; measures to improve health infrastructure including hiring additional health workers and increasing bed capacity in hospitals; as well as measures to improve environment, water and sanitation facilities, road rehabilitation, agriculture and food security, tourism, enhanced liquidity to businesses and social protection.
5. **Mr. Speaker**, channelling the government's response to the pandemic through the national budget is extremely crucial in order to ensure transparency in use of public resources by

subjecting these to legislative scrutiny and oversight. Furthermore, public participation as required by the constitution will ensure that the government's intervention measures adequately respond to the needs of the people. For a coordinated approach **Mr. Speaker**, all funds raised to address the health pandemic should continue to be channelled through the COVID-19 Emergency Response Fund. However, the government should periodically disclose the amount of resources raised through the Fund and national government share should be appropriated through this House.

II. THE MACROECONOMIC FRAMEWORK UNDERPINNING THE 2020/2021 BUDGET

6. **Mr. Speaker**, the proposed budget is anchored on a GDP growth projection of 4.2% in 2020/2021 based on a 2.5% growth projection in 2020 and approximately 5.8% growth in 2021. The National Treasury posits that this growth outlook will to a large extent be supported by ongoing public and private investments especially government investments in the Big Four Agenda. Other key drivers of economic growth include a stable macroeconomic environment with inflation remaining within the target range, increased private consumption and an expanded export base once the world borders re-open.
7. **Mr. Speaker**, there is limited information to support how the total investment nationally will rise from 15.7% of GDP in the revised estimate for 2019/20 to 21.6% of GDP in 2020/21, when both revenue and expenditure for the same period are estimated to decline from 27.1% to 24.2% and 18.6% to 16.6%, respectively. Given the reduced allocation to development spending relative to previous years and given that private investment will remain depressed as the COVID-19 effects persist through 2020/21, then the growth estimate for 2020/21 is quite optimistic.
8. **Mr. Speaker**, the committee is further concerned that this growth premise has not adequately incorporated the impact of the health pandemic and is relying on past investment decisions particularly the Big Four agenda investments to pull the country through the ongoing crisis. This is despite the fact that investments under the Big Four projects are not substantive enough to offset the expected rapid fall in private sector investment and may therefore not be a strong driver of economic recovery in the coming financial year. Based on review of international experiences with the ongoing COVID-19 and past economic recessions, a strong, well-funded and multi-sectoral economic stimulus programme greatly helps support economic recovery by stimulating consumer demand, sustaining business activity, and aiding the retention of jobs.
9. **Mr. Speaker**, though quite small relative to the required economic stimulus, the proposed stimulus programme is a good start. The programme as proposed by H.E. The President includes the *kazi mtaani* programme, operationalization of the credit guarantee scheme in order to support SMEs to access credit, fast tracking payment of VAT refunds and pending bills to enhance liquidity to SMEs and use of local labour to carry out various projects across the country. It should be noted however, **Mr. Speaker**, the economic stimulus will not stimulate economic growth if the health crisis is not effectively managed.

10. **Mr. Speaker**, it is the opinion of the Committee that the Health sector should have been of highest priority in the coming financial year. It is worth noting that some counties have made significant effort towards revamping their hospitals and equipping them particularly to deal with the COVID-19 pandemic. However, a lot more still needs to be done to improve the status of healthcare particularly with regard to equipping of hospitals and improving the welfare of healthcare workers. Coordination between the two levels of government is therefore paramount. **Mr. Speaker**, the government should move with speed to identify high risk exposure areas and enhance COVID-19 testing and treatment/management. For instance in countries like India, resources have been set aside for bi-weekly testing.
11. **Mr. Speaker**, the export sector is arguably the hardest hit by the COVID-19 pandemic. Cut flower exports have suffered significant losses and it is estimated that the sector may lose approximately Kshs.60 billion by end of 2020. Coffee, tea and fruits exports are also likely to record dismal performance which is worsened by a decline in most commodity prices. Furthermore, the tourism sector has suffered significant losses due to the ban on international travel and restriction of movement. In this regard **Mr. Speaker**, the National Treasury is proposing the following interventions under the Post COVID Economic Stimulus Programme: providing support for hotel renovations through the Tourism Finance Corporation; promoting tourism through aggressive post COVID-19 Tourism Marketing; provision of government grant to 160 community conservancies; support to Kenya Wildlife Services (KWS) to engage 5,500 community scouts for a period of 1 year; and temporary support to cushion flower/ horticultural producers to access the international market.
12. **Mr. Speaker**, the underperformance of the export sector, together with drop in remittances, is a risk to the country's foreign exchange reserves and is likely to expose the country to external debt repayment challenges. It is worth noting however that the recent approval of a Kshs. 79.3 billion (USD 739 million) credit facility by the IMF has significantly boosted the forex reserves and will enable the country to protect its balance of payments position. Going forward **Mr. Speaker**, there should be significant effort towards international trade strengthening post COVID-19. Kenya must aggressively diversify, add value and market its exports in order to enhance flow of foreign currency even as local industries are supported to enhance local production of previously imported goods.

III. KEY HIGHLIGHTS OF THE 2020/2021 BUDGET

13. **Mr. Speaker**, total expenditure and net lending in the 2020/2021 budget is estimated at Kshs.2,732.98 billion; with recurrent expenditure amounting to Kshs.1,805.2 billion and development expenditure (including foreign financed projects and conditional transfers to county governments) estimated at Kshs.584.9 billion. The post COVID-19 Economic Stimulus Programme (PC-ESP) is estimated to cost approximately Kshs.53.74 billion. The National Treasury has indicated that the 2020/2021 budget is aimed at prioritizing employment creation,

youth empowerment, supporting manufacturing activities, enhancing health coverage, improving food security and enhancing living conditions through affordable housing.

14. **Mr. Speaker**, as earlier indicated, the 2020/2021 budget has been adjusted downwards from the approved BPS level to create fiscal space in light of the COVID-19 pandemic and the associated revenue underperformance. Furthermore, there are additional proposed amendments to the budget in order to accommodate the economic stimulus programme. However, there is no extensive analysis provided of how existing program targets have been affected by these expenditure adjustments. The Committee is concerned that some of these adjustments could significantly affect operations of some MDAs and/or lead to delays in completion of some critical projects as well as accumulation of pending bills. Indeed, **Mr. Speaker**, some Departmental Committees have rejected a number of the proposed PC-ESP adjustments.
15. **Mr. Speaker**, during deliberations with the Departmental Committees, it emerged that the issue of pending bills continues to persist despite the government's commitment to clear all pending bills early this year. Indeed, many of the pending bills have no proposed budgetary provisions while some of them are being litigated in our courts. Notable pending bills include those linked to the IEBC as well as the Registrar of Political Parties. Many Departmental Committees have also specified in their reports the amount of pending bills owed by the MDAs that they oversight. **Mr. Speaker**, there may be need for this House to enact an appropriate law to make pending bills a criminal offence. Commitments should not be entered into if there are no funds and Treasury should endeavour to issue all funds as approved.
16. **Mr. Speaker**, during committee deliberations, there were concerns that resource allocation towards referral hospitals is skewed with some hospitals in certain regions benefiting more at the expense of others. Indeed **Mr. Speaker**, skewed resource allocation is not only observed in the health sector but is also very apparent under roads infrastructure as well as water projects. As an illustration **Mr. Speaker**, the Committee noted that many parts of Wundanyi constituency, in Taita Taveta County, are unreachable because they do not have a single kilometre of tarmac road or even an all-weather road while some regions continue to routinely benefit from road projects. As elected representatives, we owe it to the citizens of Kenya who gave us this responsibility to ensure that all government projects represent the face of Kenya. Resource allocation should preferably follow a needs-based formula in order to ensure equity.
17. With regard to flood mitigation **Mr. Speaker**, it is disappointing to note that very little resources have been allocated towards this cause. Recent statistics by the Devolution Ministry have placed the flood related death toll at 289. Every 3 years or so, many people lose their lives and many others are displaced and their properties destroyed by floods due to lack of long-lasting interventions. This Committee expects the executive to set out lasting measures to protect life and property during future floods. There should be routine repair and construction of dykes in areas prone to floods.

18. **Mr. Speaker**, the Committee also observed significant duplication of functions across various spending agencies as well as duplication of devolved functions by the National Government. In particular, there appears to be duplication of projects relating to water pans, dams and wells among the following spending agencies: the State Department for Regional and Northern Corridor Development; the state department for development of the ASAL; the State Department for Crop Development and Agricultural Research; and the Ministry of Water, Sanitation and Irrigation. It is the opinion of the Committee that addressing this duplication could free up resources that can be channelled to other critical areas. The recurrent costs of maintaining these administrative units could also be saved for other critical areas.
19. With regard to Information Communication Technology (ICT) **Mr. Speaker**, it is worth noting that despite the government directive that all ICT purchases by government agencies be coordinated by the State Department for Information and Technology, most of the funds relating to e-Government tend to be reallocated during the supplementary budget process. As a result, MDAs have resorted to making their own purchases leading to duplication of effort. At this juncture **Mr. Speaker**, I wish to point out that there is significant misuse of Article 223 of the Constitution to enable supplementary budgeting even on items that do not meet the criteria. This House should therefore facilitate reforms to bring transparency on prepayments in order to mitigate against abuse of the supplementary budget process. We propose that before any payment is made under Article 223 of the Constitution, the National Assembly through the Budget and Appropriations Committee, should be informed of the same.
20. **Mr. Speaker**, the committee also observed that e-citizen, a major IT system for the government handled by the National Treasury, has never been subjected to legislative oversight. Little is known about how much payments have been made through this platform as it is never captured in the budget. E-citizen should be subjected to audit in order to enhance transparency in use of funds.
21. **Mr. Speaker**, analysis of the list of projects reveals that some projects have been allocated resources despite having been finalized. The Committee was informed that this is on account of pending financial obligations after the projects have been physically completed. **Mr. Speaker**, in project management, 100% completion means both financial and physical completion. As such, the information system by the Project Information Management System (PIMS) of the National Treasury is potentially misleading. There should be clear reporting of pending financial obligations as well as resources that are being utilized for project sustainability particularly for roads and other major infrastructure projects.
22. **Mr. Speaker**, MDAs must be held to account to complete ongoing projects before starting new ones. Furthermore, in order to keep track of status of ongoing projects, Departmental Committees should submit an implementation report on a quarterly basis, highlighting the status of ongoing projects within their purview.

