

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

### SPECIAL SITTING

Wednesday, 27<sup>th</sup> May, 2015

The House met at 9.30 a.m.

*[The Speaker (Hon. Muturi) in the Chair]*

#### PRAYERS

#### QUORUM

**Hon. Speaker:** It is clear that we do not have a quorum. We may not commence the transaction of any business. I order that the Quorum Bell be rang?

*(The Quorum Bell was rung)*

We have a quorum now. Let the Quorum Bell be stopped.

#### MESSAGE

##### APPROVAL OF MEDIATED VERSION OF ENVIRONMENTAL MANAGEMENT AND CO-ORDINATION (AMENDMENT) BILL

**Hon. Speaker:** Hon. Members, I have a Message from the Senate being Message No.13 of 2015. It relates to the Approval of the Mediated Version of the Environmental Management and Co-ordination (Amendment) Bill, (National Assembly Bill No. 31 of 2014).

Pursuant to Standing Order Nos.41 and 150, I wish to report that I have received a Message from the Senate conveying the Approval of the Mediated Version of the Environmental Management and Co-ordination (Amendment) Bill, (National Assembly Bill, No.31 of 2014). This now confirms that the Bill may be presented for assent pursuant to Article 113(3) of the Constitution, having been passed by the two Houses.

Thank you, hon. Members.

**Hon. Speaker:** Hon. Members, before I allow Hon. Mutava Musyimi to give notice of his Motion, I wish to draw the attention of the House to the existence of a Supplementary Order Paper which is more or less essentially similar to the earlier one, but it contains some specific details which captures the Report of the Committee. In that respect, I will allow Hon. Mutava Musyimi, Chairman of the Budget and Appropriations Committee, to proceed.

**Hon. Musyimi:** Much obliged, hon. Speaker.

**Hon. Midiwo:** On a point of order, hon. Speaker.

**Hon. Speaker:** What is your point of order, Hon. Midiwo?

**Hon. Midiwo:** Thank you, hon. Speaker. Sorry to interrupt Hon. Musyimi, but I have a concern I want you to address before we can allow the Chairman of the Budget and Appropriations Committee to give notice of his Motion.

Hon. Speaker, I sit in the Departmental Committee on Defence and Foreign Relations. We took time and listened to various sector Ministries. When it came to the Ministry of Foreign Affairs, the Cabinet Secretary (CS) refused to appear before us. Not even the Principal Secretary (PS) was available to present the views of the Ministry. We then received a letter signed by a junior officer telling us that the CS was unavailable. We sat as a Committee on taxpayers' money and went through their budget *in absentia*. I find it hard to believe what I am seeing. Then I realised that the Budget and Appropriations Committee in total disregarded what the Departmental Committee on Defence and Foreign Relations did in order to safeguard taxpayers' interests. We did our work.

On inquiry, I was told that the Budget and Appropriations Committee had a tele-conversation with the CS, Ministry of Foreign Affairs. May I hasten to add that on several occasions, we have called the CS in charge for consultations but she has refused to appear before the Departmental Committee on Defence and Foreign Relations. I think it is an utter attempt to waste taxpayers' money because we looked at the budget and there are many things that are there without explanation. We cannot give a blanket authority for anybody to spend taxpayers' money and yet, we sat for long hours.

I want you to address us on the imagination that the Budget and Appropriations Committee can then do its own approval based on a tele-conversation and, thereby, ignoring the deliberations that were done by a relevant Committee of Parliament.

**Hon. Speaker:** Without necessarily having to defend the Budget and Appropriations Committee, I think Hon. Midiwo has delved into matters which are partly administrative in nature. That is because if the Committee to which he belongs, as he claims, called the CS and the CS, in his own words, refused, failed and/or neglected to appear before the Committee, I am sure Hon. Midiwo who is doing his third term knows very well the recourse to get the CS to appear before the Committee.

Surely, at this point in time, we should not be here discussing that. Be that as it may, I think it is perfectly in order for the Budget and Appropriations Committee to take reports from the Committees. But if the Committees also fail to provide that Committee with their respective reports on the Estimates, then that does not mean that the Budget and Appropriations Committee cannot do what is constitutional within their mandate; which is to present this Report.

So, if you gave them a report and that has not been incorporated, I think then the perfect route to go is to question, in debate, the method used to arrive at the figures that they have given in this Report. At this point, we should allow the Chairman to give Notice of Motion so that, at the appropriate time, your Committee including yourself, Hon. Midiwo, will be perfectly at liberty to raise, particularly the issues with regard to the basis on which they have arrived at the figures.

For now, let us allow Hon. Mutava Musyimi to give Notice of Motion but, for the administrative aspect, I think your Committee should have applied to get the CS dragged to Parliament to appear before the Committee.

Hon. Mutava is just giving Notice of Motion. Let us also have Hon. Musyimi respond to that.

**Hon. Musyimi:** Thank you, hon. Speaker. The point that the hon. Member for the great people of Gem has raised is an important issue and I think it is important, in the interest of setting the tone that I have the opportunity to respond to it.

It is true that the CS, Ministry of Foreign Affairs, did not appear before their Committee.

Hon. Speaker, it is also true that the Permanent Secretary (PS) did not also appear before our Committee. I wanted to find out how many Cabinet Secretaries (CSs) or PSs did not appear before the different Committees during the period of interrogation. Out of all the CSs and PSs, I was informed yesterday that it was only that particular Ministry. So, we cannot make a statement that, that is a general problem. It is an isolated case. I then went on to find out how come she was not there. When I talked to her on phone, she told me that she had been sent by the President to Mali. I wanted to find out from her the time she came back. She said she came back on Friday last week. She tried to do all she could on Saturday to reach the Committee so that she could explain herself, but it was not possible. I also wanted to find out where the PS was. She told me that she had been sent by the President to the United Kingdom (UK) because of the *Miraa* problem in Meru County.

Let me tell Hon. Jakoyo Midiwo and this honourable House that after we went through the Budget Estimates, I had occasion yesterday to brief the President. I raised the issue with him. These are not matters we take lightly. The President wanted to know how many CSs appeared and the quality of engagement between the CSs, the PSs and the Committees. I say this to help Hon. Jakoyo Midiwo understand that these are not issues we take lightly. We do not! Can I also say that in the wisdom of our Standing Orders, the Budget and Appropriations Committee has plenary powers when it comes to the recommendations of the Committees of the House and the decisions that we make based on the recommendations that we get are never made lightly. I wish he could attend some of the meetings and see the difficulties we go through. There are never easy sessions and there are not easy decisions. There are so many things to balance.

We were able to move about Kshs2.1 billion between the different votes, which is about 0.05 per cent of the total budget of Kshs1.99 trillion, just shy of Kshs2 trillion. I say this because I also raised this matter yesterday. We have raised the matter with the National Treasury and also with the Head of State that it is absolutely crucial that the Committees of the House be given greater discretion when we come to re-allocations and the budget-making process. What has happened so far - and we are on a learning curve - is that the discretion we have had so far is very limited. That has become definitely very frustrating for the Committees and also for us. We have raised it and, yesterday, we began to discuss percentages that we can then work with, as Committees of the House and also as the Budget and Appropriations Committee, in terms of the overall Budget, having received the Estimates from the National Treasury. The last thing you want to do is begin using your discretion to burst ceilings all over the map because that will create other serious macro-economic problems for this country. I thank you for allowing me to speak and just to get Hon. Jakoyo Midiwo, in good faith, to understand that these matters have exercised us enormously and we are doing all we can to address them now and going forward. I thank you.

Do I now have your permission to move the Motion?

**Hon. Speaker:** Let me just say this: I have noticed that experienced Members of this House are the ones who either conveniently refuse or choose not to follow procedure. At a point when the Member is merely giving Notice of Motion, there can never be any debate so that the issues now are outside the rules. Hon. Midiwo there is nothing for you to respond. Hon. Musyimi, I will not allow that. This is un-procedural. It is because I allowed you to speak.

## NOTICE OF MOTION

ADOPTION OF REPORT ON BUDGET ESTIMATES (2015/2016)

**Hon. Musyimi:** I thank you, hon. Speaker. Pursuant to Standing Order No.51, I wish to withdraw the Notice that I gave yesterday concerning the Report of the Budget and Appropriations Committee on the Estimates of Revenue and Expenditure for 2015/2016 and the Medium Term.

I hereby beg to give fresh Notice of the following Motion:-

THAT, this House adopts the Report of the Budget and Appropriations Committee on the Budget Estimates for the National Government, Judiciary and Parliament for the Financial Year 2015/2016, laid on the Table of the House on Tuesday, 26<sup>th</sup> May, 2015 and pursuant to the provisions of Section 39 of the Public Finance Management Act, 2012 and Standing Order Nos.235 and 239, this House approves the issuance of a sum of Kshs1,508,517,181,340 from the Consolidated Fund to meet the expenditure during the year ending 30<sup>th</sup> June, 2016 in respect of the votes as indicated in the schedule.

The schedule is published in the Supplementary Order Paper. I thank you.

