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REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

ELEVENTH PARLIAMENT

FOURTH SESSION

THE BUDGET AND APPROPRIATIONS COMMITTEE REPORT ON THE SECOND  
SUPPLEMENTARY ESTIMATES FOR 2015/2016

June, 2016

POSTER LAD  
By the chairperson  
BAC, Hon. Mutua  
Mwiti on  
Tuesday 28/6/2016  
JMS

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## PREAMBLE

**Mr. Speaker**, on behalf of the Members of the Budget and Appropriations Committee and pursuant to Article 223 of the Constitution, section 44 of the Public Finance Management Act, 2012, the Public Finance Management Regulations 2015 and the Standing Order 243(1); it is my pleasure to present to this House, the Committee's Report on the second supplementary estimates for financial year 2015/16 which were tabled in this House on 21<sup>st</sup> June, 2016.

### Mandate of the Committee

**Mr. Speaker**, according to the Standing Order 207(3), the Budget and Appropriations Committee is entrusted with a number of responsibilities among which is to:

- Investigate, inquire into and report on all matters related to coordination, control and monitoring of the national budget;
- Discuss and review the estimates and make recommendations to the House;
- Examine the Budget Policy Statement presented to the House;
- Examine bills related to the national budget, including appropriations bills;
- Evaluate tax estimates, economic and budgetary policies and programmes with direct budget outlays; and
- Examine the Division of Revenue Bill.

In this regard, the Committee has reviewed the second supplementary estimates for financial year 2015/16 and now presents this report.

**Mr. Speaker**, the Budget and Appropriations Committee is currently comprised of the following Honorable Members:

1. Hon. Mutava Musyimi, M.P.
2. Hon. Mary Emaase, M.P.
3. Hon. Phillip Rotino, M.P
4. Hon. Ababu Namwamba, E.G.H M.P
5. Hon. Benjamin Langat, M.P.
6. Hon. Edick Omondi Anyanga, M.P
7. Hon. Ferdinand Waititu, M.P
8. Hon. Jackson Kiptanui, M.P.
9. Hon. Jamleck Kamau, E.G.H M.P.
10. Hon. John Mbadi, M.P
11. Hon. Mohamed Shidiye, M.P.
12. Hon. Moses Lessonet, M.P.
13. Hon. Moses Ole Sakuda, M.P.
14. Hon. Nelson Gaichuhie, M.P.

Chairperson

Vice Chairperson

- 
15. Hon. Richard Onyonka, M.P
  16. Hon. Shakeel Shabbir, M.P
  17. Hon. Yusuf Hassan Abdi, M.P
  18. Hon. Abdulaziz Farah, M.P.
- 
19. Hon. Abdullahi Diriye M.P
  20. Hon. Ahmed .I. Abass, M.P
  21. Hon. Alice Ng'ang'a, M.P.
  22. Hon. Bady Bady Twalib, M.P
  23. Hon. Ben Momanyi, M.P
  24. Hon. Christopher Nakuleu, M.P
  25. Hon. Christopher Omulele, M.P.
  26. Hon. Daniel Nanok, M.P
  27. Hon. Denittah Ghati, M.P.
  28. Hon. Dennis Kariuki, M.P.
  29. Hon. Francis Njenga, M.P.
  30. Hon. Gideon Ochanda, M.P
  31. Hon. James Gakuya, M.P.
  32. Hon. James K. Bett, M.P
  33. Hon. Jonathan Lelelit, M.P.
  34. Hon. Jones Mloiwa, M.P.
  35. Hon. Joseph Limo, M.P.
  36. Hon. Kathuri Murungi, M.P
  37. Hon. Kenneth Okoth , M.P
  38. Hon. K.K Stephen Kinyanjui, M.P.
  39. Hon. (Dr.) Makali Mulu, M.P
  40. Hon. (Maj.) Marcus Muluvi, M.P
  41. Hon. Moses Kuria, M.P
  42. Hon. Muriuki Njagagua, M.P.
  43. Hon. Nasra Ibrahim, M.P.
  44. Hon. Njogu Barua, M.P
  45. Hon. Patrick Ole Ntutu, M.P.
  46. Hon. Peter Weru, M.P.
  47. Hon. Priscilla Nyokabi, M.P.
  48. Hon. (Dr.) Reginalda Wanyonyi, M.P.
  49. Hon. Richard Tongi, M.P
  50. Hon. Samuel Gichigi, M.P.
  51. Hon. Tiyah Galgalo, M.P.

## Examination of the Second Supplementary Estimates 2015/16

Mr. Speaker, in reviewing the Second Supplementary Estimates for 2015/16, the Committee held 2 sittings one of which was with the Cabinet Secretary of the National Treasury who made submissions and offered clarifications on any emerging concerns. The observations and recommendations arising from these deliberations have been included in this report.

Mr. Speaker, the second Supplementary Estimates tabled in the National Assembly were submitted in a Programme Based Budget format as were the Printed estimates for 2015/16. The committee notes that the major changes in this supplementary II relate to Consolidated Fund Services and External Financing. As has been stated in this House before, the implementation of externally funded projects is extremely poor. Indeed, there is substantial reduction in budgetary allocations for externally funded projects in these supplementary estimates particularly where direct disbursement is concerned.

### Acknowledgements

Mr. Speaker, the Committee would like to acknowledge and appreciate all the Members of the Budget and Appropriations Committee who participated in the process and worked diligently to ensure that the work was done to completion. The Committee also thanks the Offices of the Speaker, the Clerk of National Assembly as well as the Parliamentary Budget Office for the support received as it discharged its mandate of examining the Second Supplementary Estimates for the financial year 2015/16.

Mr. Speaker, it is therefore my pleasant duty and privilege, on behalf of the Budget and Appropriations Committee, to table the Report on the Second Supplementary Estimates 2015/16 and recommend it to the House for adoption.

Signed: .....



Hon. Mutava Musyimi, M.P.

Chairperson, Budget and Appropriations Committee

Date: .....