23. **Mr. Speaker**, the Committee also notes with concern that some funds earmarked for certain activities in line with legal provisions have been adjusted downwards. For instance, the NG-CDF has been reduced by Kshs.10 billion from the 2019/20 baseline. Earmarking of funds is typically carried out to guarantee consistent funding of projects/programmes deemed to be extremely vital in order to ensure continuity and sustainability of these projects. Failure to adhere to these legal provisions is therefore not only illegal but also disruptive to ongoing projects. Equally **Mr. Speaker**, the current stimulus programmes across the ministries can be implemented better if the NG-CDF framework is utilised. This will go a long way in ensuring that *wananchi* in every corner of this country benefit from this programme. Particularly

IV. FINANCING OF THE 2020/2021 BUDGET

24. **Mr. Speaker**, the Covid-19 pandemic is expected to have a negative impact on tax receipts in the 2020/21 FY due to reduced business activity and declining consumer demand. The National Treasury projects that ordinary revenue will amount to Kshs.1,621.4 billion (14.4% of GDP) in 2020/21; a decline from an estimated Kshs.1,643.4 billion (16.1% of GDP) ordinary revenue collection in FY 2019/20. Measures taken to cushion Kenyans against the economic effects of the pandemic - reduction of the top tax rates for individuals from 30% to 25% and the reduction of the corporate income tax rate from 30% to 25% - are expected to directly contribute to a decline in income tax collection in 2020/2021. Furthermore, the reduction of the Value Added Tax (VAT) rate from 16% to 14% could dampen VAT collection though this will largely depend on how consumers respond. Lower prices could trigger increased demand but on the other hand, declining incomes may dampen this demand. Subdued imports will also curb import duty collection.

25. **Mr. Speaker**, the National Assembly in April 2020 passed the Tax Laws (Amendment) Bill 2020 which among other things granted Kenyans various tax relief measures taken to cushion Kenyans against the economic effects of the pandemic among them: reduction of standard VAT rate from 16% to 14%; reduction of the top income tax rate from 30% to 25% for both PAYE and Corporate income tax; and total tax exemption for workers earning income below Kshs. 24,000. The approved Bill also removed various unnecessary and inequitable tax expenditures (income tax and value added tax exemptions).

26. **Mr. Speaker**, while the full impact of those measures on tax collections and on achieving their targeted goals is yet to be ascertained fully, it is expected that some of the measures could directly reduce tax collections on certain tax heads such as income tax and VAT. Notably, the reduction in the income tax rates are expected to directly contribute to a decline in income tax collection in 2020/2021. Further, the reduction of the Value Added Tax (VAT) rate from 16% to 14% could dampen VAT collection though this will largely depend on how consumers respond. Lower prices could trigger increased demand but on the other hand, declining incomes may dampen this demand.

27. The Parliamentary Budget Office (PBO) forecast indicates that income tax revenue will decline from about 7.2% of GDP in 2019/20 to between 5.8% and 6% of GDP in 2020/2021. In addition, reduced consumption and the reduction of the Value Added Tax (VAT) rate from 16% to 14% could dampen VAT collection in 2019/2020 and 2020/2021. Thus, VAT revenue as a share of GDP will decline from about 4% in 2019/20 to 3.8% in 2020/21. Overall, ordinary revenue collection for 2020/21 is projected at Kshs.1.5 trillion or less.
28. **Mr. Speaker**, this House is also considering the Finance Bill 2020 under the new legislative and legal requirements. Preliminary review of the proposals shows no significant shift in the tax system save for proposed introduction of minimum tax, introduction of digital service taxes, and proposed removal of various exemptions. **Mr. Speaker**, the overall tax collection in 2020/21 will largely be dictated by the ongoing COVID-19 instigated economic downturn and the tax rate adjustments already made. The largest negative impact on revenues will come from subdued consumer spending which will directly affect Excise duty, VAT and Import duty collections, while falling business activity and layoffs will negatively affect income tax and PAYE.
29. **Mr. Speaker**, the fiscal deficit (excluding grants) is projected at 7.3% of GDP¹, indicating a widening scenario from the previous projection of 4.9% of GDP and the EAC convergence criteria of not more than 3%. This is attributed to the need to fund critical expenditure requirements in the context of an economic slowdown and the associated revenue underperformance. It is expected that this fiscal deficit will be financed by foreign and domestic borrowing.
30. **Mr. Speaker**, amidst the ongoing pandemic, the Committees urges the National Treasury to commence the process of renegotiating the terms and conditions of existing loans, with a view of striking a deal for a moratorium, including having a grace period of interest and principle payments. Another option is for the Government to consider divestiture as an alternative source of financing.

V. CONSOLIDATED FUND SERVICES (CFS)

31. **Mr. Speaker**, the Consolidated Fund Services (CFS) expenses primarily relate to public debt, pensions and salaries of constitutional offices and are mandatory expenses that form a first charge to the Consolidated Fund. As a result, they determine the flexibility of the national budget. In FY 2020/21, CFS expenditures are projected to amount to Kshs. 1.04 trillion and will consume approximately 55% of the projected revenue for FY 2020/2021. Public debt servicing expenses estimated at Kshs. 904.7 billion in the coming financial year, constitute the largest portion of the CFS expenses. Interest payments account for 51% of total debt service payments. Interestingly **Mr. Speaker**, the committee has established that the cost of debt financing actually consumes more financial resources than development expenditure, for which the debt is obtained. Indeed, since FY 2016/17, public debt servicing has outstripped

¹ PBO projects a deficit of 7.8% by the close 2020/21.

development expenditure and in FY 2020/21, it is estimated to be double the amount allocated towards capital expenditure and net lending.

- 32. Mr. Speaker,** the current borrowing strategy, as indicated under the approved Medium Term Debt Management Strategy 2020, is pegged on the assumption that fiscal consolidation will reduce the overall cost of debt and safeguard debt sustainability. However, given the impact of Covid-19 pandemic on revenue mobilization, exports, production and other contingent liabilities vis-à-vis increasing expenditure demands, there is a high likelihood that fiscal consolidation measures will be hard to adhere to. Indeed, in a recent assessment, the IMF raised Kenya's risk of debt distress from moderate to high due to the impact of the COVID-19 crisis which has reportedly worsened existing vulnerabilities.
- 33. Mr. Speaker,** this House should note that the debt sustainability analysis (DSA) forecast for 2020 and the medium term indicates that without any policy intervention, all threshold ratios - debt service to revenue and debt as well as debt service to exports ratios - could be breached in the medium term, implying that the debt distress position could last longer. Indeed, prior to the COVID-19 crisis, both debt service to revenue and debt service to exports ratios had exceeded the internationally accepted debt sustainability thresholds. As the impact of the pandemic continues to unfold, forecasts indicate that these ratios will worsen while others will breach their thresholds soon. These thresholds will therefore require greater monitoring. There may be need therefore, to revise the medium term debt strategy and related assumptions, in order to effectively mitigate against any risks that could jeopardize debt sustainability. This should include temporary abandonment of contracting new expensive commercial loans as well as discussions for debt restructuring with Kenya's largest external creditors.
- 34. Mr. Speaker,** it is also worth noting that there is no provision for called up guaranteed debt. Even though few national debt guarantees given to various institutions have been called up in the recent past, this position might not hold given the depressed economic conditions and restrictions that are likely to reduce incomes for guaranteed institutions leading to non-performance of guaranteed debt. Contingent liabilities arising from guaranteed debt should therefore be treated as a real risk to the fiscal position in FY 2020/21.

VI. SUBMISSIONS FROM DEPARTMENTAL COMMITTEES

- 35. Mr. Speaker,** as earlier indicated, the Departmental Committees of the National Assembly reviewed the budget proposals for each Ministry, Department and Agency within their purview and submitted their recommendations, both policy and financial, to the Budget and Appropriations Committee for incorporation in this report.

Some of the pertinent observations by the various Departmental Committees include the following:

COMMITTEE ON LANDS

- 36. Digital revenue:** the committee proposed that the Ministry fast tracks the development of a digital revenue collection system to reduce revenue leakages and enhance responsiveness to

the challenges posed by the COVID-19 pandemic. Further the Ministry should stop all cash revenue collection and introduce an interim cash less revenue collection system.

ADMINISTRATION & NATIONAL SECURITY

- 37. Impact of Covid-19 on Kenya School of Government operations:** the closure of Kenya School of Government campuses and the suspension of training and conference facilities have negatively impacted on the School's operations including payments of bills and personnel emoluments. During this period, it was observed that the School requires the Government to provide support of Kshs. 740.6 million for payment of salaries and other utilities from April 2020 to September 2020. This had not been factored into the budget.
- 38. Internship programme:** the committee noted that while the Public Service Commission has been allocated Kshs. 1 billion for the internship programme, the Commission has not been allocated finances to cater for administrative costs for recruitment of interns, induction and payroll management as well as monitoring and evaluation of the internship programme. To this extent, the Commission is unfunded by approximately Kshs. 200 million. The committee further proposed that a policy for absorption of interns when employment opportunities arise within the Public Service be developed to facilitate transition of interns to full employment.

DEFENCE

- 39. Lack of commercial attaches:** the Committee observed that the human resource personnel required to increase capital flows to Kenya and support export promotion through economic diplomacy in key missions was missing. Many key global capitals such as Pretoria, Washington, Dubai, Lusaka, and Beijing among others did not have Commercial Attaches.
- 40. Lack of proper project implementation:** the Committee expressed concern over the quality of projects being delivered by the Regional Development Authorities. It was observed that projects such as construction of boreholes had no value for money since many of them were drying up despite resources being spent on hydrological survey. Further some of the projects were undertaken without an Environmental Impact Assessment being carried out. The Oluch-Kimira project in Homabay for instance has seen many people displaced by water.

FINANCE

- 41. Revenue underperformance:** in terms of revenue performance, National Treasury had projected to close the 2019/20 FY year at Kshs.1.521 billion. However, due to the effects of COVID-19, it is projected that revenue will underperform and may amount to Kshs. 1.396 billion only based on month on month performance of all the tax heads. If the pandemic persists, the situation is likely to be aggravated therefore even the revenue projection of Kshs. 1.62 billion for year 2020/2021 may be overestimated. It may therefore be necessary to rationalize the budget further.
- 42. Composition of government borrowing:** the composition of net borrowing indicates that the National Treasury intends to finance the budget deficit by taking up foreign and domestic borrowing at Kshs. 349.7 billion and Kshs. 473.6 billion respectively. This trend is contrary to the previous undertaking by the National Treasury to ensure that there is reduced domestic borrowing as well as targeting cheaper financing from multilateral and bilateral sources.