Hon. Speaker, as required by the Constitution and the Public Finance Management Act, the budget estimates and related documents for the three arms of Government; namely, the national Government, Parliament and the Judiciary were submitted to the National Assembly on 30<sup>th</sup> June, 2015. My Committee examined and discussed the Estimates and has made recommendations which are contained in this Report. Once approved by this House, these recommendations would form the basis for the passage of the appropriate law.

In reviewing the 2015/2016 Budget Estimates---

**Hon. Katoo:** On a point of order, hon. Speaker.

**Hon. Speaker:** What is your point of order, Hon. Katoo?

**Hon. Katoo:** Could you please compel Hon. Mutava Musyimi to move the Motion first because he just gave the notice? He has not moved the Motion.

**Hon. Speaker:** Hon. Katoo, he began by explaining the basis then he will move. He can either use the word “move” either when he finishes or when he begins. So, there is nothing out of order.

Hon. Mutava Musyimi proceed! But you are reminded by the Hon. Katoo that you will be required to move the Motion.

**Hon. Musyimi:** I thank my good friend Hon. Katoo ole Metito. In view of what he has said, let us do first things first.

## MOTION

### ADOPTION OF REPORT ON BUDGET ESTIMATES (2015/2016)

Hon. Speaker, I beg to move the following Motion:-

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The schedule is published in the Supplementary Order Paper.

I thank you, hon. Speaker. I will continue.

In reviewing the 2015/2016 Budget Estimates, my Committee held quite a number of meetings, including meetings with the National Treasury. In line with the Constitution, we also held public hearings on the proposed Budget at different occasions. I am happy to say that those Budget hearings took place in 15 counties; namely, Turkana, Murang'a, Kericho, Kirinyaga, Baringo, Kajiado, Kiambu, Nandi, Busia, Mandera, Siaya, Elgeyo Marakwet, Vihiga, Migori and Nairobi. As required by the Standing Orders, the Budget proposals for each Ministry, Department and Agencies (MDAs), were submitted to the various Departmental Committees under whose purview the MDAs fall, for further scrutiny and recommendations to the Budget and Appropriations Committee. Thereafter, we held fruitful discussions with the Chairpersons of the Departmental Committees and received written submissions with recommendations, which have been taken into account.

On behalf of my Committee and myself, allow me at this early stage, to express my appreciation to the Departmental Committees and Chairs for all the work that they continue to do in their oversight role. That dedication is salutary and we cannot take it for granted. The Reports of the Committees are annexed to the estimates. At the very early stage, I would also like to express my gratitude to members of the public in the counties that I mentioned, who took time out of their busy schedules to participate in the consultations.

Lastly, I am grateful to your Office, to you personally and to the Office of the Clerk of the National Assembly and the Parliamentary Budget Office, for your unwavering support that we continue to receive in discharging our mandate. I also take the opportunity to thank my fellow Committee Members because of the way we have worked together as a team. I am grateful for their dedication and commitment.

Hon. Speaker, allow me to make some comments with respect to the key highlights of the National Budget. The total proposed expenditure budget estimates for the Financial Year 2015/2016 is actually Kshs1.998 trillion. That is Kshs2 billion shy of Kshs2 trillion. This comprises of the following:-

Recurrent Expenditure - Kshs786.8 billion, Development Expenditure - Kshs721 billion, Consolidated Fund Services (CFS) - Kshs229.8 billion, Contingency Fund - Kshs5 billion and the Equalisation Fund - Kshs6 billion.

A review of the expenditure proposals shows that the expenditures are primarily driven by the need for better transport infrastructure and demand for reliable and affordable energy. The allocation to the energy, infrastructure and ICT sectors has increased from 4.6 per cent of Gross Domestic Product (GDP) in 2014/2015 to 6.2 per cent of GDP in 2015/2016, largely due to railway development under the roads and transport sub-sector. The allocation to the energy sector is also set to increase due to investment in geothermal energy. However, these allocations, as a percentage of GDP, are projected to reduce in the medium term. In most sectors, expenditure, as a percentage of GDP, remains pretty much at the same level. A review of the fiscal framework for Financial Year 2012/2013 to 2015/2016 depicts continued revenue enhancing efforts but also indicates lack of a framework to contain growth of expenditures. Total revenues as a percentage of GDP have increased from 18.8 per cent in 2012/2013 to 20.8 per cent in 2015/2016. Expenditures have also risen in the same period from 24.6 per cent to 30.6 per cent. Overall expenditures appear to be growing faster than revenues, leading to increased borrowing to finance expenditures which have increased from 5.5 per cent of GDP in 2012/2013 to 8.7 per cent of GDP in 2015/2016.

Hon. Speaker, a credible Budget should cater not just for the needs of the present generation, but those of the future generations as well. Increasing expenditure without a matching increase in revenues means that the country is forced to borrow to meet its increasing expenditure demands. Indeed, my Committee wishes to point out that despite commitments by the national Government to reduce the deficit levels over the medium term, this appears to be a moving target as the figures are continuously adjusted upwards. This continuous flouting of set targets compromises the predictability of the Budget and the country's deficit policy is diluted. My Committee notes that the debt repayments on both redemptions and interest area are also rising. There is, therefore, need to regularly evaluate debt sustainability of increased foreign debt, especially its effect on the domestic interest rate movements, exchange rate volatility and the future financial sector stability.

My Committee also notes with concern that despite the national Government's commitment to re-orient expenditures towards development, the Budget is still geared towards recurrent type spending as opposed to development as capital expenditures remain significantly lower than Recurrent Expenditure. There is also fairly low absorption rate although I am happy to say that, that situation is improving. Moreover, a review of most expenditure items in the Budget depicts either maintenance of historical expenditures or increment in their allocations without clarity on actual performance. It appears that the tenets of programme-based budgeting are yet to be clearly understood as the Budget remains incremental in nature. This is a matter we have raised many times and we are assured that overtime, there is going to be improvement. We will continue to monitor that situation.

With respect to capital spending, my Committee observed that the national Government is currently undertaking just over 1,100 capital projects with a total cost of Kshs4.2 trillion. By the end of Financial Year 2014/2015, it is estimated that the Government will have spent about Kshs1.6 trillion, indicating that the Kshs2.6 trillion is required to finalize all the on-going projects. Most of the projects have a timeline period of 16 to 18 months. A review of the Budget Estimates for 2015/2016 and the Medium Term Expenditure Framework indicates that the Government has allocated a total of Kshs2.1 trillion for capital expenditure. This indicates that not all ongoing capital projects will have been completed by the year 2017/2018. It is the opinion of my Committee that the Government should increase its allocations for capital projects to ensure completion of the ongoing projects within the next three years. Further, the Government should consider a freeze on introduction of any new capital projects until all ongoing projects have been completed, unless it is absolutely necessary to do so.

The Budget Policy Statement (BPS) 2015 requires that ongoing projects should be prioritized in the budget for any Ministry. In previous engagements between the National Assembly and the Ministries, funding for a high number of pending bills is typically requested within a financial year through supplementary budgets. This shows that the specific Ministries did not prioritise their expenditures to accommodate any pending bills on the commencement of the fiscal year. Therefore, there is need for a proper framework of settling pending bills to ensure that they are not carried to supplementary budgets.

The Treasury has allocated Kshs5 billion for civil contingency reserves. It is also noted that the State Department for Devolution has allocated an additional Kshs1 billion for civil contingencies under its budget. A review of the Estimates does not present any output for the allocation under the State Department for Devolution. The need for allocation of funds for a similar function in two separate spending agencies raises concern of duplication of functions.

With respect to State corporations, allow me to say the following:-

State corporations continue to get a huge allocation of taxpayers' money, but their budget, unfortunately and tragically, is represented just as a one line item in the Budget books with no details provided. This is very sad when you think that we are giving about 3 per cent of the Gross Domestic Product (GDP) to State corporations and giving to the county governments 4 per cent of the GDP. These are not small numbers. In the 2015/2016 Budget, the budgetary allocation to State corporations account for as much as 32 per cent of the total Ministries, departments and agencies expenditure.

Over the last two years, Parliament has been recommending that the budgetary transfers to those corporations be further broken down and that their budgets are submitted to Parliament. However, this has not been done, which limits our function in oversight.

With respect to the Equalisation Fund, I wish to say the following:-

That Fund has been allocated Kshs6 billion, as I indicated earlier, for the 2015/2016 Financial Year. However, the Budget and Appropriations Committee wishes to point out that Article 204(5) of the Constitution require that any unexpected money in the Equalisation Fund at the end of a particular financial year shall remain in that Fund. That Fund has been receiving budgetary allocations since the 2011/2012 Financial Year to date and cumulatively it should be in excess of Kshs10 billion. It is not clear whether that is the case. It is also important to note that the Fund has not been operationalised since inception due to lack of a framework.

How is this Budget going to be financed? To finance this Budget, total revenue will contribute up to Kshs1.358 trillion thus financing 68 per cent of the total expenditure. Of this, Appropriations-in-Aid will account for up to 5 per cent of the total expenditure. The Government will also receive grants amounting to Kshs73.5 billion in the 2015/2016 Financial Year, which will cover up to 4 per cent of the total expenditure needs. Other revenue sources include concessional project loans amounting to Kshs283 billion, programme loans to support social safety nets amounting to Kshs8.123 billion and commercial financing of Kshs83 billion, which is a 10 per cent increase from this current Financial Year. Commercial financing is for financing projects with high expected risk-adjusted rate of return, including critical infrastructure that would otherwise not be undertaken due to lack of concessional finance. Net domestic borrowing will amount to Kshs219 billion.