28<sup>th</sup> June 2016

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## I. OVERVIEW OF THE SECOND SUPPLEMENTARY ESTIMATES 2015/16

1. **Mr. Speaker**, the Second Supplementary Estimates for the financial year 2015/16 was submitted to the National Assembly on 20<sup>th</sup> June, 2016 and tabled in this House on 21<sup>st</sup> June, 2016. The estimates propose to decrease the total gross estimates compared to last approved FY 2015/2016 budget by Kshs. 7.88 billion. The amount comprises an increase of gross ministerial estimates of Kshs. 7.56 billion for recurrent expenditure, a reduction of Kshs. 44.42 billion for gross development expenditure and an increase of Kshs. 28.98 billion in the Consolidated Fund Services (CFS).
2. **Mr. Speaker**, the preparation and approval of the Supplementary Budget is provided for in Article 223 of the Constitution; Sections 43(2) and 44 of the PFM Act 2012 and Section 40 of the PFM Regulations. The Constitution provides that the National Treasury should seek approval of expenditure from Parliament within two months after the withdrawal of money from the Consolidated Fund for the purpose of Supplementary Appropriation. However, the amount spent should not be more than 10 percent of total sum appropriated by Parliament unless in special circumstances where Parliament has approved a higher percentage.
3. **Mr. Speaker**, the Committee was informed by the Treasury that most of the expenditures requested for in the supplementary II have been incurred; reason being that bulk of them relate to Pensions and Public Debt which forms a first charge on exchequer releases.
4. **Mr. Speaker**, an assessment of the legal compliance of these Supplementary Estimates shows that broadly, most of the legal provisions were adhered to. Nonetheless, the Committee noted some non-compliance which entails the following: -
  - a. Some of the programmes have been amended by more than ten percent of their approved estimates for 2015/16.
  - b. Details of how the increments in external financing for the supplementary budget will impact on the public debt have not been provided.
  - c. The current budget performance for 2015/16 including the actual expenditure and the outstanding liabilities or commitments has not been provided.
  - d. Some programmes with expenditure changes do not have reciprocating changes in outputs and performance targets.
5. **Mr. Speaker**, the Committee further notes that in as much as the Constitution allows for a supplementary, it should only occur if there are unforeseen circumstances. It is disappointing to note that some of the expenditure requests in these supplementary estimates do not qualify as emergency in nature as should be the case. In addition, major adjustments within the course of the financial year are an indication of an unrealistic and weak budget preparation and review process. This is an indication that the Executive has not instituted a mechanism to adequately scrutinize ministerial expenditure proposals, particularly those that relate to external funds, before inclusion in the budget estimates.

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6. **Mr. Speaker**, this concern has been raised by the Committee in previous supplementary budgets but it appears it has not been taken seriously as the trend of multiple supplementary budgets with non-urgent expenditure continues. This is disruptive to the process of budget making and implementation as envisaged when the annual budget was being passed and could undermine the country's growth strategy.

7. **Mr. Speaker**, the second Supplementary Estimates are a clear indication that budget implementation has no relationship with the Estimates that are approved by this House. The Committee feels that the National Treasury should restrict itself to one supplementary per year in order to ensure continuity in the budget process.

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## II. REVIEW OF THE RECURRENT SUPPLEMENTARY ESTIMATES

8. **Mr. Speaker**, a review of the recurrent supplementary estimates indicates that the major increments in expenditure relate to the National Treasury on account of VAT refunds as well as the State Department of Interior on account of repatriation of refugees.

9. **Mr. Speaker**, the Committee also notes that there are reductions in a number of Ministries. These reductions are mainly in the vote for the Teachers Service Commission due to the fact that the outstanding payments for retired teachers will now be paid through the provisions for pensions under the Consolidated Fund Services.

## III. REVIEW OF THE DEVELOPMENT SUPPLEMENTARY ESTIMATES

10. **Mr. Speaker**, with regard to development estimates, the committee noted that allocations have been revised downwards especially on items such as construction of buildings, refurbishment works on buildings and purchase of specialized equipment. These reductions are on account of poor absorption capacity of ministries for externally funded programs especially those funded through direct disbursement from external development partners.

11. **Mr. Speaker**, the only major increase in Development expenditure relates to the Ministry of Lands, Housing and Urban Development for construction of roads and other infrastructure for Nairobi metropolitan as well as in the Ministry of Health and is externally funded.

## IV. REVIEW OF THE CONSOLIDATED FUND SERVICES

12. **Mr. Speaker**, the Second supplementary estimates for 2015/16 indicates an increment of 6% from the revised Estimates, of Kshs. 28.9 Billion in the Consolidated Fund Services (CFS). This is on account of public debt increasing by Ksh. 20.3 billion as well as Pensions, Salaries and Allowances

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that are expected to increase by Ksh. 8.6 billion (20% increase from the revised Estimates). The increase in public debt is occasioned by increases in interest rate payables as a result of local currency depreciation against the dollar.

13. **Mr. Speaker**, the Committee is concerned that the increase in internal interest payables is partly as a result of an increase in internal debt by Ksh.13.4 billion (8% increase from the revised Estimates). This is interest payables for projected internal debt of Ksh. 30 billion to be borrowed by the end of the financial year (April to June 2016 issues) as indicated in the first supplementary estimates.
14. Changes in CFS are also occasioned by increase in Pensions. While ordinary pensions will remain constant at 27 billion, commuted pensions are expected to increase by Ksh. 8.7 billion (20% increase from the revised Estimates) to Ksh. 25 billion, on account of increases in gratuity to civil servants by Ksh. 5.7 billion and gratuity to the military by Ksh. 3 billion. In addition, there is an increment of Ksh. 13.2 million in salaries and allowances which relates to increase in basic salaries for constitutional officers at the Salaries & Remuneration Commission.