Increased government borrowing from the domestic sector is also likely to crowd out the Micro, Small and Medium Enterprises (MSMEs).

ENVIRONMENT & NATURAL RESOURCES

- 43. Unrealistic AIA projection:** the State Department for wildlife has a projection of Appropriation in Aid of Kshs. 4.62 billion expected to be achieved through park fees by the Kenya Wildlife Service (KWS). However, this may not be feasible due to reduced tourism activities in the country. Indeed, the Department is likely to collect only 20% of the targeted revenue translating to Kshs. 920 million, leaving a deficit of Kshs. 3.68 million. This shortfall will adversely affect KWS operations, as these monies are expected to be used for personnel emoluments, operations and maintenance activities as well as human wildlife conflict compensation.
- 44. Under-declaration of revenue and impact on AIA:** the committee observed that the State Department for Mining is losing huge sums of money through under-declaration of royalties by the mining companies, thereby impacting on generation of AIA. Further, Companies licensed to explore minerals were doing so for long without reporting progress. This could be a loophole being used to exploit the country's minerals under the guise of exploration. There is need to strengthen the capacity of the regulatory bodies and framework to address the smuggling of minerals out of the country.

COMMUNICATION, INFORMATION & INNOVATION

- 45. Reduction of external funding to Konza City:** the Committee observed that there is lack of funding consistency with respect to externally funded projects, partly due to the actions of the National Treasury, which allows in-year revisions through the Supplementary budget. For instance, external funding for the construction of Konza Data Centre and Smart City facility as well as various Konza projects under the Engineering, Procure Construct and Finance (EPC-F) framework have been rationalized. The State Department informed the Committee that rationalization of on-going works carries with it a risk of accumulating pending bills for projects with active commitments and contractual obligations.
- 46. Non-adherence to BPS House resolutions:** the Committee noted that some of the 2020 BPS House Resolutions were taken into account in finalizing the submitted estimates, particularly in providing clarity to project names/designs and objectives consistent with the funding and expected outputs. However, some other resolutions were not adhered to. In particular, the resolution to align sector projects to project objectives in line with the requirements of the Programme Based Budget Framework were not fully followed.

JUSTICE & LEGAL AFFAIRS

- 47. World Bank Support to Judiciary:** the World Bank project which has largely supported funding of capital projects (about 90% of development vote) in the Judiciary from FY 2013/14 to-date is coming to an end in October 2020 and without enhanced GOK funding, new capital projects will not be initiated and ongoing ones are likely to stall.

48. Challenges faced by the Judiciary: the challenges faced by the Judiciary include insufficient financial resources, delayed operationalization of the Judiciary Fund, limitations of the IFMIS operations that disrupt implementation of planned activities, and delays in release of exchequer which delays the implementation of planned programs.

LABOUR & SOCIAL PROTECTION

49. The construction of the Occupational Safety and Health Institute which was initiated as a flagship Project under Vision 2030 has dragged on for over 9 years. The Institute is expected to offer health and safety expertise as a referral Occupational Health and Safety Institute in East and Central Africa upon completion. The project is now 87.5 per cent complete, but the delay in completion is proving to be costly to the Government. For financial year 2020/2021, only Kshs. 39 million has been allocated to the project against a requirement of Kshs. 94 million.

SPORTS, CULTURE & TOURISM

50. Challenges in the management of the Sports Fund: the Sports Fund Board is facing a number of challenges in managing the Sports Fund. These include: delay by the beneficiaries to comply with the requirements of the Fund relating to transparency and accountability; some of the beneficiaries do not attach accountability documents to support the expenditure incurred especially for procured goods and services; a number of the beneficiaries are having challenges complying with Regulation 18 which provides that existing government regulations and procedures shall apply in the administration of the Fund; some of the beneficiaries do not possess robust and effective internal controls to oversee their transactions which makes it difficult to verify the authenticity of some of the transactions.

TRADE

51. Modernization of New KCC: New KCC has been undergoing modernization and has installed new machines. However, milk sterilizers are yet to be upgraded and are not compatible with the new machines thereby inhibiting production and processing capacity. To ensure that the benefits of modernization of NKCC are realized to the fullest, there is need to install new sterilizers.

52. Challenges in cargo transportation: The government directive to have cargo transported by SGR has had some unintended consequences to investors at EPZ Athi River Zone. Investors have been forced to transport their containers to Nairobi ICD for trans-shipment, in an effort to adhere to the directive to transport all in & outbound cargo by the SGR cargo trains. The result of this has been an increased cost of logistics leading to formal complaints from many investors due to these additional costs.

TRANSPORT, PUBLIC WORKS & HOUSING

53. Skewed resource allocations: The Committee observed that there is skewed budgetary allocations towards ongoing road projects in certain regions. Whereas there are ongoing

projects in almost every corner of the Country there is glaring disparity in terms of amounts allocated with projects in certain regions of the Country inequitably earmarked for more resources in the Financial Year 2020/2021.

- 54. Pending bills:** The Committee observed that pending bills arising from the operations of the Standard Gauge Railway (SGR) have accumulated to Kshs.38 billion and this may force the operator to pull out of the daily operations of the project. The Committee further observed that the State Department for Public Works is grappling with a huge portfolio of stalled government projects mainly under the Ministry of Interior and National Coordination due to lack of budgetary provisions. It is noted that involvement of the State Department in the implementation of government projects diverts it from its mandate of setting standards and quality Control.

AGRICULTURE & LIVESTOCK

- 55. Pending Bills:** The State Department for crop development & Agricultural research has pending bills amounting to Kshs. 12,355 million. The pending bills consist of: Kshs. 43 million relating to FY 2018/2019 owed to various suppliers of: Office Furniture and Fittings-Kshs. 29,050,500; Purchase of computers, printers and other IT equipment-Kshs. 9,065,542 and General Office Supplies-Kshs. 4,883,958. Furthermore, there is Kshs. 8,348 million historical pending bills for FY 2017/2018 for the fertilizer subsidy programme under KCB bank facility; and Kshs. 3,964 million historical pending bills for the FY 2016/2017 and 2017/2018 owed to maize millers and traders.

HEALTH

- 56. Implementation of the Universal Health Coverage (UHC) programme:** the Committee proposed that as the country implements the UHC programme across the country, interventions such as Health Insurance Subsidy Programme (HISP) which caters for the health needs of the elderly and the vulnerable as well as other social health interventions such as free maternity programmes should be merged into one pool of resources for UHC.
- 57. Reducing infant mortality:** the Health System Management project which used to receive support from Global Alliance for Vaccines (GAVI) to augment government efforts in providing Vaccines in the country has not been funded. This project has been critical in reducing infant mortality in the country. It was observed that the Ministry of Health has not instituted any mitigation strategies of how to fill the gap left by this project.

EDUCATION & RESEARCH

- 58. School feeding programme:** the School feeding programme is one of the critical programmes which will play a key role in attracting and retaining primary school learners in schools especially in the post COVID-19 period. The programme was previously supported by the World Food Programme (WFP). It was observed that the government is yet to fill the gap left by the development partners to ensure that the programme remains sustainable and increases

coverage of school going children in vulnerable areas especially ASAL areas, slum areas and other pockets of poverty within the country. It is also observed that this is one of the programmes linked to big four agenda through provision of nutritious food to young children.

- 59. Delay in exchequer releases:** the delay by the National Treasury in releasing exchequer is hindering the operations of the State Department for Vocational & Technical Training in key result areas of capitation and infrastructure development. The Committee noted with concern that the State Department is yet to receive funds for the Construction of the 30 TTI's in FY 2019/20 even after necessary documentations were processed and forwarded to the National Treasury in good time. This will affect the progress of these projects given that only one month is remaining to the close of the financial year.
- 60. Pending bills:** Several public universities including well established ones, have accumulated pending bills amounting to Kshs. 19 Billion on account of non-remittance of statutory deductions such as PAYE. These are: Technical University of Kenya with a statutory deductions pending bill of Kshs. 3.5 Billion; the University of Nairobi Kshs. 5.5 Billion; Kenyatta University Kshs. 2.7 Billion; Egerton University Kshs. 2 Billion; Moi University Kshs. 1.3 Billion; and JKUAT Kshs. 3.5 Billion.

ENERGY

- 61. Delayed project completion:** most transmission lines are past their completion dates and this may compromise energy transmission and access. This is attributed to the following: delayed compensation because of long standing disputes; litigation with pending court cases; and poor liquidity of contractor(s) in some instances leading to bankruptcy of the contractors and consequent termination of contract.
- 62. Challenges in LPG supply chain:** with regard to LPG, the Committee noted that there was need for further legislative inventions in order to expand opportunities along the LPG value chain and foster competition to enhance consumer welfare. Legislative interventions should also target to curtail unfair business practices particularly monopoly practices in wholesale and retail as well as re-export of LPG and related products.

VII. RESOLUTIONS FROM THE PUBLIC HEARINGS

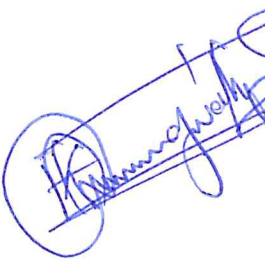
- 63. Mr. Speaker,** as earlier indicated, pursuant to Article 221(5) of the constitution, the Budget and Appropriations Committee organized public participation through written memoranda, while still maintaining the previously adopted framework whereby a minimum of twelve (12) counties host public hearings in each financial year with the target that all 47 counties will have hosted the public hearings over a span of four financial years. In this regard, the Budget and Appropriations Committee identified the following twelve (12) counties in which to carry out the public hearings exercise on the proposed 2020/2021 budget: **Tana River, Garissa, Kitui, Muranga, Turkana, Samburu, Kericho, Narok, Busia, Homabay, Kisii and Kwale.** In addition, **Mr. Speaker,** I wish to bring to the attention of this House that the Committee received submissions from Vihiga and Nyamira Counties which were not part of this year's host counties for the public hearings. As such, we recommend that they wait patiently for the next financial year.

64. **Mr. Speaker**, the submissions received from the public covered a broad range of concerns; from infrastructure to water issues, health and vocational training. Furthermore, there were concerns with regard to structure and presentation of information in the programme based budget as well as realism of the financing framework. A detailed summary of public hearing submissions can be found in Annex II of this report.