It is worth noting that Appropriations-in-Aid is a volatile revenue source often mired in weak reporting systems. Previously, the National Assembly has proposed that Appropriations-in-Aid be converted into revenues payable to the Exchequer as is the case with other taxes for appropriation to their respective uses. That is yet to be done given that Kshs103 billion will be treated as Appropriations-in-Aid in the 2015/2016 Financial Year. The resource is quite volatile with growth rates widely changing from a contraction of 1 per cent and so on. It is not a very happy picture. To remedy the challenges, the Budget and Appropriations Committee reiterates that measures be taken, particularly by the Treasury, to realign that function with other functions that bring in revenue, so that we can bring in the necessary yield and attain equity and fairness in the implementation of the Appropriations-in-Aid component.

Though the financing proposals in the Budget appear to meet the expenditure needs, it is increasingly evident that spending measures are worsening the fiscal deficit and further fuelling increased reliance on some business unfriendly financing mechanisms such as licences, fees and charges. Owing to the narrow tax base for some tax classes, high effective tax rates at the individual and corporation level may negatively affect work effort. Changes should, therefore, be made to ease pending pressure that place heavy demands on the tax collector and the citizen and to reduce the myriad licencing fees and charges with the ultimate focus of growing our tax base.

A notable point in public debt is that external borrowing from commercial sources has taken great prominence since 2014, leading to increased foreign debt service. For example, the Government will spend Kshs16 billion in the 2015/2016 Financial Year to service the interest component of Kenya's first Sovereign Bond. This constitutes 54 per cent of the total external interest rate payment. Even though Kenya's debt is estimated as sustainable currently based on standard measurements, future economic performance, exchange and interest rate risks and other external economic shocks cannot be known for sure and may play a negative factor. Given these uncertainties about future economic performance, the Budget and Appropriations Committee urges caution on further issuance of commercial foreign debt.

With respect to policy prescriptions and having considered the above matters, the Budget and Appropriations Committee wishes to recommend as follows:-

(1) All Ministries, Departments and Agencies must strive to remain within the ceilings as provided in the House resolutions on the Budget Policy Statement (BPS), except where changes are absolutely necessary. Where changes are made, that information should be provided to the National Assembly in a fairly comprehensive manner. This will ensure that the BPS remains the policy anchor and platform of our budget-making process.

(2) The National Treasury should ensure that the tenets of programme-based budgeting are clearly understood by the line Ministries and the targets and outputs clearly defined to avert a situation where Ministries remain unaware of their targets and outputs. This will mainstream programme-based budgeting as per the Public Financial Management (PFM) Act, 2012.

(3) The approved Estimates and actual performance of the previous Budget should be included in the proposed Budget for the Financial Year in line with the medium term expenditure framework. This will facilitate the National Assembly in exercising its budgetary oversight role.

(4) Specific Ministries should prioritise their expenditures to accommodate any pending bills on the commencement of the financial year in order to address this issue. Moreover, there is need for a proper framework of settling pending bills to ensure that they are not carried to the Supplementary Estimates.

(5) The Government should increase its allocations for capital projects and consider a freeze on introduction of any new capital projects until all ongoing projects have been completed. This is so as to ensure that all ongoing capital projects are completed within the next three financial years.

(6) Parliament should move with speed to conclude its deliberations on the Equalisation Fund Regulations in order to ensure that the country begins to benefit from the Equalisation Fund.

(7) Measures should be taken to realign the Appropriations-in-Aid (A-in-A) like other taxes in order to increase revenue yield and attain equity as well as fairness in its implementation. This will remedy the challenges associated with the collection of A-in-A.

(8) Finally, the national Government should consider a realignment of functions within the line Ministries to address any duplication of functions. This will ensure that projects are domiciled under the line ministry which is best equipped to undertake the programme and avert requests for re-assignment of various programmes to other votes.

As we begin discussion on the Estimates of the national Government, we have yet to complete the process of mediation with respect to the Division of Revenue Bill. As the Hon. Members are aware, three of us from this Chamber are representing the National Assembly in the mediation process. The Members are Hon. T.J. Kajwang', Hon. Mary Emaase who is also the Vice-Chair of the Budget and Appropriations Committee and myself. From the Senate, we have



Sen. Mutahi Kagwe who is my Vice-Chair in the mediation process, Sen. Bony Khalwale and Sen. Beatrice Elachi.

After tabling this Report, at some point, I will have to leave so that we can hopefully conclude our mediation process. It is very sad that as the national Government commences its discussions on the national budget, the county governments are still uncertain as to their situation with respect to the monies they are supposed to receive. I look forward to us concluding discussions today one way or the other so that, hopefully, with your permission, I can table a report from the Mediation Committee.

Again, I thank you for giving us audience. It is good that you have recalled this Parliament. I thank you for accepting the request from the Leader of the Majority Party, the Hon. Duale, to recall us so that we can partake in this very important exercise of giving this country a budget in good time. This is so that when the Cabinet Secretaries for Treasury from the region deliver their highlights in another two weeks or so, this honourable House will have discharged its duty in making sure that, on our part, we have prosecuted our mandate in good time and adequately.

I thank the hon. Members for the interest they showed during the Budget Policy Statement (BPS) discussions and no doubt, the interest they will show as they debate and discuss this document that I have tabled on behalf of my Committee.

With those few remarks, I beg to move and request my Vice-Chair, Hon. Mary Emaase, the Member of Parliament for the great people of Teso South, to kindly second the Motion.

**Hon. Speaker:** Hon. Mary Emaase.

**Hon. (Ms.) Otucho:** Thank you, hon. Speaker. I rise to second the Motion. The budget is the most important economic policy tool for any government. Through budgeting, the Government is able to translate its policies and political commitments into implementable development agenda, which has a direct impact on the livelihoods and wellbeing of Kenyans. The role of Parliament is to ensure that as resources are allocated, not only are they utilized prudently and efficiently, but also that priority is given to areas which are likely to have the most positive impact on the lives of Kenyans.

This is the third Budget to be processed by the 11<sup>th</sup> Parliament. In the previous Budgets, this House was able to assert itself in its oversight role by instituting austerity measures and adjusting expenditure proposals to ensure that the Budget reflects the wishes of the people. This year, the Budget and Appropriations Committee has worked closely with the Departmental Committees to ensure that given the resource constraints, funding is allocated to high-priority areas that are likely to have the greatest impact. In line with the Constitution, the public was also given an opportunity to give their recommendations on the Executive's Budget proposals, which have been incorporated in this Report.

During the review of the Budget, the Committee was concerned to note that various Ministries do not own the targets and outputs written in the Budget Estimates and could not report on the status of their performance. Indeed, during consultations with the Departmental Committees, many Ministries presented entirely different targets from those reflected in the Executive Budget proposals. This raises a serious question on how involved the line Ministries are in the preparation of their own budgets and limits the National Assembly from properly executing its oversight role since there is no continuity in the Budget. It is my hope that the National Treasury will take steps to remedy this situation and ensure that each Ministry owns its budget.

The unfortunate bit about budgeting is that resources can never be enough. The Committee received numerous requests from the public as well as Departmental Committees for various projects. Some of those requests were outside the budget ceiling and could not, therefore, be accommodated in this Budget. At this point, it is worth noting that some of the proposed projects by the Departmental Committees were very critical. For instance, I must mention the issue of payment of pension to retired teachers and the issue of shortage of teachers. We demanded to know from the Treasury why there was no budget in the Ministry of Education, Science and Technology for payment of the pensions. We were informed the national Government is still contesting the ruling that was made by the courts and there is a plan to appeal against the judgment. We, therefore, appeal to the Government to fast-track that process so that the Committee can factor the budget for payment of those teachers because they are suffering. This is a question we are confronted with by our constituents every time we stand to speak. Besides the teachers' issues, other priority areas like the Technical and Vocational Education and Training (TVET) institutions also came up and the fact that this has already been advertised and yet there was no budget for that programme. There was also the Lake Basin Authority issue. Being one of the parastatals, they had no single project to enable them raise A-in-A. There are projects that have stalled for a number of years and there was an appeal for funding to enable them complete the projects and raise A-in-A. They also wanted offices to be provided to accommodate the officers of the Authority and generate employment for our youth.

It is, therefore, our hope that if monies are raised by Government through austerity measures, for instance through the electronic procurement, then resources should be allocated towards those priority areas.

Hon. Speaker, the expenditure adjustments that have been made are mostly resource re-allocations proposed by various Departmental Committees to ensure that key priority areas that are likely to have the greatest impact on socio-economic development receive adequate funding.