## V. RECOMMENDATIONS

### A. Policy Recommendations

15. **Mr. Speaker**, this Committee continues to emphasize on the need for the Executive to embrace Performance Based Budgeting. In this regard, the Supplementary Estimates should always have a scorecard on the performance of the budget so as to enable this House to make an informed decision. The Committee thus reiterates the recommendation that whenever Supplementary Estimates are submitted to Parliament, they should be accompanied by a performance status of programmes, including key performance indicators.
16. **Mr. Speaker**, to ensure that there is continuity in the budgeting process, the Committee recommends that the National Treasury should present only one supplementary budget to be submitted at least two months before the end of the financial year. This supplementary has been submitted with less than two weeks to the end of the financial year and this may lead to over commitment of funds which will not have been spent by the time the year lapses.
17. **Mr. Speaker**, there are inherent issues in the absorption of external funds. Every year, there is always underspending of external funds which leads to adjustments in the supplementary budget. In order to reduce this occurrence, it is important for budgets to be reviewed and absorptive capacities should be used as a baseline for appropriation.



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18. **Mr. Speaker**, the Committee also recommends that all supplementary estimates should be accompanied by a performance report indicating the status of budget implementation.
19. **Mr. Speaker**, the Committee also recommends that the VAT refunds which constitute a significant portion of the supplementary budget, should be factored in during the preparation of the Annual Estimates.
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20. **Mr. Speaker**, the Committee further recommends that all payments under Consolidated Fund Services should be comprehensively funded for under the Annual Estimates. Only those caused by macro-economic imbalances should be provided for during the supplementary estimates.

#### **B. Financial Recommendations**

21. **Mr. Speaker**, the committee recommends that this House rejects the transfer of Ksh. 4.52 billion for the State Department of Water and Irrigation earmarked for the National Irrigation Board (NIB) to the State Department of Agriculture. This is because the National Irrigation Board was moved to the State Department of Water and Irrigation under the new re-organization of the National Government but has been budgeted for in the State Department of Agriculture in the Second Supplementary Estimates. Moving the funds as proposed in the second supplementary estimates will be disruptive to project implementation
22. **Mr. Speaker**, having considered the above matters, the Committee recommends that this House resolves:-
- (i) To approve the Report of the Budget and Appropriations Committee on the Second Supplementary Estimates for the Financial Year 2015/2016.
  - (ii) To approve a total supplementary expenditure of **Kshs. 50.6 billion** to meet the expenditure during the Financial Year 2015/2016 in respect of the votes as attached in Annex 1

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ANNEX I

The Supplementary II Estimates for 2015/16

(ss. 2 and 3)

(3) Supply  
(4) Appropriations in Aid  
KSh. KSh.

SCHEDULE - RECURRENT

Vote No.	Service of Purpose	(2)	(3)	(4)
(1)	Central Government			
	Recurrent Expenditure			
R 1011	The amount required in the year ending 30th June, 2016 for current expenses of the Presidency in the following programmes .....	447,822,946	(56,177,054)	384,000,000
	0703000 P.3 Government Advisory Services			
	0702000 P.2 Cabinet Affairs			
	0704000 P.4 State House Affairs			
	0734000 P.6 Deputy President Services			
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Interior in the following programmes .....	1,000,000,000		1,000,000,000
R 1021	0601000 P.1 Policing Services			
	0602000 P.2 Planning, Policy Coordination and Support Service			
	0603000 P.3 Government Printing Services			
	0605000 P.4 Population Management Services			
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Planning in the following programmes .....	1,000,000,000		1,000,000,000
	0706000 P.1 : Economic Policy and National Planning			
	0707000 P.2 : National Statistical Information Services			
	0708000 P.3: Monitoring and Evaluation Services			
	0709000 P.4: General Administration Planning and Support Services			
	0710000 P.5, Public Service Transformation			
	0711000 P.6: Gender & Youth Empowerment			
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Devolution in the following programmes .....	64,676,000		44,169,000
	0712000 P.7: Devolution Services			
	0713000 P.8: Special Initiatives			
	0713000 P.8: Special Initiatives			
	0732000 P.3: General Administration, Planning and Support Services			
	0733000 P.9 Accelerated ASAL Development			
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Foreign Affairs and International Trade in the following programmes .....	2,222,820		(2,222,820)
R 1032	0714000 P.1 General Administration Planning and Support Services			
	0715000 P.2 Foreign Relation and Diplomacy			
	0716000 P.3 International Trade and Investments Promotion			
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Education in the following programmes .....	31,000,000		31,000,000
R 1031	0501000 P.1 Primary Education			
	0502000 P.2 Secondary Education			
	0503000 P.3 Quality Assurance and Standards			
	0508000 P.8 General Administration, Planning and Support Services			
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department of Science and Technology in the following programmes .....	2,114,440		(2,114,440)
R 1061	0504000 P.4 University Education			
	0505000 P.5 Technical Vocational Education and Training			
	0506000 P.6 Research, Science, Technology and Innovation			
	0507000 P.7 Youth Training and Development			
	The amount required in the year ending 30th June, 2016 for current expenses of the National Treasury in the following programmes .....	33,724,303		33,724,303
R 1071	0717000 P.1 : General Administration Planning and Support Services			
	0718000 P.2: Public Financial Management			
	0719000 P.3: Economic and Financial Policy Formulation and Management			
	0720000 P.4: Market Competition			
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Health in the following programmes .....	(19,900,000)		(19,900,000)
R 1081	0401000 P.1 Preventive & Promotive Health Services			
	265,795,750			265,795,750