VIII. COMMITTEE RECOMMENDATIONS

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

a. Policy Recommendations

- 
- ii. **That**, all future requests for expenditure approval under Article 223 of the Constitution must be accompanied by proof of payment.
 - iii. ~~**That**, all funds allocated for economic stimulus except for recruitment of ICT interns, be ringfenced and distributed at constituency level and that a framework be developed for these resources to be channelled through the NG-CDF as Conditional grants.~~
 - iv. **That**, resources being expended under the COVID-19 Emergency Response Fund be appropriated through the National Assembly in order to be subject to legislative scrutiny and oversight.
 - v. **That**, all donor financing which may have been left out when the budget was submitted be included as the Appropriation Bill is finalized.
 - vi. **That**, resources allocated to projects arising from public participation and other critical road interventions be ring fenced and the Ministry concerned to engage with the relevant Members of Parliament for proper implementation.
 - vii. **That**, the small allocations under National Expanded Irrigation programme and Community Based Irrigation Programme to be listed as block figures in the printed estimates for efficiency in projects implementation under the two respective programmes.
 - viii. **That**, the project on the rehabilitation of wells, water pans, underground tanks in ASAL using locally available labour under the Kenya Post Covid 19 Stimulus Programme be taken to the agency that has the technical expertise, that is; the project be moved from the State Department for Regional and Northern Corridor Development to the Ministry of Water & Sanitation and Irrigation. This will also enhance efficiency in resource utilization and remove duplication of projects by many agencies.
 - ix. **That**, the PBB budget be revised accordingly to reflect the changes made by the House. In addition, all the budget books and the attendant documents for budget implementation be submitted to the National Assembly 7 days after enactment of the appropriation bill.

b. Financial Recommendations: Committee Recommendations arising from the Public Hearings

After extensive deliberations on the submissions and expenditure requests from the public, the committee made the following recommendations:

i. TANA RIVER COUNTY

(1) Bura constituency

- (a) Madogo Junction-Maramu road-Kshs. 5million
- (b) Wolesonrea-titila-Kshs.5 million
- (c) Titila Bangal –Kshs. 5 million
- (d) Bura –Meti road Kshs. .5 million

(2) Galole constituency

- (a)Boji-Hola-Kshs.5 million
- (b)Hara –wenje road-Kshs.5 million
- (c)Tulu Malakoteni road-5 million
- (d)Hola-roka road-Kshs.5 million

(3) Garsen constituency

- (a) Witu Kipini road-Kshs.5 million
- (b) Hurara-Meticharaka-Kshs.5 million
- (c) Kibusu-Dibe road Kshs.5 million
- (d) B8 junction –Tarasa Kshs.5 million
- (e) Kipao Footbridge-Kshs.20 Million.
- (f) Meticharaka-Kasangani road-Kshs.5 million
- (g) Danisa-onkoldhe road-5million

Tana Delta Flood Control-Kshs.10M

ii. GARISSA COUNTY

(1) Lagdera Constituency

- (a) Distilling Pan (Northern Water Services board)- Kshs.20M
- (b) Roads(KERRA)- Kshs.20M

(2) Garissa Township Constituency

- (a) Taleh farm-elmi farm road - Kshs.6.5M
- (b) Other roads –Kshs.13.5M

(3) Dadaab constituency - Roads projects-Kshs.10M

- (4) **Balambala constituency**
 - (a) Holwadag farm-Jamhuri farm road-Kshs.5M
 - (b) Other roads projects-Kshs.5M

(5) **Ijara constituency** - Masalani –Dara road –Kshs.10M

(6) **Fafi constituency** - Bura –Galmagala road-Kshs.10M

iii. **KITUI COUNTY**

(1) **Kitui Rural Constituency** - Technical and Vocational Education and Training(TVET) in Kitui rural constituency (kisasi ward, mulango ward, wikili location- Kshs. 35 Million

(2) **Kitui Central Constituency** - Technical and Vocational Education and Training (TVET) Kitui central constituency, mulango ward,wikili location- Kshs.40 million.

(3) **Kitui South Constituency**

- (a) Kithina Borehole(Kyatune)-Kshs.5M
- (b) Kalambani Police Post-Kshs. 5M
- (c) Kilongoni Borehole-Kshs.5M

(4) **Mwingi North Constituency**

- (a) Drilling of borehole for Mui Community Water Catchment/ Ndathani Water Project – Ksh. 10 M

iv. **MURANGA COUNTY**

(1) **Kandara Constituency**

- (a) Bildad Kaggia Level 4 hospital – (for equipping of the hospital)-Kshs.20M.
- (b) Nguthuru-Gatumbu-Gatitu-Karimamwaro-Gituya,Gatitu-Kamae-Gakui Road-Kshs.-20M

(2) **Kigumo Constituency**

- (a) Kihika-kirere road-Kshs.10M
- (b) Gikondi-Giatha road-Kshs.10M
- (c) Gitoho-Miiguini road –Kshs.10M
- (d) Thangaini-kiahiti road –Kshs.10M
- (e) Kahethu-Gitugu road- Kshs.10M
- (f) KMTC-Kigumo campus-funds for completion- Kshs.10M

v. **TURKANA COUNTY**

- (1) **Turkana North Constituency** - Sasame-Kai poi-Nangorikitoe-19M
- (2) **Turkana West Constituency** - Lomunyanakirionok-lokangae-nanyang'akipi-18M
- (3) **Turkana Central Constituency** - Lomoopus-kang'agetui-kang'atotha road –Kshs. 16M
- (4) **Loima Constituency** - Lolemgete waterpan –Kshs.15M

(5) **Turkana South Constituency** - Kalapata Girls secondary school- Kshs.17M

(6) **Turkana East Constituency** - Nakukulas-kaepeduru road –Kshs.15M

vi. SAMBURU COUNTY

(1) Samburu West Constituency

(a) Medical College-KMTC –Kshs. .40M

(b) Seiya Reteti crossing bridges and access roads in Idokejek linking remote communities to markets health services and schools- Kshs. .20M

(2) Samburu East Constituency - Infrastructure in schools- Kshs.20M.

(a) Tipito Girls Secondary –Dormitory

(b) Uaso Girls-Dormitory

(c) Seiya Boys-Laboratory & Classroom

(d) Narashu Boys-Two Classrooms

(3) Samburu North Constituency - Completion, upgrading and operationalization of Baragoi Vocational and Training College.-Kshs. 20M

vii. KERICHO COUNTY

(1) Belgut Constituency - Kapsoit national –Borborwet-sachoran-kapnandet road- Kshs. 10M

(2) Ainamoi Constituency - Buchenge-tendwet-Ainamoi road- Kshs.10M

(3) Kipkelion West Constituency - Fort tenan-cherara-Ngirimoro road –Kshs. 10M

(4) Kipkelion East Constituency

(a) Wambare –Hill top-Londiani road –Kshs.10M

(b) Ringa-testai-londiani road- Kshs.10M

(5) Sigowet Constituency - Kipkok-Maemba-Lelagoi-Koilsir road-Kshs.10M

(6) Bureti Constituency

(a) Chemosit-Kiptorongo-Chemonywa road-Ksh. 10M

(b) Chelilis-Roret road Ksh.10M

(c) Kabitungu-Getarwet road-Ksh.10M

(d) Chepkogony-Ngorarga road-Ksh.10M.

viii. NAROK COUNTY

(1) Narok North Constituency

(a) Rotian –Oloorroito bridge-Kshs.15M

(b) Murua –Iretet Bridge-Kshs.10M

(c) Entiak-Isonkoro Bridge-10M.

(2) Narok South Constituency

(a) KMTC-ololunga-Kshs.20M

(b) Nkoban Nkisuani Bridge-Kshs.10M

- (3) **Narok East Constituency**
 - (a) Suswa-Inkorienito road- Kshs.5M
 - (b) Oltepesi –N/enkare road- Kshs.5M
- (4) **Roads projects in the following constituencies;**
 - (a) Narok West- Kshs.10M
 - (b) Emurua Dikir- Kshs.15 M

ix. BUSIA COUNTY

- (1) **Budalangi Constituency** - Sisenyi Mixed Sec.school-Kshs.16M
- (2) **Funyula Constituency** - Sidokho water project-Kshs.12M
- (3) **Butula Constituency** - Dipondo primary-Kshs.12M
- (4) **Matayos Constituency** - Tuition Block at Burumba sec.school.- Kshs.10M
- (5) **Teso south Constituency** - Katelnyang-Amakura road-Kshs.12M
- (6) **Teso North Constituency** - Kocholia KMTC student hostel-Kshs.12M
- (7) **Nambale Constituency**
 - (a) Buyofu-igara road-Kshs.10M
 - (b) Igara lupida road-Kshs.10M
 - (c) Aringo Siebuka-Kshs.6M

x. HOMA BAY COUNTY

- (1) **Suba South Constituency** - Sindo-Nyandiwa-Kiabuya road –Kshs.30M
- (2) **Suba North Constituency** - Rusinga ring road- Kshs.28M
- (3) **Ndhiwa Constituency** - Malela Primary- Kshs.7M
- (4) **Rangwe Constituency** - Ndiru-Rangwe-Oboke-yogo road-Kshs.7M
- (5) **Kasipul Constituency** - Oyugis-kawainda-nyagowa road-Kshs.7M
- (6) **Karachuonyo Constituency** - Wikawere-daraja-samba-Kshs.7M
- (7) **Kabondo Constituency** - Koro koro –miruka road –Kshs.7M
- (8) **Homabay Town Constituency** - Homabay Primary School-Kshs.7M

xi. KISII COUNTY

- (1) Nyakoe market- Kshs.40M
- (2) Matieko KMTC training college-Kshs.50M
- (3) Moma-Nyandiwa road-Kshs.5M
- (4) Suguta-ndonyo-ochororo road-Kshs.5M

xii. KWALE COUNTY

- (1) Kilibasi-Mbita Bongo road- Kshs.8M
- (2) Samburu-Mnago wa dola road-Kshs.9.5M
- (3) Kuranze –Kilibasi-Mackinon road- Kshs.9M
- (4) Kinango Mazeras- Kshs.9.5M
- (5) Kafichoni-Vigurungani rd-Kshs.9.5M
- (6) Kibaoni-Lutsangani rd-Kshs.9M
- (7) Kinango –Lungalungat rd-Kshs.9M
- (8) Kinango-Kwale rd-Kshs.9M

- (9) Mwachande-Mwangulu rd-Kshs.9M
- (10) Milalani-Mwachanda rd-Kshs.9.5M
- (11) Marere-Kilulu rd-Kshs.9M

c. Financial Recommendations: Committee Recommendations on the National Budget 2020/2021

Mr. Speaker, the Budget and Appropriations Committee received substantial additional requests from Departmental Committees amounting to **Kshs. 95.037 billion** to meet various expenditure shortfalls. However, due to prevailing resource constraints, the Committee could not finance most of these requests but they can be funded by the National Treasury as and when additional resources become available.