As I conclude, I would like to point out that the country is still far from achieving Vision 2030. Challenges of food insecurity, poor infrastructure, shortage of teachers, lack of access to electricity and rising cases of insecurity - which is impacting negatively on the tourism sector and the general economy - are real challenges as they were 50 years ago. This House should, therefore, endeavour to ensure that the national Budget continually addresses these challenges so as to improve the livelihood of Kenyans. Lastly, budget implementation is key. The Controller of Budget Office Report indicates a low absorption capacity of development, especially with regard to donor funds. Going forward, it is important for the national Government to institute measures of reversing that situation.

With those few remarks, I beg to second.

**Hon. Speaker:** Hon. Members, those of you who are walking around, take your seats. When you get into the door, please, try to find out what is happening. Do not just walk looking down. Just find out what is happening.

*(Question proposed)*

Yes, Hon. Midiwo. What is your point of order?

**Hon. Midiwo:** Hon. Speaker, let me, first of all, start by apologising on the issue that I had raised earlier prematurely. I want to raise it in a different manner. It is seriously fundamental. I sit in the Departmental Committee on Defence and Foreign Relations. I want to deal with the part which is on foreign relations and falls in the Department of Foreign Affairs.

Last week, we met and we had requested the Cabinet Secretary for Foreign Affairs to appear before us. She never appeared. She did not even delegate appropriately her Principal Secretary to appear. The long and short of my story is that we sat and then looked at her proposed budget estimates. We made changes in her absence and forwarded a report to the Budget and Appropriations Committee.

The question I had asked earlier and which I want to come back to is that the report which the Budget and Appropriations Committee has presented before this House ignores the work of the Foreign Relations Committee. The Chairman, in his own response to what I had said earlier, said they have super-plenary powers. Article 114 of the Constitution gives powers to the Committee but also gives powers to the Speaker of the House to weigh in his wisdom. The point I am requesting you to guide us on is: Is it possible for the Budget and Appropriations Committee to totally ignore the work of other Parliamentary Committees? There will be no reason for the Budget and Appropriations Committee or for us to summon Cabinet Secretaries. I think that even his own assertion that he looked for the Cabinet Secretary while the PFM Act says the relevant parliamentary Committee--- Where would the Chairman of Budget and Appropriations Committee draw his power to look for the Cabinet Secretary who the relevant Committee could not get? Where would he draw the power to bypass your office and go and look for the President?

*(Applause)*

This is real stuff because if this happens the way the Budget and Appropriations Committee wants to believe, then the future of parliamentary work in committees is done.

Hon. Speaker, I would have been at peace if he said that because of that challenge, you took it upon yourself to inform the Executive that a Cabinet Secretary was not making the Executive look good. Here is the Budget and Appropriations Committee Chairman who even has direct link to the Executive. He is going directly to the President. It is the duty of this Parliament to make Budget, including the budget for the President's office. If we say no, he cannot get that allocation. Something is totally amiss. Guide us because I feel very bad. We have tried to engage the said Cabinet Secretary for almost two years, but she is elusive. That she can call a Committee, that means that she has powers over Parliament and the other way round is the case. So, I want you to guide us. Tell us if what has happened can be let to stand or the other way would be to say that a parliamentary Report like the one he has moved can be amended. Is that true? It is not just an issue of amendments. It should be amended with a pronouncement that what they were trying to do is wrong. I believe that it is wrong.

This Budget and Appropriations Committee, as I finish, must work with us. If we need to change anything in our Standing Orders, it is the role and the work of the Budget and Appropriations Committee. A few months ago, I stood before you and this House when we were discussing the Budget Policy Statement (BPS) and said that there was Kshs3 billion--- We said, and I want Members to listen to me, that the Committee has no power to give its money for the so-called budget hearing. We are looking through this Report with a tooth comb. They think that we do not know. However, we know that money is here through other votes. It is hidden for 15 counties. We are bringing down our country. This is a rogue Committee of Parliament. The way we dealt with the Public Accounts Committee (PAC) beyond this, we must deal with the Budget and Appropriations Committee in Standing Orders and in everything so that your authority is not undermined.

(Applause)

The law says: “In the wisdom of the Speaker”, but not in the wisdom of the Chairman and the Cabinet Secretary.

The law does not say that. I beg you to guide us so that we can know which way forward as a country.

**Hon. Speaker:** Hon. Mutava Musyimi, this is a point of order that is raised by Hon. Midiwo for my guidance. Hon. Musyimi, do you want to contribute to that particular issue?

**Hon. Musyimi:** Thank you, hon. Speaker. I respect what the Member for Gem has said. At the risk of repeating myself, I will say what I said. First, the fact is that the Cabinet Secretary (CS) called me herself. I did not call her. That happened when I was sitting in the Budget and Appropriations Committee. Other Members of the Committee are here and they will confirm that, that is what happened because I told them who I was speaking to.

We then discussed the issue. She apologized that she was not able to appear before the Committee because she was in Mali where she had been sent by the President. I asked her whether she did all that she could to make sure that she met the Committee and she said yes. She said that she came back on a Friday and tried to get hold of the Committee on Saturday, but nobody answered her phone call. Mind you, we are talking about 48 hours later; that is Monday, two days ago. She then told me that her Principal Secretary (PS) was in London dealing with the *Miraa* issue. So, both of them were away.

I wish the Member for the great people of Gem would listen because he has raised the question and I would like him to, at least, make an attempt to hear me.

In that situation, a representative was sent to the Committee and the Committee deliberated and made a decision. We discussed at length how we could deal with the report of the Ministry of Foreign Affairs. We wondered whether we were going to act punitively to exercise sanctions because the Cabinet Secretary or the Principal Secretary did not appear. We debated all that and finally made the decision that it was the right thing that we support her budget.

That is not the only Ministry that we dealt with. There are many other Committees that brought recommendation for changes and we used our discretion not to honour their recommendations, not because we have super plenary powers. The word “super” talks of not just bad faith, but ill faith, unfortunately. We have no super powers. But according to the Standing Orders, a report has to be brought here by the Budget and Appropriations Committee based on the recommendations of the other Committees.

Is it, therefore, possible to look at the recommendations of a Committee and not honour them? Yes, it is. At the end of the day, we must bring these recommendations to the Treasury. The law requires that, at the end of the day, we sit with the Treasury so that we can look at all the excess funds the Committees want to see whether the Treasury has that money. We should also ask ourselves whether if we deny these Ministries the money, we are denying them rightly or not. Sometimes, we go back to the Chairs and ask for clarifications.

The Committee has discretion given to it by the Standing Orders. Chairs of Committees deal with the Cabinet Secretaries and we deal with the Treasury. But every once in a while, the Committee meets with the Head of the national Government and I normally report these things. There is nothing to hide. We are all elected leaders. I told my Committee that sometimes this week, I will have an opportunity to meet the President, so that I could brief him about the Budget. I find nothing wrong with that, so that I can tell him how far we have gone with the

budget-making process. I do not do that *in camera*. I told my Committee that sometimes this week, I will go to meet the President. I asked them what issues they would want me to raise with the President. I asked them. They told me that on their behalf, these are the concerns that they have, which have not been met by this Budget.

**Hon. Speaker:** Just a minute! Those Members who are doing their first term, please, when a Member is on a point of order, it is out of order for you to claim that you also want to rise on a point of order. So, Member for Homa Bay Town, please, relax! You will get your time. Proceed. I must keep on educating you from time to time.

**Hon. Musyimi:** Hon. Speaker, having met the President in the morning, we had a Budget and Appropriations Committee meeting eight hours later. I reported to the Committee about the meeting. That is my background. I come from a background that is very strong on certain values of transparency and accountability. I reported everything to the Budget and Appropriations Committee and they asked questions. There is nothing here to hide. We are elected leaders

*(Applause)*

Listening to the tone, the manner, mandate and style of the working of this Committee as being conveyed by the Member, especially with respect to this idea of Kshs3 billion in this Budget, let me educate the Member for the great people of Gem that the money that he is talking about, whether it is Kshs1 billion, Kshs10 billion or Kshs10 billion, that we are supposed to have appropriated to ourselves, will not be in this Report. This is just a Report. Wait for the Appropriations Bill. It is when it comes to the Appropriations Bill - and let me help you - that you can then have the opportunity to do your surgery. Go to the numbers and then track the members of the Budget and Appropriations Committee in what they have got using the guise of public hearings. Then table the matter here.

We must act in good faith. It is absolutely fundamental. I was speaking somewhere and I quoted a preacher who made a point that I found very powerful; that one of the basic problems of the Kenyan society today--- He can laugh! I think it is a very serious matter. The preacher said that the basic problems of the Kenyan society are mistrust and the culture of suspicion. The culture of mistrust, suspicion and ill-will will take us nowhere.

Hon. Speaker, I want to assure you, this honourable House and the country that my Committee will prosecute its mandate with respect to the work that we have been given by being guided by the values that are in the Constitution.

**Hon. Speaker:** Hon. Members, do I notice that a few Members want to speak to this point? I need to make a ruling preferably in the afternoon. This is a very serious matter. It is the Budget and it is absolutely important that we get something that is considered. Let me give the first shot to the Member for Tongaren.