	0402000 P 2 Curative Health Services	-	-
	0403000 P 3 Health Research and Development	-	-
	0404000 P 4 General Administration, Planning & Support Services	-	-
	0405000 P 5 Health Policy, Standards and Regulations	-	-
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Environment and Natural Resources in the following programmes .....	(344,694,752)	-
R1101	1010000 P.1 General Administration, Planning and Support Services	-	-
	1011000 P.2 Environment and Natural Resources Management and Protection	-	-
	1012000 P.3 Meteorological Services	-	-
	1005000 P.5 Integrated Regional Development	(344,694,752)	-
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry for Water and Irrigation in the following programmes .....	141,877,663	2,988,000
R1102	0110000 P1: Irrigation and Drainage Infrastructure	(202,817,088)	-
	1001000 P.2 General Administration, Planning and Support Services	-	2,988,000
	1004000 P.3 Water Resources Management	-	-
	1005000 P.4 Integrated Regional Development	344,694,751	-
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Information, Communication and Technology in the following programmes .....	-	-
R1121	0207000 P1: General Administration Planning and Support Services	(5,500,000)	-
	0208000 P2: Information And Communication Services	5,500,000	-
	0209000 P3: Mass Media Skills Development	-	-
	0210000 P4: ICT Infrastructure Development	-	-
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Labour Social Security and Services in the following programmes .....	-	-
R1141	0906000 P 1: Promotion of the Best Labour Practice	3,311,763	-
	0907000 P 2: Manpower Development, Employment and Productivity Managemen	1,476,161	-
	0908000 P 3: Social Development and Children Services	6,649,992	-
	0909000 P 4: National Social Safety Net	(1,349,598)	-
	0910000 P 5: General Administration Planning and Support Services	(10,088,318)	-
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Agriculture in the following programmes .....	170,817,088	-
R1161	0107000 P1: General Administration Planning and Support Services	(31,394,836)	-
	0108000 P2: Crop Development and Management	(2,685,173)	-
	0109000 P3: Agribusiness and Information Management	2,080,009	-
	0110000 P4: Irrigation and Drainage Infrastructure	202,817,088	-
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Livestock in the following programmes .....	-	-
R1162	0112000 P 6: Livestock Resources Management and Development	-	-
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Industrialization and Enterprise Development in the following programmes .....	-	2,366,360
R1171	0301000 P.1 General Administration Planning and Support Services	3,990,412	-
	0302000 P.2 Industrial Development and Investments	(8,534,842)	-
	0303000 P.3 Standards and Business Incubation	-	-
	0304000 P.4 Cooperative Development and Management	4,544,430	2,366,360
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for Commerce and Tourism in the following programmes .....	-	-
R1181	0306000 P 2: Tourism Development and Promotion	(9,000,000)	-
	0307000 P 3: Trade Development and Promotion	(9,683,938)	-
	0308000 P 4: General Administration, Planning and Support Services	18,683,938	-
	The amount required in the year ending 30th June, 2016 for current expenses of the State Department for East African Affairs in the following programmes .....	-	-
R1182	0305000 P 1: East African Affairs and Regional Integration	-	-
	The amount required in the year ending 30th June, 2016 for current expenses of the Ministry of Mining in the following programmes .....	-	-
R1191	1007000 P.1 General Administration Planning and Support Services	-	-
	1008000 P.2 Resources Surveys and Remote Sensing	-	-
	1009000 P.3. Mineral Resources Management	-	-

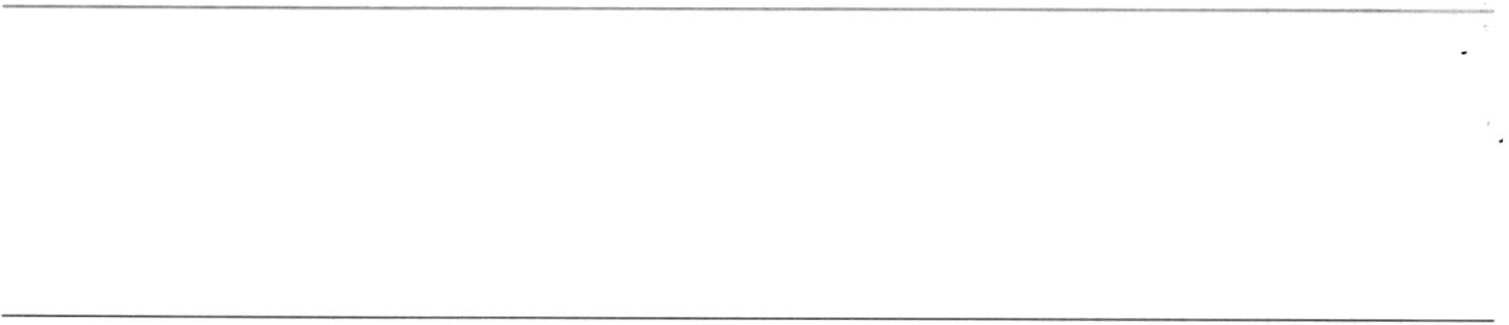
R1261	The amount required in the year ending 30th June, 2016 for current expenses of the The Judiciary in the following programmes ..... 0610000 P.1: Dispensation of Justice	-	-
R1281	The amount required in the year ending 30th June, 2016 for current expenses of the National Intelligence Service in the following programmes ..... 0804000 P.1 National Security Intelligence	350,000,000 350,000,000	-
R2021	The amount required in the year ending 30th June, 2016 for current expenses of the National Land Commission in the following programmes ..... 0113000 P1: Land Administration and Management	18,560,000 18,560,000	-
R2031	The amount required in the year ending 30th June, 2016 for current expenses of the Independent Electoral and Boundaries Commission in the following programmes ..... 0617000 P.1: Management of Electoral Processes	-	-
R2041	The amount required in the year ending 30th June, 2016 for current expenses of the Parliamentary Service Commission in the following programmes ..... 0722000 P.2 Senate Affairs 0723000 P.3 General Administration, Planning and Support Services	- 88,112,000 (92,112,000)	-
R2042	The amount required in the year ending 30th June, 2016 for current expenses of The National Assembly in the following programmes ..... 0721000 P.1 National Legislation, Representation and Oversight	4,000,000 4,000,000	-
R2061	The amount required in the year ending 30th June, 2016 for current expenses of The Commission on Revenue Allocation in the following programmes ..... 0724000 P.1 Inter-Governmental Revenue and Financial Matters	(2,935,000) (2,935,000)	-
R2081	The amount required in the year ending 30th June, 2016 for current expenses of the Salaries and Remuneration Commission in the following programmes ..... 0728000 P.1 Salaries and Remuneration Management	-	-
R2091	The amount required in the year ending 30th June, 2016 for current expenses of the Teachers Service Commission in the following programmes ..... 0509000 P.1 Teacher Resource Management 0510000 P.2 Governance and Standards 0511000 P.3 General Administration, Planning and Support Services	(1,500,000,000) (1,497,000,000) (100,000) (2,900,000)	-
R2111	The amount required in the year ending 30th June, 2016 for current expenses of the Auditor General in the following programmes ..... 0729000 P.1 Audit Services	- 7,506,402,770	20,000,000 20,000,000
	Total		56,354,360