The Committee therefore resolves as follows:

i. Reductions and Increases

- **That**, the reduction and increases (including Parliament and Judiciary) shown in Schedule II be effected from the votes and programmes as shown in Schedule I and Schedule II as per the justifications provided.

ii. Public hearings

- **That, Ksh. 1.2 billion** be set aside to fund projects arising from public hearings. This expenditure should be domiciled under the Public Finance Management programme in the Ministry of Finance.

66. Further, the committee recommends that this House resolves to:

- i) Approve the Report and the recommendations of the Budget and Appropriations Committee on the Budget Estimates for the National Government, the Judiciary and Parliament for Financial Year 2020/2021;
- ii) Approve that Schedule I and II attached to this report forms the basis of the Appropriation Bill 2020/2021; and
- iii) Approve that the National Treasury finalizes the required budget documents as per the Public Finance Management Act on the detailed estimates.

SCHEDULE ONE

		<u>FINAL BUDGET ESTIMATES FY 2020/21</u>		
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
	The Presidency	25,138,628,851	11,493,321,015	36,631,949,866
	0702000 Cabinet Affairs	1,256,670,590	945,960,000	2,202,630,590
1011	0703000 Government Advisory Services	618,355,782	86,000,000	704,355,782
	0704000 State House Affairs	3,803,746,694	68,634,280	3,872,380,974
	0734000 Deputy President Services	1,419,842,872	18,000,000	1,437,842,872
	0745000 Nairobi Metropolitan Services	18,040,012,913	10,374,726,735	28,414,739,648
	State Department for Interior	125,539,231,363	6,135,000,000	131,674,231,363
	0601000 Policing Services	94,318,819,142	1,638,870,000	95,957,689,142
	0602000 Planning, Policy Coordination and Support Service	22,687,592,293	2,245,130,000	24,932,722,293
1021	0603000 Government Printing Services	685,716,003	50,000,000	735,716,003
	0605000 Migration & Citizen Services Management	1,926,101,069	867,000,000	2,793,101,069
	0625000 Road Safety	2,293,500,000	100,000,000	2,393,500,000
	06256000 Population Management Services	3,627,502,856	1,234,000,000	4,861,502,856
	State Department for Correctional Services	27,317,878,572	784,100,000	28,101,978,572
1023	0604000 Correctional services	26,972,520,972	784,100,000	27,756,620,972
	0623000 General Administration, Planning and Support Services	345,357,600	-	345,357,600
	State Department for Devolution	930,178,422	4,734,685,699	5,664,864,121
1032	0712000 Devolution Services	598,940,698	4,730,002,195	5,328,942,893
	0732000 General Administration, Planning and Support Services	297,699,977	4,683,504	302,383,481
	0713000 Special Initiatives	33,537,747	-	33,537,747
1035	State Department for Development of the ASAL	980,434,774	8,824,290,786	9,804,725,560
	0733000 Accelerated ASAL Development	980,434,774	8,824,290,786	9,804,725,560
	Ministry of Defence	106,272,956,500	9,208,594,305	115,481,550,805
1041	0801000 Defence	104,037,000,000	9,208,594,305	113,245,594,305
	0802000 Civil Aid	200,000,000	-	200,000,000

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>				
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	
			<u>GROSS TOTAL ESTIMATES</u>	
1071	The National Treasury	63,696,627,400	53,292,129,907	116,988,757,307
	0717000 General Administration Planning and Support Services	59,293,403,100	20,766,190,000	80,059,593,100
	0718000 Public Financial Management	2,848,956,614	32,079,714,907	34,928,671,521
	0719000 Economic and Financial Policy Formulation and Management	1,228,167,686	416,225,000	1,644,392,686
	0720000 Market Competition	326,100,000	30,000,000	356,100,000
1072	State Department for Planning	3,107,642,309	42,453,435,816	45,561,078,125
	0706000 Economic Policy and National Planning	1,459,581,862	41,910,212,816	43,369,794,678
	0707000 National Statistical Information Services	1,317,560,000	491,165,000	1,808,725,000
	0708000 Monitoring and Evaluation Services	64,615,543	52,058,000	116,673,543
	0709000 General Administration Planning and Support Services	265,884,904	-	265,884,904
1081	Ministry of Health	64,450,685,148	47,251,983,849	111,702,668,997
	0401000 Preventive, Promotive & RMNCAH	3,971,480,816	9,954,679,009	13,926,159,825
	0402000 National Referral & Specialized Services	31,569,145,638	10,790,055,655	42,359,201,293
	0403000 Health Research and Development	9,340,213,677	587,510,000	9,927,723,677
	0404000 General Administration, Planning & Support Services	7,287,815,429	1,245,000,000	8,532,815,429
1091	0405000 Health Policy, Standards and Regulations	12,282,029,588	24,674,739,185	36,956,768,773
	State Department of Infrastructure	64,932,476,233	124,640,286,715	189,572,762,948
	0202000 Road Transport	64,932,476,233	124,640,286,715	189,572,762,948
	State Department of Transport	9,551,662,662	38,366,800,000	47,918,462,662
	0201000 General Administration, Planning and Support Services	320,940,468	40,000,000	360,940,468
1092	0203000 Rail Transport	-	23,223,800,000	23,223,800,000
	0204000 Marine Transport	1,169,057,706	14,428,000,000	15,597,057,706
	0205000 Air Transport	8,031,222,671	675,000,000	8,706,222,671
	0216000 Road Safety	30,441,817	-	30,441,817
1093	State Department for Shipping and Maritime	1,667,605,056	850,000,000	2,517,605,056

<u>YOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>FINAL BUDGET ESTIMATES FY 2020/21</u>		
		<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	<u>GROSS TOTAL ESTIMATES</u>
	0219000 Shipping and Maritime Affairs	1,667,605,056	850,000,000	2,517,605,056
	State Department for Housing and Urban Development	1,058,529,759	15,998,721,087	17,057,250,846
1094	0102000 Housing Development and Human Settlement	531,883,816	3,078,721,087	3,610,604,903
	0105000 Urban and Metropolitan Development	208,547,590	12,920,000,000	13,128,547,590
	0106000 General Administration Planning and Support Services	318,098,353	-	318,098,353
	State for Public Works	2,314,516,034	1,184,973,000	3,499,489,034
	0103000 Government Buildings	530,998,707	619,396,502	1,150,395,209
1095	0104000 Coastline Infrastructure and Pedestrian Access	159,508,628	310,612,828	470,121,456
	0106000 General Administration Planning and Support Services	294,337,104	16,963,670	311,300,774
	0218000 Regulation and Development of the Construction Industry	1,329,671,595	238,000,000	1,567,671,595
	Ministry of Environment and Forestry	10,140,860,321	5,985,090,900	16,125,951,221
	1002000 Environment Management and Protection	1,667,487,150	1,546,090,900	3,213,578,050
1108	1010000 General Administration, Planning and Support Services	326,514,380	-	326,514,380
	1012000 Meteorological Services	1,035,338,832	592,000,000	1,627,338,832
	1018000 Forests and Water Towers Conservation	7,111,519,959	3,847,000,000	10,958,519,959
	Ministry of Water, Sanitation and Irrigation	6,232,606,765	71,472,834,883	77,705,441,648
	1001000 General Administration, Planning and Support Services	765,651,039	40,000,000	805,651,039
	1004000 Water Resources Management	1,656,583,376	9,251,000,000	10,907,583,376
1109	1017000 Water and Sewerage Infrastructure Development	3,066,273,233	39,543,236,763	42,609,509,996
	1014000 Irrigation and Land Reclamation	713,645,712	11,781,598,120	12,495,243,832
	1015000 Water Storage and Flood Control	-	9,079,000,000	9,079,000,000
	1022000 Water Harvesting and Storage for Irrigation	30,453,405	1,778,000,000	1,808,453,405
	Ministry of Lands and Physical Planning	2,818,419,339	2,799,000,000	5,617,419,339
1112	0101000 Land Policy and Planning	2,818,419,339	2,799,000,000	5,617,419,339

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>				
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	
			<u>GROSS TOTAL ESTIMATES</u>	
	State Department for Information Communication and Technology & Innovation	2,510,727,136	11,803,202,512	14,313,929,648
1122	0207000 General Administration Planning and Support Services	230,879,290	-	230,879,290
	0210000 ICT Infrastructure Development	477,101,658	10,140,385,886	10,617,487,544
	0217000 E-Government Services	795,619,970	1,563,816,626	2,359,436,596
	0221000 Film Development Services	1,007,126,218	99,000,000	1,106,126,218
	State Department for Broadcasting & Telecommunications	4,650,505,398	599,000,000	5,249,505,398
1123	0207000 General Administration Planning and Support Services	201,083,068	-	201,083,068
	0208000 Information and Communication Services	4,247,422,330	530,000,000	4,777,422,330
	0209000 Mass Media Skills Development	202,000,000	69,000,000	271,000,000
1132	State Department for Sports	1,241,514,532	14,155,570,000	15,397,084,532
	0901000 Sports	1,241,514,532	14,155,570,000	15,397,084,532
	State Department for Heritage	2,641,053,193	43,100,000	2,684,153,193
1134	0902000 Culture / Heritage	1,621,946,871	43,100,000	1,665,046,871
	0903000 The Arts	139,614,823	-	139,614,823
	0904000 Library Services	750,827,027	-	750,827,027
	0905000 General Administration, Planning and Support Services	128,664,472	-	128,664,472
	State Department for Energy	5,911,666,844	66,581,141,377	72,492,808,221
1152	0211000 General Administration Planning and Support Services	399,392,629	85,000,000	484,392,629
	0212000 Power Generation	1,703,476,529	8,689,700,000	10,393,176,529
	0213000 Power Transmission and Distribution	3,592,458,674	54,556,474,055	58,148,932,729
	0214000 Alternative Energy Technologies	216,339,012	3,249,967,322	3,466,306,334
	State Department for Livestock	2,486,436,406	3,261,233,000	5,747,669,406
1162	0112000 Livestock Resources Management and Development	2,486,436,406	3,261,233,000	5,747,669,406
1166	State Department for Fisheries, Aquaculture & the Blue Economy	1,994,874,045	4,964,000,000	6,958,874,045