**Hon. (Dr.) Simiyu:** Thank you, hon. Speaker. As you do your ruling, perhaps, you also need to consider what the Chair of the Budget and Appropriations Committee had said earlier on. He tended to imply that the Budget and Appropriations Committee's hands are tied as to how much they can change various issues that, perhaps, might have been recommended by Committees. He said that they can only move with a very small percentage. We are a House of rules and procedures and when I go through all that, I get the impression that the Budget and Appropriations Committee has much more power than what the Chairman is telling us. They can actually vary much more things than what the Chairman is trying to tell us.

If that were not the case, then Parliament would lose its oversight role because essentially, the national Government has been known for inequitable distribution of resources. We expect that to be ameliorated by the Budget and Appropriations Committee. If the Chairman of the Budget and Appropriations Committee says that he can only play with such a small percentage, which is not true, what is he implying? Is he implying that the Budget and Appropriations Committee has become a rubberstamp? I think you can include that truth in your ruling.

Thank you.

**Hon. Speaker:** Can we hear the views of the Chairman of the Departmental Committee on Finance, Planning and Trade, who is also the hon. Member for Ainamoi Constituency?

**Hon. Langat:** Thank you very much, hon. Speaker. I have also been asking myself the question raised by Hon. Jakoyo. This is because I am also a chairman of a committee and we spend a lot of time and energy scrutinising the Budget. When you are ruling, I will want to know to what extent the Budget and Appropriations Committee takes on board, or does not, the recommendations of the respective Departmental Committees and whether they can do it without consultation with the respective chairpersons. This is because that will then mean that all these processes during which we call Cabinet Secretaries (CSs), and various heads of departments are very useless; this is so since one committee can override, without recourse, the decision of a previous committee. It is a very fundamental matter which means we change the way we go about the Budget process.

I am a member of the Budget and Appropriations Committee, but I am also concerned about those chairpersons who are not members of that Committee but just submit reports, and they are not there when the decisions are being made. Anything can be said, so that whatever recommendations they made become almost irrelevant. It is also good to know and clarify whether it will be a good practice to have chairpersons being present when we are adopting the reports of committees in the Budget and Appropriations Committee, so that they can clarify or be consulted, in case of any questions. Otherwise, we spend a lot of public funds in meetings which can be overridden just in a day's recommendations. It will be fair to clarify that position.

**Hon. Speaker:** Hon. Leader of the Majority Party.

**Hon. A.B. Duale:** Hon. Speaker, we need to get a serious Communication on this matter. This is because Parliament, more so the National Assembly, through its committees like the Budget and Appropriations Committee has a fundamental constitutional role in the budget-making process under a presidential system of governance. The process is well stipulated in the Standing Orders, Constitution and the Public Finance Management (PFM) Act, which this House has passed. Serious stakeholders must be involved and their input taken seriously.

For example, the National Treasury does a pre-Budget stakeholder consultation. I am sure the Member for Seme Constituency, who is a former Permanent Secretary (PS), knows there is public participation and key economic blueprints like the Vision 2030 are taken into consideration. The Budget Policy Statement (BPS) is brought to the House by the Budget and Appropriations Committee for discussion. It is taken to the Senate for notification; the Senate is supposed to note the BPS. More fundamentally, the parliamentary committees are important in the sense that they are the ones which are in charge of respective departments. That is why Government officials like CSs and Accounting Officers appear before committees which listen to them. They might agree or disagree with them, and they finally send a report to the Budget and Appropriations Committee defending their views.

Hon. Speaker, within the National Assembly, the Budget and Appropriations Committee must listen and agree with what the respective committees have presented, even if not in totality. If we do not do that, then the whole essence of committees in their oversight role will be lost. This is because even before we agree to this Budget, the respective committees have been overseeing these Ministries over a period on key indicators like the absorption rate. In fact, the absorption percentage of a Ministry can be a reason for it not to be given more money. If you were given Kshs10 billion last year and you are returning Kshs2 or Kshs3 billion, then there is no justification for you to be given more money. That can only come from the respective Departmental Committees, which engage, deal with and oversee Ministries on a daily basis. This is not done by the Budget and Appropriations Committee, which is supposed to be the policy organ.

*(Applause)*

Hon. Speaker, we need your guidance, because, as much as the National Assembly has immense constitutional powers, there is a section on reductions and additions in this Report. If you reduce Kshs2 billion from a Ministry, this House must be told the reason. From the respective Departmental Committee to the Budget and Appropriations Committee, we must have a narrative why Kshs3 or Kshs4 billion is taken from department “X”; tell us also why at time at the same time you are giving an extra Kshs2 billion to another department. This is about accountability. This is about transparency. If you are, for example, giving Hon. Onyonka’s Ministry Kshs3 billion and you are reducing the allocation to the Ministry headed by Hon. Chris Wamalwa by Kshs5 billion, you must give a due diligence report, saying you are giving the following reasons why you are doing this. I am not agreeing but I think what we are dealing with today, as much as I agree with the Chairman of the Budget and Appropriations Committee, is to make sure we improve on the Budget process every year. I want the other Departmental Committees and the Budget and Appropriations Committee members not to take offence. It will improve on our budget-making process. We are in the middle of our third year, and I think we want to make the budget-making process more transparent, accountable and better to the people of Kenya.

The other issue that was raised by Hon. Jakoyo was the absence of CSs. If I was the Chairman of the Budget and Appropriations Committee, I would not answer that question of why so and so did not come. That is not your domain. It should squarely lie with the chairperson, vice-chairperson or members of the respective committee. The mechanism for inviting a CS, or an Accounting Officer, is well stipulated in the Constitution and the Standing Orders. If he does not come, the repercussions are again in the Standing Orders. It should not be something that will be debated by this House.

When we were going on recess, one of the Statements I read on behalf of the House Business Committee (HBC) was to give a schedule on how the Departmental Committees and the Executive would look at the Budget. The Executive’s most important item in Parliament is the Budget.

It is not the trips that Ministers make. We can excuse them on Tuesdays. However, if a CS is told to appear before a Committee of Parliament--- I think the problem is that most of our chairpersons have decided to have rapport and make life easy for CSs. The CSs must get letters from the Clerk’s Office. If they do not come within 12 hours, they have a right to write to the Clerk’s Office and the Speaker saying that they are not available. It is not a matter for a CS to

call chairpersons. That is not how Parliament should be run. That is why part of your Communication must expound on how the Executive and Parliament relate in as far as the Standing Orders and the Constitution are concerned. It is not our wish, as chairpersons and Parliamentarians to design a communication strategy with the Executive outside the Standing Orders. That must be very clear.

This will go all the way to explain how we do our trips and how we invite people. That is why we have a problem with a CS being summoned by two committees. In fact, we should even go further and agree with the Senate that the members of the Executive invited by the National Assembly should not be invited by the Senate at the same time. When a CS is appearing before the Senate, the National Assembly committee should not seek to meet that same CS. Today, we have a situation where a CS is invited by a committee of the National Assembly and a committee of the Senate at the same time. How will that Minister divide himself or herself? There is a lot of in-house cleaning, but if we stick to the Standing Orders and the Constitution in our dealings with the Executive, a lot more will be done. I am sure you will do that in your Communication. You should do a serious Communication this afternoon. I want to urge the House that this debate should continue in the afternoon, so that we resolve these outstanding issues.

Thank you, hon. Speaker.

**Hon. Speaker:** Let me first of all hear the Member for Homa Bay Town since he appears agitated.

**Hon. Kaluma:** Hon. Speaker, I have not been of my full health.

Thank you for giving me the opportunity to address this matter. I am actually not agitated. I am in some physical pain.

The budgeting function and oversight over Budget is a function of Parliament through the various constitutional provisions, running from Article 93 down to Article 96 of our Constitution. The issue that has been raised is very important. In fact, the first thing we want to question is the role of Departmental Committees, if any, in the budgeting process. I beg that in your Communication to the House, this be properly clarified. It is not a challenge coming from the Departmental Committee on Defence and Foreign Relations. However, Departmental Committees get so hurt. It is not pleasant when you sit with a Government department falling under your charge to discuss taxpayers' money and then when you do a report and recommendations the Budget and Appropriations Committee thinks they are nothing. My view is that the budgeting function is a role for Parliament, and not a role of the Budget and Appropriations Committee. In fact, the Budget and Appropriations Committee merely facilitates Parliament as a whole in the budgeting process. So, there is no superior power that the Budget and Appropriations Committee has in this matter, or that is unique to them.

Hon. Speaker, may I also request you, as the good Chair, to find time in the Communication to rule on how Parliament, in a presidential system in particular, should engage other organs and arms of Government. I was shocked, and I regret it, when I heard our able Chairman of the Budget and Appropriations Committee say that it is a normal thing for him to engage the Executive on matters of parliamentary business. Is it as the Chair of the Committee? As a leader I can engage the President and the Chief Justice, but in the official functioning and the official actions of Parliament, I believe the Constitution is clear. Communication from Parliament and engagement between Parliament, as an organ of Government, and other organs of the Executive, is the business of the Speaker. I do not want to pre-empt what you will decide, but I think it should be said that if a committee finds itself in the situation the Committee on Budget



and Appropriations did find itself, Communication should go to the Speaker through the Clerk; this is so if it is a matter of official engagement.