The Supplementary II Estimates for 2015/16

(1) Vote No.	(2) Service or Purpose	(3) Supply KSh.	(4) Appropriations in Aid KSh.
	SCHEDULE - DEVELOPMENT	(ss. 2 and 3)	
D1021	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Interior in the following programmes ..... 0601000 P1 Policing Services 0602000 P2 Planning, Policy Coordination and Support Service 0603000 P3 Government Printing Services 0605000 P4 Population Management Services	(52,000,000) (101,611,450) 49,611,450 - (139,800,000)	- - - (21,000,000)
D1031	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Planning in the following programmes ..... 0706000 P1: Economic Policy and National Planning 0707000 P2: National Statistical Information Services 0708000 P3: Monitoring and Evaluation Services 0709000 P4: General Administration Planning and Support Services 0710000 P 5: Public Service Transformation 0711000 P6: Gender & Youth Empowerment	- - 21,000,000 78,000,000 824,000,000 (1,062,800,000) (181,080,247)	- - (21,000,000) - - - 22,302,913
D1032	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Devolution in the following programmes ..... 0712000 P7: Devolution Services 0713000 P 8: Special Initiatives	(9,616,744)	70,616,744

	0732000 P.3 General Administration, Planning and Support Services		
	0733000 P.9 Accelerated ASAL Development	(171,463,503)	(48,313,831)
D1061	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Education in the following programmes</b>	5,000,000	-
	.....		
	0501000 P1 Primary Education	(140,000,000)	-
	0502000 P2 Secondary Education	5,000,000	-
	0503000 P.3 Quality Assurance and Standards	-	-
	0508000 P. 8 General Administration, Planning and Support Services	140,000,000	-
D1062	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the State Department of Science and Technology in the following programmes</b>	-	-
	.....		
	0508000 P. 8 General Administration, Planning and Support Services	-	-
	0504000 P.4 University Education	40,000,000	-
	0505000 P.5 Technical Vocational Education and Training	(40,000,000)	-
	0506000 P. 6 Research, Science, Technology and Innovation	-	-
	0507000 P.7 Youth Training and Development	-	-
D1071	<b>The amount required in the year ending 30th June, 2016 for capital expenses</b>	(1,256,640,740)	(3,086,729,915)
	<b>of The National Treasury in the following programmes</b>		
	.....		
	0717000 P1: General Administration Planning and Support Services	(90,000,000)	-
	0718000 P2: Public Financial Management	(714,640,740)	(3,126,729,915)
	0719000 P3: Economic and Financial Policy Formulation and Management	(452,000,000)	40,000,000
	0720000 P4: Market Competition	-	-
D1081	<b>The amount required in the year ending 30th June, 2016 for capital expenses</b>	1,840,250,000	-
	<b>of the Ministry of Health in the following programmes</b>		
	.....		
	0401000 P.1 Preventive & Promotive Health Services	-	-
	0402000 P.2 Curative Health Services	54,650,000	-
	0403000 P.3 Health Research and Development	-	-
	0404000 P.4 General Administration, Planning & Support Services	1,785,600,000	-
	0405000 P.5 Health Policy, Standards and Regulations	-	-
D1091	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Infrastructure in the following programmes</b>	(540,000,000)	(16,838,500,000)
	.....		
	0201000 P.1 General Administration, Planning and Support Services	-	-
	0202000 P.2 Road Transport	(540,000,000)	(16,838,500,000)
D1092	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Transport in the following programmes</b>	(26,982,000)	-
	.....		
	0201000 P.1 General Administration, Planning and Support Services	(26,982,000)	-
	0203000 P3 Rail Transport	-	-
	0204000 P4 Marine Transport	-	-
	0205000 P5 Air Transport	-	-
	0216000000 Road Safety	-	-
D1101	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Environment and Natural Resources in the following programmes</b>	(1,157,061,500)	(347,000,000)
	.....		
	1010000 P.1 General Administration, Planning and Support Services	-	-
	1011000 P.2 Environment and Natural Resources Management and Protection	-	-
	1012000 P.3 Meteorological Services	-	-
	1005000 P.5 Integrated Regional Development	(1,157,061,500)	(347,000,000)
D1102	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry for Water and Irrigation in the following programmes</b>	553,880,858	(7,623,856,504)
	.....		
	0110000 P1: Irrigation and Drainage Infrastructure	(739,585,570)	(1,648,072,500)
	1001000 P.2 General Administration, Planning and Support Services	-	-
	1004000 P.3 Water Resources Management	136,404,928	(5,975,784,004)
	1005000 P.4 Integrated Regional Development	1,157,061,500	-
D1111	<b>The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry of Lands, Housing and Urban Development in the following programmes</b>	285,155,160	1,400,000,000
	.....		
	0101000 P. 1 Land Policy and Planning	-	-
	0102000 P.2 Housing Development and Human Settlement	-	-
	0103000 P.3 Government Buildings	-	-
	0104000 P.4 Coastline Infrastructure and Pedestrian Access	-	-
	0105000 P.5 Urban and Metropolitan Development	285,155,160	1,400,000,000
	0106000 P.6 General Administration Planning and Support Services	-	-