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>				
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	
			<u>GROSS TOTAL ESTIMATES</u>	
	0111000 Fisheries Development and Management	1,767,209,803	3,847,000,000	5,614,209,803
	0117000 General Administration, Planning and Support Services	132,766,507	-	132,766,507
	0118000 Development and Coordination of the Blue Economy	94,897,735	1,117,000,000	1,211,897,735
	State Department for Crop Development & Agricultural Research	10,948,470,415	30,853,977,392	41,802,447,807
	0107000 General Administration Planning and Support Services	4,158,260,471	965,842,873	5,124,103,344
1169	0108000 Crop Development and Management	1,128,447,983	27,442,602,484	28,571,050,467
	0109000 Agribusiness and Information Management	135,918,593	1,567,032,035	1,702,950,628
	0120000 Agricultural Research & Development	5,525,843,368	878,500,000	6,404,343,368
	State Department for Cooperatives	801,329,701	825,220,000	1,626,549,701
1173	0304000 Cooperative Development and Management	801,329,701	825,220,000	1,626,549,701
	State Department for Trade	1,687,924,227	99,500,000	1,787,424,227
1174	0307000 Trade Development and Promotion	1,687,924,227	99,500,000	1,787,424,227
	State Department for Industrialization	3,228,241,955	6,500,831,000	9,729,072,955
	0301000 General Administration Planning and Support Services	374,729,385	1,404,574,458	1,779,303,843
1175	0302000 Industrial Development and Investments	1,467,157,487	1,898,648,730	3,365,806,217
	0303000 Standards and Business Incubation	1,386,355,083	3,197,607,812	4,583,962,895
	State Department for Labour	2,699,327,034	2,509,400,000	5,208,727,034
	0910000 General Administration Planning and Support Services	453,920,351	-	453,920,351
1184	0906000 Promotion of the Best Labour Practice	660,950,598	115,000,000	775,950,598
	0907000 Manpower Development, Employment and Productivity Management	1,584,456,085	2,394,400,000	3,978,856,085
	State Department for Social Protection, Pensions & Senior Citizen Affairs	31,056,249,554	2,548,230,000	33,604,479,554
1185	0908000 Social Development and Children Services	3,408,690,067	228,730,000	3,637,420,067
	0909000 National Social Safety Net	27,442,304,203	2,319,500,000	29,761,804,203
	0914000 General Administration, Planning and Support Services	205,255,284	-	205,255,284

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>			
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>
		<u>GROSS TOTAL ESTIMATES</u>	
1192	State Department for Mining	637,139,810	312,000,000
	1007000 General Administration Planning and Support Services	278,804,260	-
	1009000 Mineral Resources Management	296,496,320	199,000,000
	1021000: Geological Surveys and Geo Information	61,839,230	113,000,000
1193	State Department for Petroleum	243,510,778	3,644,000,000
	0215000 Exploration and Distribution of Oil and Gas	243,510,778	3,644,000,000
1202	State Department for Tourism	8,534,431,979	4,310,800,000
	0306000 Tourism Development and Promotion	8,534,431,979	4,310,800,000
1203	State Department for Wildlife	10,108,077,510	693,810,000
	1019000 Wildlife Conservation and Management	10,108,077,510	693,810,000
1212	State Department for Gender	977,986,478	2,374,000,000
	0911000 Community Development	-	2,130,000,000
	0912000 Gender Empowerment	690,771,467	244,000,000
	0913000 General Administration, Planning and Support Services	287,215,011	-
1213	State Department for Public Service	7,972,424,343	412,060,000
	0710000 Public Service Transformation	7,565,041,866	412,060,000
	0709000 General Administration Planning and Support Services	407,382,477	-
1214	State Department for Youth	10,552,388,169	3,294,490,000
	0711000 Youth Empowerment	10,552,388,169	3,294,490,000
1221	State Department for East African Community	608,015,519	-
	0305000 East African Affairs and Regional Integration	608,015,519	-
1222	State Department for Regional & Northern Corridor Development	1,959,744,036	1,617,450,000
	1013000 Integrated Regional Development	1,959,744,036	1,617,450,000
1252	State Law Office and Department of Justice	4,476,906,847	185,000,000
	0606000 Legal Services	2,007,710,826	-

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>				
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>	
			<u>GROSS TOTAL ESTIMATES</u>	
	0607000 Governance, Legal Training and Constitutional Affairs	1,827,061,211	87,000,000	1,914,061,211
	0609000 General Administration, Planning and Support Services	642,134,810	98,000,000	740,134,810
1271	Ethics and Anti-Corruption Commission	3,072,200,000	40,800,000	3,113,000,000
	0611000 Ethics and Anti-Corruption	3,072,200,000	40,800,000	3,113,000,000
1281	National Intelligence Service	39,051,000,000	-	39,051,000,000
	0804000 National Security Intelligence	39,051,000,000	-	39,051,000,000
1291	Office of the Director of Public Prosecutions	2,957,003,322	129,000,000	3,086,003,322
	0612000 Public Prosecution Services	2,957,003,322	129,000,000	3,086,003,322
1311	Office of the Registrar of Political Parties	1,345,791,991	-	1,345,791,991
	0614000 Registration, Regulation and Funding of Political Parties	1,345,791,991	-	1,345,791,991
1321	Witness Protection Agency	472,787,500	-	472,787,500
	0615000 Witness Protection	472,787,500	-	472,787,500
2011	Kenya National Commission on Human Rights	400,704,556	-	400,704,556
	0616000 Protection and Promotion of Human Rights	400,704,556	-	400,704,556
2021	National Land Commission	1,233,325,815	-	1,233,325,815
	0116000 Land Administration and Management	1,233,325,815	-	1,233,325,815
2031	Independent Electoral and Boundaries Commission	4,322,884,842	150,000,000	4,472,884,842
	0617000 Management of Electoral Processes	4,063,340,190	150,000,000	4,213,340,190
	0618000 Delimitation of Electoral Boundaries	259,544,652	-	259,544,652
2061	The Commission on Revenue Allocation	371,975,630	-	371,975,630
	0737000 Inter-Governmental Transfers and Financial Matters	371,975,630	-	371,975,630
2071	Public Service Commission	2,605,760,000	19,280,000	2,625,040,000
	0725000 General Administration, Planning and Support Services	734,174,657	19,280,000	753,454,657
	0726000 Human Resource Management and Development	1,718,263,803	-	1,718,263,803
	0727000 Governance and National Values	114,002,756	-	114,002,756

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>			
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>
			<u>GROSS TOTAL ESTIMATES</u>
	0744000 Performance and Productivity Management	39,318,784	-
2081	Salaries and Remuneration Commission	459,730,000	-
	0728000 Salaries and Remuneration Management	459,730,000	-
	Teachers Service Commission	265,492,584,137	600,000,000
2091	0509000 Teacher Resource Management	257,373,381,918	600,000,000
	0510000 Governance and Standards	1,005,169,877	-
	0511000 General Administration, Planning and Support Services	7,114,032,342	-
2101	National Police Service Commission	806,327,710	-
	0620000 National Police Service Human Resource Management	806,327,710	-
2111	Auditor General	5,077,965,380	146,670,000
	0729000 Audit Services	5,077,965,380	146,670,000
2121	Office of the Controller of Budget	622,982,206	-
	0730000 Control and Management of Public finances	622,982,206	-
2131	Commission on Administrative Justice	494,680,726	-
	0731000 Promotion of Administrative Justice	494,680,726	-
2141	National Gender and Equality Commission	424,656,952	5,000,000
	0621000 Promotion of Gender Equality and Freedom from Discrimination	424,656,952	5,000,000
2151	Independent Policing Oversight Authority	802,628,000	-
	0622000 Policing Oversight Services	802,628,000	-
-	<u>Total Executive</u>	<u>1,194,325,630,168</u>	<u>632,869,013,243</u>
1261	The Judiciary	14,773,000,000	2,701,000,000
	0610000 Dispensation of Justice	14,773,000,000	2,701,000,000
2051	Judicial Service Commission	576,400,000	-
	0619000 General Administration, Planning and Support Services	576,400,000	-
-	<u>Total Judiciary</u>	<u>15,349,400,000</u>	<u>2,701,000,000</u>

<u>FINAL BUDGET ESTIMATES FY 2020/21</u>			
<u>VOTE CODE</u>	<u>VOTE/PROGRAMME CODES & TITLE</u>	<u>GROSS CURRENT ESTIMATES</u>	<u>GROSS CAPITAL ESTIMATES</u>
			<u>GROSS TOTAL ESTIMATES</u>
2041	Parliamentary Service Commission	6,493,492,220	-
	0722000 Senate Affairs	2,783,568,759	-
	0723000 General Admin, planning and support services	3,709,923,461	-
	National Assembly	23,619,613,423	-
2042	0721000 National Legislation, representation and oversight	23,619,613,423	-
	Parliamentary Joint Services	5,598,359,101	2,065,550,000
2043	0723000 General Admin, planning and support services	5,460,377,851	2,065,550,000
	Legislative Training Research & Knowledge Management	137,981,250	-
	Total Parliament	35,711,464,744	2,065,550,000
-	TOTAL BUDGET ESTIMATES	1,245,386,494,912	637,635,563,243
			1,883,022,058,155

SCHEDULE TWO

Financial recommendations					
Departmental Committee/vote	Programme	Reductions	Increase	Notes	
Environment and Natural Resources					
Ministry of Environment and Forestry	National Environmental Management Programme (HQ)	(10,000,000)		The same activities are being undertaken by NEMA which is the implementing agency.	
Ministry of Water & Sanitation and Irrigation	Water harvesting and storage for irrigation		490,000,000	Enhance food and nutrition security through provision of water at household level	
Ministry of Water & Sanitation and Irrigation	Water and Sewerage Infrastructure Development Programme		30,000,000	To carry out water harvesting projects in Tana River, to improve access to safe water in the region, and to address some of the challenges of equitable distribution of water projects.	
Departmental Committee on Lands					
Ministry of Lands and Physical Planning	Land Policy and Planning	(100,000,000)		Reduced from the Processing and Registration of land titles (registration and issuance of title deeds project)	
Ministry of Lands and Physical Planning	Land Policy and Planning		50,000,000	Allocation for the Digitization of land registries project	
Ministry of Lands and Physical Planning	Land Policy and Planning		50,000,000	Construction of land registries project.	
Departmental Committee on Agriculture and Livestock					