Hon. Speaker, may you also find time to make a Communication considering the important function the Budget and Appropriations Committee plays for Parliament. Is it also not necessary that through our House Rules and Procedures Committee we begin thinking of how the composition of the Budget and Appropriations Committee should be? I am of the view that this is one committee which should be the strongest in Parliament. It should be a committee on which virtually all chairs of committees of Parliament sit. This is so that the views of these committees in terms of oversight, usage of funds and application of resources committed to the various departments that are overseen by those committees are permanently with the Budget and Appropriations Committee.

Hon. Speaker, I want to raise a concern in my last statement. You know there is a good reason as to why the people of Kenya said that the budgeting function shall move from the Executive to Parliament. As you make your decision, may the Chair take note that some of us are deeply agonizing whether Kenyans were mistaken or whether, as the 11<sup>th</sup> Parliament, we have reckoned with the fact that the budgeting function is still a function of Parliament. There was a good reason that, as the representatives of the people and as the Assembly of the nation, we have development needs. We know them. We interact with the people and we can prioritise them. Really, the Executive is merely a stakeholder in terms of telling us their development agenda and policy. We just need to factor them in and prioritize the needs of the people. The manner we have proceeded in the 11<sup>th</sup> Parliament is such that the Executive is still budgeting. Actually, we have a very perfunctory role contrary to the provisions of the Constitution on budgeting. May I suggest that we go to the PFM Act and the Standing Orders? If there is any provision in these sources of law that is limiting the will of Kenyans and the provisions Kenyans made under Article 95 of the Constitution, we should remove them because they are unconstitutional, and so that the budgeting function truly comes to Parliament.

There is a reason why we are saying this. We are having the Executive propose estimates and send money to non-development areas. Schools in this country do not even have teachers! I raised a question about schools in my constituency. The average number of teachers in a primary schools is five. Why can we not find money for such important things? Does the Budget and Appropriations Committee know that a law made by this Parliament requires the national Government to establish a university in each county? We still have people moving all over, yet we sit here pretending to be budgeting. Does the Budget and Appropriations Committee know the suffering we are going through in the health sector across the country? Time has come, and I would request that you communicate this when you address the House, for the House to take this noble function the people of Kenya vested in it seriously, so that we can build the nation.

Thank you so much.

**Hon. Speaker:** Hon. Members, to be fair I ask you to restrict yourselves. I am hoping that as we discuss this issue, it is an important one as I said. We should look at the provisions of particularly Standing Order No. 235, and also notice that Subsection (6) thereof permits that the House resolution would be with or without amendments. Section 235 (4) (5) have placed certain responsibilities on us to discuss, review and consider. The Budget and Appropriations Committee shall take into account the recommendations of Departmental Committees. This is so that we can narrow down the issues which have been raised by Hon. Midiwo, particularly relating to the issue at hand about the Cabinet Secretary (CS) for Foreign Affairs, if I understood the Hon. Midiwo and the Chairman of the Budget and Appropriations Committee to be making

reference to that particular CS. Then consider also provisions of Section 39 of the Public Finance Management (PFM) Act with regard to balancing. If you propose a reduction, you must provide for a mechanism where you are going to balance.

Looking at Article 221 (5) and (6) of the Constitution, it explains what the Budget and Appropriations Committee is expected to do. Not many of you have been addressing this point, except Hon. John Mbadi. I do not like making reference to a Member who is not present. Hon. John Mbadi in 2013 raised the need for us to continue having in our Standing Orders Nos. 236 – 240 the Committee of Supply. Do they have any place in a presidential system? If you read through those Standing Orders you will see that this is the old system which was used by the previous Parliaments. These are allotted days in Committee of supply. In fact if you read, the chairs of committees are the ones who should be rising to claim that so much money be withdrawn from the Consolidated Fund to meet expenditure for this particular year.

It is fair if you look at all those things. I am not making the ruling yet, but I am trying to think aloud, so that we consider all those things and then see whether we are right, because the system we have adopted is slightly different. Is there something we can borrow from those provisions on supply, yet the Constitution requires that the recommendation would be the one by the Budget and Appropriations Committee, but which is also required to take into account the recommendations of other committees?

I think that is where we need to strike the balance. Even those Members who want to speak as chairmen of other committees could try to zero in on that, so that you do not address me on behavioural science since I am unlikely to want to get into how people relate with others. Some of those things may not be necessary for this particular issue. These are issues of: Who wants to relate with whom? Who wants to go to a mosque or a church with whom? Who wants to attend some funeral meeting somewhere with who and in whose company? Let us move away from those ones, so that we only zero in on this, because this is a critical matter.

Let us have Hon. Ndung'u Gethenji

**Hon. (Ms.) Otucho:** On a point of Information, hon. Speaker.

**Hon. Speaker:** It is unlikely that I can be informed by you.

*(Laughter)*

If you want to inform the House, how do you do it Hon. Mary Emaase? Let us hear the hon. Member then you will inform the House. We will give you a chance to make a contribution as the Vice-Chairperson, so that in the process you inform the Members.

**Hon. Gethenji:** Hon. Speaker, thank you for giving me the opportunity to contribute. This is a most important point of principle that, in fact, has seized the minds of the membership of, particularly the Departmental Committee on Defence and Foreign Relations in this financial year and, indeed, even in the last financial year. The point has been raised by Hon. Jakoyo Midiwo that during the hearings of the Budget and Appropriations Committee, we were surprised to hear that the CS for Foreign Affairs was unable to attend; this was not news to the Committee because we are very aware of her functions and her external mandate in her heavy schedule.

However, in the same token, the Accounting Officer of the Ministry, Dr. Karanja Kibicho was also unavailable to represent his Ministry and present the budget to the Committee; the team that was sent to the Committee was not up to the task, according to the Committee. A reference

was made to the highest law of the land, the Constitution of Kenya, which provides that Cabinet Secretaries shall present themselves before committees of Parliament.

Hon. Speaker, a resolution was passed by the Committee that they would receive the memorandum from the Ministry of Foreign Affairs and any subsequent presentations would be accepted on the availability of the CS. The point in question here is whether a committee of Parliament can present a report of considered findings and recommendations based on their oversight functions and the mandate of the committee given to them by the Standing Orders and the Constitution. That is whether that Report can be submitted to the Budget and Appropriations Committee and the recommendations therein be disregarded in total without reference to the Committee, and even without consultation with the Chairman.

I am surprised to learn here that the Hon. Mutava Musyimi received a telephone call during the Budget hearings from the CS for Foreign Affairs. That is not strange in itself, but the fact is that a decision was then made to reverse or disregard, the recommendations of the Departmental Committee on Defence and Foreign Relations, which were heavily considered and presented in the Report and even defended by Hon. Dido Rasso, who represented me as I had a funeral to attend in my constituency. The least that I would have expected was that Hon. Mutava Musyimi would accord us the same courtesy that he accorded the CS for Foreign Affairs. He could have called me to get my concurrence or consult me on the way forward in dealing with the recommendations of our Committee and also the quandary that he was presented with by the CS.

I am surprised that my Hon. brother here used the words “punitive action”. The reductions that were effected in our recommendations of the estimates of the Ministry of Foreign Affairs were in line with our scrutiny and our mandate of oversight.

*(Applause)*

We were not convinced that certain programmes that had been put had been supported properly, or had been accounted for previously in the last financial year. It is our mandate and responsibility to protect the taxpayer in our oversight function and to make sure that whatever is presented to us is properly supported. As a Departmental Committee on Defence and Foreign Relations, we are on record as having supported our line Ministries to the hilt in terms of the budget-making process. In fact, in the last Budget Policy Statement (BPS), we made a recommendation for the increase of the sector ceilings for our line Ministries and that was accepted by the Budget and Appropriations Committee.

So, nobody can accuse us of being punitive or vindictive, in making the recommendations that we made. This is because we were only doing so in the interests of the taxpayers of Kenya, and in the interest of the policy programmes of the Ministry of Foreign Affairs. Should they have wanted to come and make a presentation and ask for the return of those monies, or for the increase of their Budget estimates, certainly that would easily have been accommodated; we would have made the requisite amendments during the supplementary budgets.

So, hon. Speaker, we are now in a position where we are looking up to you.

As chairs of Committees - I speak from a history in this Committee - this is the second year in a row where our recommendations with regard to the Budget Estimates have been totally disregarded by the Budget and Appropriations Committee. If you look at the Budget and Appropriations Committee's Report of 2014/2015 Financial Year, you will see that the

recommendations that we made, as the Departmental Committee on Defence and Foreign Relations with regard to a reduction that we made to the budget of the National Intelligence Service (NIS), were supported by Members of that Committee and the report was adopted. Subsequently, as a result of whatever intervention there may have been, that issue was reopened. The recommendations were reversed and the reductions we made were reversed in a subsequent meeting when a resolution of the Committee had already been passed.

We want a clear ruling from the Chair as chairmen of committees, because the functions we perform and undertake are now under threat. The motivation of Members to sit for hours on end scrutinizing budgets and listening to presentations from Ministries will diminish significantly, if it is then known hence forward that whatever recommendations we make, or whatever reports we write, may be disregarded since all it takes is a telephone intervention by a Cabinet Secretary (CS) to the Chairman of the Budget and Appropriations Committee to rubbish everything committee chairs and Members have done in their meetings.