D1121	The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry of Information, Communication and Technology in the following programmes .....	172,000,000	
	0207000 P1: General Administration Planning and Support Services	(1,213,145)	
	0208000 P2: Information And Communication Services		
	0209000 P3: Mass Media Skills Development		
	0210000 P4: ICT Infrastructure Development	173,213,145	
D1141	The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry of Labour Social Security and Services in the following programmes .....	240,000,000	
	0906000 P 1: Promotion of the Best Labour Practice		
	0907000 P 2: Manpower Development, Employment and Productivity Management		
	0908000 P 3: Social Development and Children Services		
	0909000 P 4: National Social Safety Net	240,000,000	
	0910000 P 5: General Administration Planning and Support Services		
D1151	The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry of Energy and Petroleum in the following programmes .....	7,340,046,758	(23,640,265,193)
	0211000 P 1 General Administration Planning and Support Services	(100,910,000)	
	0212000 P2 Power Generation	5,835,667,756	(7,052,056,834)
	0213000 P3 Power Transmission and Distribution	1,430,984,002	(16,573,208,359)
	0214000 P4 Alternative Energy Technologies	86,300,000	
	0215000 P5 Exploration and Distribution of Oil and Gas	88,005,000	(15,000,000)
D1161	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Agriculture in the following programmes .....	258,779,045	(270,670,521)
	0107000 P1: General Administration Planning and Support Services		
	0108000 P2: Crop Development and Management	(963,469,177)	(277,670,521)
	0109000 P3: Agribusiness and Information Management	481,662,652	(25,000,000)
	0110000 P4: Irrigation and Drainage Infrastructure	740,585,570	32,000,000
D1162	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Livestock in the following programmes .....	30,000,000	(537,468,516)
	0112000 P 6: Livestock Resources Management and Development	30,000,000	(537,468,516)
D1163	The amount required in the year ending 30th June, 2016 for capital expenses of the State Department for Fisheries in the following programmes .....		(440,000,000)
	0111000 P5: Fisheries Development and Management		(440,000,000)
D1171	The amount required in the year ending 30th June, 2016 for capital expenses of the Ministry of Industrialization and Enterprise Development in the following programmes .....	(180,000,000)	(212,817,644)
	0301000 P.1 General Administration Planning and Support Services	(180,000,000)	
	0302000 P.2 Industrial Development and Investments		(212,817,644)
	0303000 P.3 Standards and Business Incubation		
	0304000 P.4 Cooperative Development and Management		
D2111	The amount required in the year ending 30th June, 2016 for capital expenses of the Auditor General in the following programmes .....	(20,000,000)	
	0729000 P.1 Audit Services	(20,000,000)	
		7,171,547,334	(51,596,005,380)





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**MINUTES OF THE 15<sup>th</sup> SITTING OF THE BUDGET AND  
APPROPRIATIONS COMMITTEE (BAC) HELD ON WEDNESDAY 22<sup>ND</sup>,  
JUNE, 2016 IN THE MINI CHAMBERS, COUNTY HALL ,PARLIAMENT  
BUILDINGS AT 10:00 A.M.**

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**Present**

1. Hon. Mutava Musyimi, M.P.
2. Hon. Ababu Namwamba, E.G.H M.P
3. Hon. Yusuf Hassan Abdi, M.P
4. Hon. Shakeel Shabbir, M.P.
5. Hon. (Dr.) Makali Mulu, M.P.
6. Hon. (Maj.) Marcus Muluvi, M.P
7. Hon. Abdulaziz Farah, M.P.
8. Hon. Abdullahi Diriye M.P
9. Hon. Gideon Ochanda, M.P.
- 10.Hon. Jackson Kiptanui, M.P.
- 11.Hon. James Gakuya, M.P.
- 12.Hon. Jones Mlolwa, M.P.
- 13.Hon. Joseph Limo, M.P.
- 14.Hon. Francis Njenga, M.P.
- 15.Hon. Kathuri Murungi, M.P
- 16.Hon. Moses Ole Sakuda, M.P.
- 17.Hon. Nasra Ibrahim, M.P.
- 18.Hon. Ahmed I. Abass, M.P.
- 19.Hon. Ben Momanyi, M.P
- 20.Hon. Jamleck Kamau, M.P.
- 21.Hon. John Mbadi, M.P
- 22.Hon. K.K. Stephen Kinyanjui, M.P.
- 23.Hon. Kenneth Okoth , M.P
- 24.Hon. Muriuki Njagagua, M.P.
- 25.Hon. Nelson Gaichuhie, M.P.
- 26.Hon. Patrick Ole Ntutu, M.P.
- 27.Hon. Phillip Rotino, M.P
- 28.Hon. Richard Tongi, M.P.
- 29.Hon. Tiyah Galgalo, M.P.

**-Chairperson**

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**Absent**

1. Hon. Mary Emaase, M. P. -Vice Chairperson
  2. Hon. Edick Omondi Anyanga, M.P
  3. Hon. (Dr.) Reginalda Wanyonyi, M.P.
- 
4. Hon. Njogu Barua, M.P
  5. Hon. Alice Ng'anga, M.P.
  6. Hon. Bady Bady Twalib, M.P.
  7. Hon. Benjamin Langat, M.P.
  8. Hon. Christopher Nakuleu, M.P
  9. Hon. Christopher Omulele, M.P.
  10. Hon. Daniel Nanok, M.P.
  11. Hon. Denis Kariuki
  12. Hon. Denittah Ghati, M.P.
  13. Hon. Ferdinand Waititu, M.P
  14. Hon. James K. Bett, M.P
  15. Hon. Jonathan Lelelit, M.P.
  16. Hon. Mohammed Shidiye, M.P.
  17. Hon. Moses Kuria, M.P
  18. Hon. Moses Lessonet, M.P.
  19. Hon. Peter Weru, M.P.
  20. Hon. Priscilla Nyokabi, M.P.
  21. Hon. Richard Onyonka, M.P.
  22. Hon. Samuel Gichigi, M.P.