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department for Crops Development		(150,000,000)		Recurrent allocation to Kenya Plant and Health Inspectorate Services (KEPHIS). KEPHIS is expected to collect AIA which can cover for the proposed reductions.
State Department for Crops Development		(20,000,000)		Development allocation for Aflatoxin Management.
State Department for Crops Development		(30,000,000)		Development allocation for Bio-deposit Organic Fertilizer Extraction & Rehabilitation Project.
State Department for Crops Development		(20,000,000)		Development allocation for Construction of Headquarters and Satellite Campuses for KSA.
State Department for Crops Development			110,000,000	An addition of Ksh. 60 million for the Construction of Educational Complex at Bukura Agricultural College. This will ensure a completion rate of 70%.
				An increase of Ksh. 50 million towards the Development of Mau Buffer Tea Zone.
			177,000,000	An addition for development allocation of Ksh. 50 million for Construction of Warehouses for implementation of Warehouse Receipt System. An addition of Ksh. 92 Million on development allocation for Small Scale Irrigation and Value Addition Project. An allocation to Ksh. 35 million towards Agricultural Development Corporation (ADC) for recurrent expenditure.
			100,000,000	Ksh 100 Million towards Kenya National Farmers Federation for registration of farmers
State Department for Livestock		(176,000,000)		A Reduction of Ksh. 10 million from the development allocation for Farm Development-Sheep and Goats Breeding Farms.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
				<p>A Reduction of Ksh. 30 million from the development allocation towards Diseases Free Zones Program.</p> <p>A reduction of Ksh. 86 million from the development allocation for Modernization of Foot & Mouth Disease Laboratory for GMP standards-KEVEVAPI.</p> <p>A reduction of Ksh. 20 million from the development allocation for Construction of Dairy Veterinary Board (KVB) Headquarters offices.</p> <p>A reduction of Ksh. 30 million from the allocation towards the Construction of National Dairy Laboratory Complex.</p>
State Department for Livestock		(56,000,000)		<p>A reduction of Ksh. 25 million from the allocation for Livestock Production 'Big Four' Interventions.</p> <p>A reduction of Ksh. 11 million from the development allocation for Construction and equipping of Bio Safety Level 3 Laboratory-Kabete.</p> <p>A reduction of Ksh. 10 million from the development allocation for Construction of learning facilities (New Site) at AHITI.</p> <p>A reduction of Ksh. 10 million from the development allocation for Construction and Refurbishment of Infrastructure at AHITI-Kabete.</p>
State Department for Livestock			227,000,000	<p>An addition of development allocation of Ksh. 95 million towards Bee Bulking Project-Apiculture and Emerging Livestock Services.</p> <p>An addition of development allocation of Ksh. 92 million for Construction & Refurbishment of Facilities – Livestock Inst. Wajir.</p> <p>An addition of development allocation of Ksh. 40 million towards Leather Science Institute.</p>
EDUCATION AND RESEARCH				
State Department for Early Learning and Basic Education	Primary Education- Free Primary Education (Recurrent)	(1,000,000,000)		The number of primary school learners under NEMIS is 8.7 Million hence allocation is above what is required.
	Primary Education- school infrastructure (Development)		900,000,000	Reallocation towards provision of desks under the stimulus programme. additional towards primary school infrastructure.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department for Early Learning and Basic Education				
State Department for Early Learning and Basic Education	Primary Education- grants to NACONEK (Recurrent)		50,000,000	NACONEK will play a critical role after the COVID 19 pandemic
State Department for Early Learning and Basic Education	Quality Assurance and Standards- Capital grants to KNEC (Development)		50,000,000	To support the KNEC in the purchase of two digital machines with capacity to print personalized KCPE OMR forms.
State Department for Vocational and Technical Training	Youth Training and Development – Rehabilitation of village polytechnics conditional grant (Development)	(40,000,000)		The project has Kshs 40 Million over and above what is provided under the Division of Revenue Act, 2020.
State Department for Vocational and Technical Training	Technical Education- Funding for TVETA (Recurrent)		50,000,000	Enhancing quality assurance and maintaining standards in TTI's through field operations.
State Department for Vocational and Technical Training	Technical Education- Construction of 30 TTI's (Development)		40,000,000	To fast track the construction of the TTI's and also include the Kilome, Elwak and Embunangwe TTI's.
State Department for University Education and Research	Research, Science, Technology and Innovation- current grants to National Research Fund (NRF) (Recurrent)	(500,000,000)		The NRF is facing challenges due to non-existent of a fully constituted Board.
State Department for University Education and Research	University Education- infrastructural support to the ongoing projects (Development)		200,000,000	Support ongoing infrastructural projects to small Universities.
State Department for University	University Education- capitation to university Students- (Recurrent)		300,000,000	Fill the existing funding gap to university students.

SCHEDULE TWO

Financial recommendations					
Departmental Committee/vote	Programme	Reductions	Increase	Notes	
Education and Research					
DEPARTMENTAL COMMITTEE ON DEFENCE & FOREIGN RELATIONS		(152,000,000)	152,000,000		
State Department for Regional and Northern Corridor Development		(152,000,000)		From O&M recurrent expenditures for all the regional development authorities at KSh. 22 million each, and headquarters at KSh. 20 million .	
State Department for Regional and Northern Corridor Development			152,000,000	KSh. 152 million to LBDA to settle dues to retrenched staff, staff medical cover and taxes due.	
DEPARTMENTAL COMMITTEE ON FINANCE AND NATIONAL PLANNING					
			20,000,000	Operationalization of the Institute of Certified Investment and Financial Analysts	
The State Department for Planning	Economic Policy and National Planning		9,000,000,000	Increase of KSh. 9 billion for NG-CDF to upscale it to 41.7 billion, as opposed to the proposed KSh. 32.7 billion, which is below the statutory requirement.	

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
DEPARTMENTAL COMMITTEE ON TRANSPORT, PUBLIC WORKS AND HOUSING			1,330,000,000	Ksh. 980 Million plus Ksh 350 Million for Strategic roads.
		(350,000,000)		Reduced Ksh. 200 million from Marsabit-Shengel Road Reduced Ksh. 50 million from Mau Mau road Reduced Ksh. 50 Million from dualing Athi River-Machakos Turnoff Road Reduced Ksh. 50 million from Garsen-Witu-Lamu Road
DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION				
State Department of ICT & Innovation	E- Government Services	(180,000,000)		Reduce KSh 180 million from ICT Shared Services under the Development Vote.
State Department of ICT & Innovation	ICT infrastructure Development	(130,000,000)		Reduce KSh 130 million from the Digital Literacy Programme, under the Development Vote.
State Department of Broadcasting and Telecommunications	Information and Communication Services	(61,000,000)		Reduce KSh 61 million net exchequer under the Government Advertisement Agency (GAA), under the Recurrent Sub-Vote.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department of Broadcasting and Telecommunications	Information and Communication Services		150,000,000	allocate additional KSh 150 million to Kenya Broadcasting Corporation, to meet funding shortfalls towards Covid-19 interventions including budget enhancement for migration from medium wave to FM radio broadcast under Recurrent Sub Vote
State Department of Broadcasting and Telecommunications	Information and Communication Services		221,000,000	allocate KSh 221 million to Media Council of Kenya to scale up Covid-19 awareness and appropriate support to community radios stations and countering fake news for the FY 2020/21 as well as operationalizing outreach offices in Meru, Kisumu and Eldoret, under Recurrent Sub Vote.
State Department of ICT & Innovation	ICT infrastructure Development		5,000,000,000	Konza Data Centre and Smart City Facilities Project, – Donor funds omitted during finalization of estimates
State Department of ICT & Innovation	ICT infrastructure Development		1,800,000,000	Maintenance & Rehabilitation of NOFBI II Expansion Cable, External AIA – Donor funds omitted during finalization of estimates
DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY				
Public Service Commission	Human Resource Management and Development.		500,000,000	The additional resources will go towards facilitating recruitment of additional 3,000 interns.
National Police Service Commission	National Police Service Human Resource Management (Recurrent)		200,000,000	Facilitate the decentralization of counselling services.
State Department for Public Service			100,000,000	For the Kenya School of Government to facilitate furnishing and equipping the newly completed ultra-Modern Complex at KSG, Mombasa.
			50,000,000	

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
Independent Police Oversight Authority				payment of Pending bills related to partitioning of Eldoret and Nakuru regional offices (KSh. 30 million), staff salaries (KSh. 20 million) where there was a shortfall by the same.
	Administration, Policy Coordination and Planning (Development)		175,000,000	For security roads
State Department for Interior	Population Management Services		100,000,000	KSh. 30 million for completion of Offices, Expenditure KSh. 30 million towards binding of records, KSh. 10 million Maintenance of Software and Network, KSh. 15 million for Civil and Building Works, KSh 10 million for Uniforms and KSh. 5 million for Fungicide and Pesticide.
State Department for Interior	Population Management Services (Development)	(500,000,000)		National Integrated Information Managements System.
State Department for Interior	Policing Services		300,000,000	Towards the Directorate of Criminal Investigations to enhance their O&M.
State Department for Interior	Policing Services		158,000,000	Towards Administration Police under the Programme Policing Services (KSh. 100 million to enhance their O&M and KSh. 58 million for completion of stalled 24 units at Uhuru Camp in Langata, Nairobi.
State Department for Interior	Programme Policing Services	(218,000,000)		Office of the Inspector General, O&M
State Department for Interior	Programme Policing Services	(100,000,000)		Sub-county Critical Infrastructure Protection Unit-HQs (Specialized Materials and supplies)
State Department for Interior	Programme Policing Services	(300,000,000)		Kenya Police Service Quarter Master, O&M
	Road Safety	(100,000,000)		National Transport and Safety Authority, O&M

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
	Planning Policy Coordination and Support Services		100,000,000	Towards National Campaign Against Drugs and Substance Abuse (NACADA) for implementation of Presidential directive on operationalization of Miritini NYS sub-station as a drug rehabilitation center.
	Planning Policy Coordination and Support Services	(900,000,000)		Ksh. 600 Million Other Operating Expenses. Ksh 100 Million Headquarters Foreign Travel. Ksh. 100 Million Multi Agency Security Operations. Ksh. 100 Million Regional Security Coordination.
			435,000,000	Towards construction of sub-county Headquarters to facilitate the operational of new sub-county Headquarters.
State Department for Interior	Population Management Services (Development)	(100,000,000)		Supplies of ID cards
State Department for Interior	Policing Services	(30,000,000)		Office of the Deputy Inspector General-Kenya Police Service HQ Other operating expenses
State Department for Interior	Policing Services	(30,000,000)		GSU HQ other operating expenses
State Department for Interior	Population Management Services (Development)		100,000,000	Finger print supplies
			60,000,000	Operations and Maintenance for Independent Policing Oversight Authority (IPOA)

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
DEPARTMENTAL COMMITTEE ON TRADE, INDUSTRY AND COOPERATIVES				
State Department of Cooperatives		(200,000,000)		Provision for Dairy Processing of Powdered Milk (Development).
State Department of Cooperatives			200,000,000	For purchase of modern milk sterilizers and other equipment to enhance production and processing capacity of NKCC. The existing sterilizers are obsolete.
State Department of Trade	Trade Promotion and Development		100,000,000	For external trade promotion and related activities to support economic recovery post Covid-19 era (to include the posting of trade attachés in Kenya missions abroad)
State Department for Industrialization		(100,000,000)		For construction of KIRDI Research Laboratories.
State Department for Industrialization			100,000,000	Allocated towards carrying out Research by KIRDI because Over the years, money has been allocated towards construction of Laboratories without funding research with is the main mandate of KIRDI.
COMMITTEE ON HEALTH				
Ministry of Health	Health Policy, Standards and regulations (Development)	(100,000,000)		Rollout of UHC (Development)
	National Referral and Specialized services	(50,000,000)		from KU referral hospital- Construction of molecular imaging centre (Development).