So, we need a clear line to be drawn. If this is a budget-making Parliament, let it be so. If it is not, let us also know so that we can know how to proceed going forward; we cannot be put in a position where committee chairs and Members are used as a rubber stamp and recommendation that we make are disregarded. We must have clarity of our functions; the Cabinet Secretaries (CSs) must also know that there is a function we are performing in this House.

**Hon. Speaker:** Hon. Onyonka, do you want to add something?

**Hon. Onyonka:** Thank you, hon. Speaker. I could not have given more support to the issues that the Chairman of my Departmental Committee on Defence and Foreign Relations has stated. I think one of the very subtle issues that I would want you in your ruling to touch on--- Hon. Musyimi is a man we highly respect, and I want to say that we are not passing any judgment, or doubting his credentials in terms of integrity. What we want him to understand is that when you make a ruling, and we sit in a Committee, we discuss critical issues; we make recommendations. The Constitution and Standing Orders state that the Budget and Appropriations Committee should take account of those recommendations. We have had close to 15 meetings in hotels and restaurants discussing budgets of different Ministries and departments. For Hon. Musyimi to say that he can disregard them, and that he is not under any obligation to take what we have recommended to him, and he can make a decision as he may wish, or if he has consulted the Executive--- I think he misunderstands the responsibilities and the role that we, as Members of this House, are supposed to play.

The other issue I would like to say is that I believe there was a reason why the drafters of the Constitution said that Parliament shall, through its Committees sit, deliberate and make recommendations, which shall then be taken to the Budget and Appropriations Committee.

Hon. Speaker, the last point I want to make is, do not forget that the decision or ruling you are going to make today is also going to affect how the county governments departments within the county executives are going to manage their budgets. This is because what this will mean is that a budget chair says that the county assembly has sat down and passed recommendations and given those recommendations to the Chairman of the Budget Committee, but he can disregard whatever they have said. Essentially what we are saying is that we need to introduce due diligence. We need to make sure that the recommendations we make, as the Chairman of the Departmental Committee on Defence and Foreign Relations has said, are discussed. The Government needs to start buying its property so that our ambassadors can stay within the premises owned by the Kenyan Government. Why are we renting houses? When we

looked at it, we realized that we can have the ambassador buy a property which in 10 years we will have paid for; some of the rented houses have been paid for three times since they were rented out. It means either somebody is making money out of them, or we are not being serious.

Therefore, the ruling will be critical and the Committee has a responsibility--- The Chairman of the Budget and Appropriations Committee must realise that we do not go and sit in committees to waste time; we look at equity; we look at fairness; we look at the impact the Budget will have. We are very sensitive to security. The military needs support. Certain Ministries must be given certain funds. Imagine we make recommendations which are, for example, to help the police receive more salary, so that their morale and capacity can improve only for the Budget and Appropriations Committee to say they cannot give them money.

Thank you, hon. Speaker.

**Hon. Speaker:** Hon. Joseph Limo.

**Hon. Limo:** Thank you, hon. Speaker. I stand to make my comments on what is going on.

Hon. Speaker, it is very clear that it is important that for anything to happen in this House, we need to listen to each other, and have wide consultations. You have seen how costly it is when a certain thing has not been done and it has even cost us our time. Remember this is a special sitting, and we have taken almost two hours discussing this because of lack of consultation. There is an example which I will give. There was a company where someone did not consult and it cost millions of money because the company had to advertise that they had not made a mistake. This House is now discussing issues which could have been sorted out earlier.

What I am suggesting in your ruling is that issues of chairs making consultations should be paramount in any discussions we are going to make going forward; decisions made without consultations are very costly. There are so many Ministries which have started taking this House for granted. Why? Because whether they present to the Committees and the Committees decide what they want or not, they know there is a way they will go about it. Other than going to the Budget and Appropriations Committee, which I am a Member of, they will go back, present their issues and bring them in the Supplementary Budget. There is actually mischief in law because if this House rejects a proposal from a Ministry, it is not a must that that Ministry will not spend money. We have realized they will go ahead, spend and bring it in the Supplementary Budget. So we need to look for a way of making sure that any rejection by this House and by a committee, which has been approved by this House during the budget-making process will not be allowed to appear in the Supplementary Budget; it makes decision taken by this House futile if we allow people to use other channels.

On the issues we are discussing now, several committees appeared before the Budget and Appropriations Committee, which I sit on; for record purposes, I need to make it very clear that save for this issue of the Departmental Committee on Defence and Foreign Relations, all the other recommendations from other committees were taken into account without any change.

The only fear was that during the presentations we realized that most committees were accepting in totality what the Ministries were presenting. On top of that, they were recommending additions. The question is, when a committee comes up with additions to the Budget and Appropriations Committee and says it is begging for additions, where will that money come from?

This House must operate in a way that we do pre-audit of the Budget as presented by the Ministries. An example is the Departmental Committee on Finance, Planning and Trade where I am also a Member. We took to task the various Cabinet Secretaries (CSs) and Principal

Secretaries (PSs) who came. At some point, there was a recommendation by a certain Ministry to buy generators. We asked them how many generators they wanted, and we discovered the amount which they were planning to spend. They had budgeted to buy a generator at Kshs1.5 million while the market price of that generator is Kshs300,000. What I am saying is: Let us not take the recommendations from the Ministries at face value. We must interrogate them. We must get proof that they know what they want to buy. They should know what they want to spend, otherwise we will be passing guesswork by accepting what they want. Therefore, I urge this House to be factual. Let us present what is factual to the Budget and Appropriations Committee.

Finally, I want to say to the Budget and Appropriations Committee and the chairpersons, let us be on talking terms so that we avoid the costly processes we are going through just the same way we are dealing with the Senate. The Senate is always bringing in a lot of controversies because of lack of consultation. Again, some of them are because they are out of law. If people follow the law, then we will not have any problem. In your ruling, I insist that you guide the various committees on the various ways of interrogating the Budget, so that it is factual.

Finally, I have a fear. The National Treasury is still hanging to the old days of budgeting. I overheard the Cabinet Secretary, National Treasury, saying that they want to come up with some percentages; they will have a limit beyond which this House should not go. That is the past. This House has authority to change the Budget the way it actually deems fit. If it is not factual, why do you go by it and say there is a certain percentage which we should not exceed. So, I insist that we should go by the spirit and letter of the law and insist that this House is paramount in the Budget process.

**Hon. Speaker:** Maybe we could hear Hon. Mary Emaase briefly because now it is clear. I can see there are very many of you, but I am now very clear that even in the course of the debate, many of you will still ventilate on these issues. Nothing limits you.

**Hon. (Ms.) Otucho:** Thank you, hon. Speaker, once more for this opportunity. I appreciate the concerns raised by Hon. Midiwo and echoed by most of the Members who have spoken, but I am surprised that they seem to suggest that the Budget and Appropriations Committee should not have made any variations. The information I wanted to give to the House is that the Budget and Appropriations Committee largely adopted the recommendations of the Departmental Committee and only did very minimum variations. If you imply that the Budget and Appropriations Committee should not have varied anything, then that begs the question, are we a rubber stamp? The mandate of the Budget and Appropriations Committee is also to protect the interests of the people of Kenya. The only variations we did were to decline to adopt the recommendations by the Departmental Committee on Justice and Legal Affairs, for instance to reduce the budget of the Judiciary, because we said this is a critical department that has important responsibilities and we cannot afford to reduce its budget.

We also felt, as a committee, that for the Ministry of Foreign Affairs, it was punitive to reduce their budget because the CS did not appear before the Committee. We were not given justification as to why the budget was drastically reduced. Some of us have travelled to foreign embassies. Some of those embassies are in a pathetic state. So the Committee declined to accept the recommendations of those committees. Members of the Budget and Appropriations Committee who are here can attest to the fact that we largely adopted the recommendations of the Departmental Committees, especially those of the Departmental Committee on Finance, Planning and Trade. We adopted almost 100 per cent of their recommendations.

To speak to the issue of consultation and consulting the Executive, our Chairman got the permission from the Committee to consult the President as well. The President is a stakeholder in

the budget-making process. Just as our mandate allows us to consult with the public and other stakeholders, the President has made promises to the people of Kenya. He has a manifesto. I think it was a right to brief him on what we were doing and also raise the concerns we had that we wanted raised with him on priority projects, which were not provided for in the budget-process by the Departmental Committees. I want to reiterate, especially on the issues of payment of pensions to retired teachers, the issue of shortage of teachers, the Technical Industrial Vocational and Entrepreneurship Training (TIVET), Lake Basin and Ewaso Ng'iro; there were so many priority areas for which we did not see a budget. The request by the Departmental Committee was for the Budget and Appropriations Committee to look for additional funding; we wanted to find out whether the National Treasury could look for additional money for them.

To conclude, I want to say that Parliament is supreme. We are the representatives of the people. What we are tabling in the House are proposals by the Budget and Appropriations Committee. This House has the power to vary them. This House has the power to change and that becomes it. So, nothing is lost. We have done our part. We have done what we were supposed to do and now it is for the House to make any variations.