**In Attendance**

1. Mr. Henry Rotich, EGH
2. Dr. Kamau Thugge
3. Mr. Francis Anyona
4. Mr. Albert Mwenda
5. Mr. Geoffrey Malombe
6. Ms. Miriam Musyoka

**National Treasury**  
Cabinet Secretary  
Principal Secretary  
Member  
Member  
Member  
Member

**In Attendance**

1. Ms. Phyllis Makau
2. Mr. Martin Masinde
3. Ms. Lucy Makara

**PBO**

Director,  
Senior Deputy Director  
Chief Fiscal Analyst

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4. Mr. Joseph Ndirangu Analyst	Committee Clerk/Fiscal
5. Mr. Danson Kachumbo	Fiscal Analyst III
6. Ms. Amran Yunis	Fiscal Analyst III
7. Mr. Edison Odhiambo	Fiscal Analyst III
8. Mr. Yusuf Moge	Fiscal Analyst III
9. Mr. Eric Kanyi	Fiscal Analyst III
10. Mr. Vitalis Ndambuki (SS)	Office Assistant

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### AGENDA

1. Preliminaries / Confirmation of Agenda
2. Matters arising
3. Meeting with Cabinet Secretary for National Treasury to consider Supplementary 11 for 2015/16
4. Any Other Business

### MIN BAC/15/2016/01: PRELIMINARIES/ CONFIRMATION OF AGENDA

The Chair called the meeting to order at 10:30 a.m. with a word of prayer. The members present were welcomed to the meeting. The chair informed members that the Deputy Speaker was able to sanction this special sitting due to the urgency of the approval of Supplementary II for 2015/16. The chair called the Senior Deputy Director, PBO, to brief members on issues raised on the validity of the schedules of the DoRB, 2016 and the CDF. He informed the committee that according to the opinion of the court, the DoRB is meant to facilitate the division of revenue among the two levels of government.

Members were also informed that a caucus has been formed by the leadership of the House led by Hon. Samuel Gichigi, M.P. to address the issues raised by the court ruling. The caucus will be able to formulate a framework which will facilitate the disbursement of CDF funds. He urged members to adopt the BAC report on the estimates for 2016/17 so that the Appropriation Bill for 2016/17 is developed before 26<sup>th</sup> June 2016 which is the deadline. The chairman called upon members to comment.

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Hon. (Dr.) Makali Mulu, M.P. informed members that he is part of the caucus and that they met with the Attorney General earlier that day. He continued further by saying that the caucus will meet with the CDF board and National Treasury before reporting to the House. Members of the committee were of the opinion that the C.S. National Treasury should appear before the Speaker's Kamkunji so as to give members the assurance of CDF. The chairman thereafter called upon Hon. Jamleck Kamau, M.P. to chair the meeting so that he goes to the Speaker to convey the wishes of his committee members.

**MIN BAC/15/2016/02: MEETING WITH CABINET SECRETARY FOR NATIONAL TREASURY TO CONSIDER SUPPLEMENTARY 11 FOR 2015/16**

The Cabinet Secretary (C.S.) thanked members for the invitation and commented on the court ruling on DoRB, 2016 and CDF. He articulated that according to Art. 203(1) of the Constitution, national revenue sharing should factor in national interest which the CDF addresses. Members urged the C.S. to do a letter to that effect.

The presentation highlighted that the National Treasury had received requests amounting to over Kshs. 73.6 billion. Due to fiscal constraint, the National Treasury resolved to minimize the Supplementary Estimates requests to a total of Kshs. 50.6 billion as follows:

1. Consolidated Fund Services	Kshs. 28.9 Billion
2. VAT Refund Claims	Kshs. 7.1 billion
3. Reinstatement of expenditure	Kshs. 5.0 billion
4. Repatriation of refugees	Kshs. 1.0. billion
5. GOK debt to Kengen	Kshs. 5.4 billion
6. Others	Kshs. 3.2 billion

After the presentation, the acting chair called upon members to comment on the presentation. Members raised the following concerns and comments:

1. Whether the additional requests will be able to spent within the 7 days remaining in the financial year 2015/16

2. The backlog of VAT refund claims is 11 billion and yet the refund claims request is 7.1 billion. Will the remaining balance be factored in the next financial year?

3. Will the repatriation of refugee's monies be spent within the 7 days remaining in the financial year 2015/16?

4. There should also be allocation for the IDPs and compensation fees for Retired Justice Luta Land.

5. Members queried whether Supplementary II should be forwarded to departmental committees

6. Members queried why National Treasury did not plan earlier for currency changes and pensions

7. Whether the Kshs 5.4 billion GOK debt to Kengen part of the Rights Issue

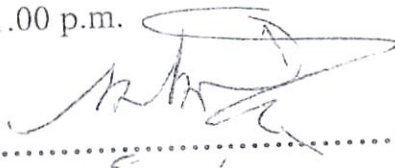
8. In the future, National Treasury should indicate clearly separate monies which have already been spent and those that have not been spent

National treasury was able to respond to the comments and questions raised. They also informed members that most of the monies in Supplementary II have been spent. The acting chair thanked the Cabinet Secretary for appearing before the committee and gave the floor to Chairman to report to the committee.

The Chairman reported that he met the caucus in Harambee Plaza and informed members that there will be no formal proceedings in the afternoon since the caucus committee currently meeting.

**MIN BAC/15/2016/03: ANY OTHER BUSINESS**

The Committee agreed that there was need for another meeting at 4.00 p.m. so as to adopt the BAC report on Supplementary II. Having no any other business the meeting was adjourned at 1.00 p.m.