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
	Health Policy, Standards and Regulations		150,000,000	For Infrastructural support to Kigumo Hospital (Development).
DEPARTMENTAL COMMITTEE ON ENERGY				
State Department of Energy	Power Generation	(519,000,000)		Reduce Kshs. 260 Million under Geothermal Exploration and Development in the Rift Valley. Reduce Kshs. 104 Million under Coal Exploration and Development. Reduce Kshs. 155 Million under Nuclear Fuel Resources Exploration and Development.
State Department of Energy	Power Transmission and Distribution.	(421,000,000)		Reduce Kshs. 321 Million from 220 KV Turkwel- Ortum - Kitale Transmission Line. Reduce Kshs. 100 million under 132 kV Rabai Bamburi Kilifi Transmission Line.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department of Energy	Power Transmission and Distribution.		256,000,000	Added Ksh 256 Million to Kenya Power Transmission Expansion Project -132 KV Awendo Isebania, 132 KV Sultan Hamud Loitokitok and 220 KV Isinya Konza.
State Department of Energy	Alternative Energy Technologies.	(200,000,000)		Reduce Kshs. 50 Million under Hydro Dams Water Catchment Re-afforestation. Reduce Kshs. 150 Million under Solar PV installation on institutions and or community boreholes.
State Department of Energy	Power Transmission and Distribution.		459,000,000	Allocate Kshs. 459 million to Electrification of Public Facilities under Rural Electrification and Renewable Energy Corporation (REREC), under programme of Power Transmission and Distribution.
State Department of Energy	Power Generation.		260,000,000	Allocate Kshs. 260 million to Menengai Geothermal Development Project under Geothermal Development Company, under the programme of Power Generation. This is towards steam gathering works and drilling to achieve 105 MWe in Phase I and 60 MWe in Phase II.
State Department of Energy	Power Transmission and Distribution.		165,000,000	Allocate Ksh. 165 Million to Loiyangalani- Marsabit 400kV Transmission Line under the programme of Power Transmission and Distribution.
State Department for Petroleum	Exploration and Distribution of Oil and Gas.	(694,000,000)		Reduce Kshs. 248.5 Million under the project Preparatory Activities for the Lokichar- Lamu Crude Oil Pipeline under programme of Exploration and Distribution of Oil and Gas. Reduce Kshs. 445.5 Million under the project Oil Exploration and monitoring, under programme of Exploration and Distribution of Oil and Gas.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department for Petroleum	Exploration and Distribution of Oil and Gas.		694,000,000	Allocate Kshs. 694 Million to Petroleum Exploration in Block 14T under the programme of Exploration and Distribution of Oil and Gas.
COMMITTEE ON LABOUR AND SOCIAL WELFARE				
State Department for Social Protection	Social Development and Children Services (Recurrent)	(50,000,000)		The society lacks the capacity to absorb the funds based on the current financial Years' reported by the State Department regarding the Society.
State Department for Labour	Manpower Development, Employment and Productivity Management (Development)		40,000,000	The National Employment promotion Centre- Kabete to fast-track completion of the project by the end of the Financial Year 2020/21.
State Department for Labour	Promotion of the Best Labour Practice (Development)		55,000,000	For the completion of the construction of Occupational Health and Safety Institute currently at 87.5 per cent completion.
State Department for Labour	Promotion of the Best Labour Practice (Development)		15,000,000	For hosting African Regional Labour Administration Centre (ARLAC) meeting 2020.
State Department for Labour	Manpower Development, Employment and Productivity Management (Recurrent)		50,000,000	For coordination of Labour migration Management.
COMMITTEE ON SPORTS, CULTURE AND TOURISM REPORT				
State department for Sports	Sports	(136,970,000)		From Regional Stadia project. The project is being funded from the Sports, Arts and Social Development.

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State department for Sports	Sports		136,970,000	To Kenya Academy of Sports Hostel project. Allocation will be utilized to complete the project and clear pending bills owed to the main contractor.
State Department of Culture			40,200,000	Allocated National Museums of Kenya for targeted research on the use of natural health products in the fight against Covid-19
PARLIAMENTARY SERVICE COMMISSION				
Joint Services	General Administration, Planning and Support Services.	(300,000,000)		Kshs. 300 Million from the CPST (Dev.)
			400,000,000	Kshs. 400 Million Allocation to complete works at Multi-storey office block
	PSC development	(100,000,000)		Purchase of building
Senate	Senate Affairs (recurrent)	(661,507,780)		Reduced from foreign travel, Domestic travel, Training, hospitality and O & M
National Assembly	National legislation and representation and oversight (Recurrent)	(1,362,386,577)		Reduced from foreign travel, Domestic travel, Training, hospitality and O & M
Joint Services	General Administration, Planning and Support Services. (recurrent)	(514,622,149)		Reduced from foreign travel, Domestic travel, Training, hospitality and O & M
Joint Services	Legislative training and Knowledge Management	(48,118,750)		Reduced from foreign travel, Domestic travel, Training, hospitality and O & M
National Assembly			1,050,000,000	Increase allocation to constituency offices
Senate			170,000,000	Increase allocation to County offices
BAC				
Ministry of Health			200,000,000	Establishment of Cardiac catheterization Laboratory at MTRH

SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State of Vocational & Technical Training			20,000,000	Proposed Muhoho TTC in Gatundu South
State of Vocational & Technical Training			20,000,000	Tom Mboya TTC in Suba North
Registrar of Political Parties			200,000,000	For political party's fund (Payment of court awards)
Independent Electoral and Boundaries Commission			300,000,000	Ksh. 300 million for pending bills for suppliers of goods and services, legal
State Department for Regional and Northern Corridor Development			50,000,000	Ksh. 25 million for Warah Burkader Dam in Wajir South Ksh 25 Million for Elimu dadajabula Dam in Wajir South
The National Treasury	Public Financial Management		1,200,000,000	For public initiatives/public hearings
The Presidency			28,400,000,000	Nairobi Metropolitan Services
The Presidency	Cabinet Affairs		720,750,000	For purchase of building for the national disabled
State Department for Devolution	Devolution Services		100,000,000	Enhancement for operations and maintenance for Council of Governors
State Department for Development of ASAL	Accelerated ASAL Development		2,500,000,000	Kenya development response to displacement impact project -Donor funded
Ministry of Foreign Affairs	Foreign relation and Diplomacy		500,000,000	
Ministry of Health	Health Policy Standard and Regulations	(2,340,000,000)		Ksh. 2.34 Billion was provided in FY 2019/20 supplementary on account of COVID-19. It was a World Bank funded project
State Department For Infrastructure	Road Transport		1,560,000,000	
State Department for Transport	General Administration planning and support services	(60,000,000)		Realignment of programmes


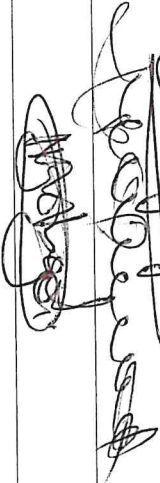






SCHEDULE TWO

Financial recommendations				
Departmental Committee/vote	Programme	Reductions	Increase	Notes
State Department for Transport	Rail Transport		60,000,000	
State Department for Housing and Urban Development	Urban and Metropolitan Development		120,000,000	Completion of ongoing market (20 million for Muthithi Market, Kigumo Constituency and 100 million for other ongoing markets)
Ministry of Water & Sanitation and Irrigation	Irrigation and Land Reclamation Programme		2,600,000,000	Addition on account of Community based irrigation
Ministry of Water & Sanitation and Irrigation	Water resource management		30,000,000	
Ministry of Water & Sanitation and Irrigation	Water storage and flood control		1000,000,000	
State Department for Livestock	Livestock resource management and development	(370,000,000)	370,000,000	Soin/Koru dam water supply project & Ksh 90 million for water pans Realignment from development expenditure to recurrent
State Department for Crop development and Agricultural research	General Administration planning and support services		530,000,000	
State Department for Regional and Northern Corridor Development	Integrated Regional Development		90,000,000	Ksh. 500 Million on account of additional donor and 30 million for counterpart funding to enable the Youth Programme Desilting of water pans



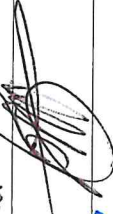






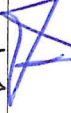

ADOPTION SCHEDULE





Members attendance list

Budget and Appropriations Committee: Date: 11/06/2029. Time: 10:00A.m: Sitting:

Name	Signature
1. Hon. Kimani Ichung'wah, CBS, M.P- Chairperson	
2. Hon. (CPA) Moses Lessonet, M.P- Vice Chairperson	
3. Hon. (CPA) John Mbadi, EGH, 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.	



Name	Signature
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, M.P.	
18. Hon. Sakwa Bunyasi, M.P.	
19. Hon. Danson Mwashako, M.P.	
20. Hon. Fatuma Gedi Ali, CBS, M.P.	
21. Hon. Florence C.K. Bore, M.P.	
22. Hon. James Gichuki Mugambi, M.P.	
23. Hon. (Dr.) John K. Mutunga, M.P.	

Name		Signature
24.	Hon. (Eng.) Mark Nyamita, M.P.	
25.	Hon. Paul Abuor, M.P.	
26.	Hon. Qalicha Gufu Wario, M.P.	
27.	Hon. Wangari Mwaniki, M.P.	
28.		
29.		
30.		

Signed..... Date.....

Committee Clerk

Signed..... Date.....

Director of Committee Services