.....  
Signed

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Mitava Arroyo

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Chairperson

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28<sup>th</sup> June 2016

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Date

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**MINUTES OF THE 16<sup>th</sup> SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON TUESDAY 28<sup>th</sup>, JUNE, 2016 IN THE SMALL DINING, MAIN PARLIAMENT BUILDINGS AT 10:00 A.M.**

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**Present**

1. **Hon. Mutava Musyimi, M.P.** -Chairperson
2. Hon. Yusuf Hassan Abdi, M.P.
3. Hon. Shakeel Shabbir, M.P.
4. Hon. (Dr.) Makali Mulu, M.P.
5. Hon. (Maj.) Marcus Muluvi, M.P.
6. Hon. (Dr.) Reginalda Wanyonyi, M.P.
7. Hon. Ahmed I. Abass, M.P.
8. Hon. Benjamin Langat, M.P.
9. Hon. Gideon Ochanda, M.P.
10. Hon. Jackson Kiptanui, M.P.
11. Hon. James Gakuya, M.P.
12. Hon. Jonathan Lelelit, M.P.
13. Hon. Jones Mlolwa, M.P.
14. Hon. Kathuri Murungi, M.P.
15. Hon. Mohammed Shidiye, M.P.
16. Hon. Muriuki Njagagua, M.P.
17. Hon. Nelson Gaichuhie, M.P.
18. Hon. Njogu Barua, M.P.
19. Hon. Patrick Ole Ntutu, M.P.
20. Hon. Peter Weru, M.P.
21. Hon. Phillip Rotino, M.P.
22. Hon. Samuel Gichigi, M.P.
23. Hon. Tiyah Galgalo, M.P.

**Absent**

1. **Hon. Mary Emaase, M. P.** -Vice Chairperson
2. Hon. Ababu Namwamba, E.G.H M.P.
3. Hon. Edick Omondi Anyanga, M.P.
4. Hon. Abdulaziz Farah, M.P.
5. Hon. Abdullahi Diriye M.P.
6. Hon. Joseph Limo, M.P.
7. Hon. Francis Njenga, M.P.

- 
8. Hon. Moses Ole Sakuda, M.P.
  9. Hon. Nasra Ibrahim, M.P.
  10. Hon. Richard Tongi, M.P.
- 
11. Hon. Alice Ng'anga, M.P.
  12. Hon. Bady Bady Twalib, M.P.
  13. Hon. Ben Momanyi, M.P.
  14. Hon. Christopher Nakuleu, M.P.
  15. Hon. Christopher Omulele, M.P.
  16. Hon. Daniel Nanok, M.P.
  17. Hon. Denis Kariuki
  18. Hon. Denittah Ghata, M.P.
  19. Hon. Ferdinand Waititu, M.P.
  20. Hon. James K. Bett, M.P.
  21. Hon. Jamleck Kamau, M.P.
  22. Hon. John Mbadi, M.P.
  23. Hon. K.K. Stephen Kinyanjui, M.P.
  24. Hon. Kenneth Okoth, M.P.
  25. Hon. Moses Kuria, M.P.
  26. Hon. Moses Lessonet, M.P.
  27. Hon. Priscilla Nyokabi, M.P.
  28. Hon. Richard Onyonka, M.P.

**In Attendance**

1. Hon. Kareke Mbiuki, M.P.

**Vice-chair- Agriculture**

**Budget Committee Secretariat**

- |                              |                                |
|------------------------------|--------------------------------|
| 1. Mr. Martin Masinde        | Senior Deputy Director-PBO     |
| 2. Ms. Lucy Makara           | Chief Fiscal Analyst           |
| 3. Mr. Joseph Ndirangu       | Committee Clerk/Fiscal Analyst |
| 4. Mr. Edison Odhiambo       | Fiscal Analyst III             |
| 5. Mr. Eric Kanyi            | Fiscal Analyst III             |
| 6. Mr. Danson Kachumbo       | Fiscal Analyst III             |
| 7. Mr. Vitalis Ndambuki (SS) | Office Assistant               |



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## AGENDA

1. Preliminaries / Confirmation of Agenda
  2. Matters arising
  3. Agenda: Adoption of BAC report on Supplementary II for 2015/16
  4. Any Other Business
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### MIN BAC/16/2016/01: PRELIMINARIES/ CONFIRMATION OF AGENDA

The Chair called the meeting to order at 10:30 a.m. with a word of prayer. The members present were welcomed to the meeting. The chairman took members through the minutes of the 15<sup>th</sup> Sitting held on 22<sup>nd</sup> June 2016. The minutes of the 15<sup>th</sup> Sitting were proposed by Hon. Jonathan Lelelit, M.P. and seconded by Hon. Shakeel Shabbir, M.P. as a true reflection of the events that occurred on that day. He thereafter called upon the vice chair of Agriculture, Livestock and Cooperatives to make his presentation

### MINBAC/16/2016/02: Presentation by the Vice -Chair Agriculture, Livestock and Cooperatives

The presentation highlighted that the committee would like to make the following recommendations in regards to Supplementary II for 2015/16: The recommendation was as follows:

*“House rejects the transfer of Ksh. 4.52 billion for the State Department of Water and Irrigation earmarked for the National Irrigation Board (NIB) to the State Department of Agriculture. This is because the National Irrigation Board was moved to the State Department of Water and Irrigation under the new re-organization of the National Government but has been budgeted for in the State Department of Agriculture in the Second Supplementary Estimates. Moving the funds as proposed in the second supplementary estimates will be disruptive to project implementation”*

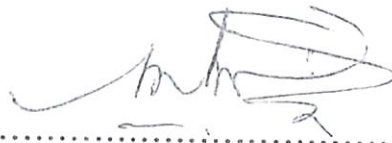
Thereafter he called upon members to react on the presentation. After deliberations the Committee agreed with the recommendation and was factored in the draft BAC report on Supplementary 11 for 2015/16 FY.

MIN BAC/16/2016/03: Adoption of BAC report on Supplementary II for 2015/16

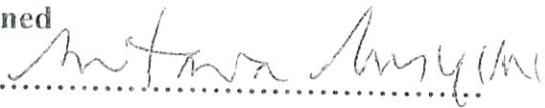
The Parliamentary Budget Office took the Committee through the draft report on Supplementary II for 2015/16 FY. After a short deliberation, the Committee adopted the report.

MIN BAC/16/2016/04: ANY OTHER BUSINESS

Having no any other business the meeting was adjourned at 12.30 p.m. Members were informed that in the next sitting the Committee shall deliberate on Motions and Bills referred to the Committee.



Signed



Chairperson



Date