Thank you, hon. Speaker, for the opportunity.

**Hon. Speaker:** Before I hear Hon. Mutava Musyimi. Let me hear Hon. Dalmas Otieno.

*(Hon. Maanzo stood up in his place)*

**Hon. Anyango:** Thank you, hon. Speaker. We are---

**Hon. Speaker:** Surely, Hon. Maanzo, it is not the size. Vertically you are not the size of Hon. Dalmas Otieno, even if we were to be--- Hon. Dalmas Otieno is the Member for Rongo. Hon. Daniel Maanzo is the Member for Makueni. Let us hear Hon. Dalmas Otieno then, perhaps, we can hear Hon. Maanzo. I am aware that you have been given the responsibility by your Committee to stand in for the Chairperson.

**Hon. Anyango:** Thank you, hon. Speaker. We are talking money matters. In this country the most sensitive and explosive issues are money and land. When it comes to the budget process, consultation with the public is required; consultation with the Executive, the Central Bank of Kenya that is responsible for macro-economic management and individual Members' interest come into play. The budget-making is rightly in the hands of the House, but it is a new responsibility which will continue as such, but we have not made adequate provisions and procedures on how to tackle it. We are going to do this overtime. For example, the time we have allocated for the budget-making process still appears to be inadequate. Two, on the role of the Departmental Committees *vis-à-vis* the budget-making process, there are still areas for which we may have to agree on certain procedures, whether there are additions or not, and what must be taken into account. If there are reductions, what must be done if reductions have to be made.

The issue before us today apparently has been brought up by the failure of the CS for Foreign Affairs to appear before the Departmental Committee. It is only the CS whom we have powers to sanction, and no other officer in the Government. Only the CS and after the CS, it is only the President whom Parliament may have powers to sanction in a way. It should be a ruling from this House and I am sure it was expected to be the practice that on budgetary matters and financial matters, that is an audit and budget process, the CS shall appear in person before the Departmental Committee when summoned.

The summons should give adequate notice for the Cabinet Secretary to appear. I sympathise with the Cabinet Secretary for Foreign Affairs. This is because Africa is burning all

over and at very short notice she has to run here and there, change clothes at the airport and fly back, yet she is a married woman who has children and a husband to look after. Given her functions, it is very possible that her schedule and that of the Departmental Committee did not quite interact. I wish the Departmental Committee was less punitive.

However, the Budget and Appropriations Committee should not have just spoken to the Cabinet Secretary without going back to the Departmental Committee for their concurrence to the variations they were asking to be done to the recommendations.

In this particular instant, we expect that if the Defence and Foreign Relations Committee feels so aggrieved, they should ask for an amendment by the House, so that we shall hear and agree to support them or support the Budget and Appropriations Committee's resolution over this particular matter. If they fail to make such a proposal for an amendment even to deduct two pounds or two shillings from the budget of the Ministry of Foreign Affairs to convey their sentiments on the absence of the Cabinet Secretary, we will go by what the Budget and Appropriations Committee has presented before us. This is because it is the Budget and Appropriations Committee that is mandated to present a report to us. The aggrieved Departmental Committee can then propose an amendment, which the House can accept or reject. That would settle that particular matter.

Hon. Speaker, let me also talk about the consultation with the Executive. Honestly, I see a grave error in this Budget of 8 per cent of GDP as deficit financing; with the value of the shilling now, it is going to increase inflation and the whole country is going to be in trouble. It is the President and Parliament that take responsibility. That consultation should actually be in writing through the Speaker and not through a verbal process by a Member of a particular Committee. This is because it is accepting a verbal communication in an oral consultation with a constitutional office on decisions that have far reaching consequences in the management of our economy. When such consultation must take place, it should be presented to the Speaker in writing and be addressed in a letter. Even if the Committee goes to sit with the President to discuss issues, the response must come back through the Speaker in writing. That is why we put in the Constitution a clause restraining the President from making verbal declarations and instead requiring that all his decisions be communicated in writing, so that consequences can be accounted for in the future.

I do not belong to any Departmental Committee because my party leader thinks that I have no brains any more to contribute to any of these deliberations, and hon. Midiwo supports him. That is by the way.

Once this period is over, the Budget and Appropriations Committee will need to sit and agree on some procedures that will apply in the deliberations and amendments; deletions, additions and reductions in the course of the budget-making process. In future these matters can be clear to ensure that we do not start blaming one another simply because something was overlooked, yet we had no adequate provisions in handling a particular issue at that time.

Thank you, hon. Speaker.

**Hon. Speaker:** Let me hear hon. Maanzo.

**Hon. Maanzo:** Thank you, hon. Speaker, for giving me this opportunity. As we wait for you to make a ruling, I would like to state that ceilings are provided in the Budget Policy Statement (BPS), which we passed in this House; it is a property of the House. Therefore, the Budget now flows from the ceilings and there is no way any committee or Ministry can go beyond the ceilings. At the same time, while the process goes on, the Budget Office gives each committee an expert to guide them during the budgetary process, so that each committee is



guided properly to ensure that they do not make mistakes. In the case of the Departmental Committee on Agriculture, Livestock and Cooperatives, an expert sat with us throughout and wherever there were issues, we consulted that particular expert. Therefore, the process is guided by law, reason and good practice in that we cannot budget for what we do not have at all, or for monies we do not have. This is guided by ceilings.

Hon. Speaker, I urge you to consider the fact that there are ceilings and that no Departmental Committee, Ministry or the Budget and Appropriations Committee itself can go beyond the ceilings.

Thank you, hon. Speaker, for the opportunity.

**Hon. Speaker:** Finally, let us have hon. Mutava Musyimi.

**Hon. Musyimi:** Thank you, hon. Speaker. Let me begin by apologising to the Chair of the Departmental Committee on Defence and Foreign Relations, my good friend, the hon. Member for Tetu. I should have called him. That is what I normally do. However, in a minute, you will know why it did not happen. I am not withdrawing my apology. I mean it.

The timelines that we have been working with put the Budget and Appropriations Committee in a pressure cooker situation that is actually impossible to manage. Through you, let me inform this honourable House that the Committees of this House presented their reports on Friday last week. Friday last week was the deadline. The Parliamentary Budget Office had Friday to compile those reports. I then instructed the Budget Office to call the Members of my Committee and tell them that we needed to report for work on Sunday. You know my background. It was not an easy decision for me. I reported to the venue on Sunday at 11.00 a.m. I had asked the Cabinet Secretary and the Principal Secretary of the National Treasury to be there.

The law demands that we meet the National Treasury. We spent Sunday going through our concerns with the Cabinet Secretary for the National Treasury, because he was travelling on Monday to Abidjan. Given the substantive weight of the issues we were discussing, it was not going to be possible to just deal with the Principal Secretary. Today is Wednesday. So, we had Monday to go through the reports from the Departmental Committee Chairs.

We started our sittings at 9.00 a.m. on Monday. We had to listen to the Departmental Committee Chairs as they gave us their reports. Those reports had to be completed and then we had to call the National Treasury on Monday, so that we could talk to them as we had the benefit of the views of the Committees. This is because we respect what the Committees say. So, we asked the National Treasury to come back on Monday at 4.00 p.m. Having listened to the Reports of the Departmental Committee Chairs, we then asked ourselves what they had said and what we should tell the National Treasury. So, we had a long session with the National Treasury, which ended at around 6.00 p.m. From then on, we began making decisions because that is the responsibility given to us by the law. It was the expectations of this House and our people. At some point, whether you like it or not, the buck has to stop somewhere. So we began to make decisions at about 6.00 p.m. We went through each committee's report. We finished at around 9.00 p.m. or 10.00 p.m. on Monday, so that we could give the Parliamentary Budget Office the opportunity to compile the resolutions of the Budget and Appropriations Committee yesterday, which they did.

Then I was asked to make sure that, that report was tabled here by 5.00 p.m. yesterday. That was on Tuesday. I was running up and down, getting documents signed and getting permission from the Deputy Speaker to first of all call a meeting of the Budget and Appropriations Committee, so that it could adopt the report which we did at about 3.30 p.m. Then we were to go through the report with the Committee and after the Committee had finished

its work, the Chairman was left going through the minutes, signing them and making sure all the annexure was in place. Then I had to come back to this House to table the report at about 5.30 p.m., so that it could be on the Order Paper today.

Hon. Speaker, all that I am saying, in a very polite way, is that can we please check the timelines because they are impossible to work with, especially the timelines that we are given by the Departmental Committee on Defence and Foreign Relations. Once in a while, I have asked the Members of the Committee to take the Chair, so that they know what it feels like. The timelines are impossible. They are absolutely impossible. You are trying to go through a process in three days that should take about three weeks. It is a pressure cooker.

Once we are done with the National Treasury, there are outstanding issues that are bigger than the National Treasury, whether you like it or not. In presidential systems that work, the Budget and Appropriations Committee and its Chairperson will from time to time meet the Head of State. That is normal. If you do not, you will pass a Bill in this House and create over-expenditure. It will go to State House and the President has the discretion not to sign that Bill into law. So what will it achieve? What will it give you? There is a sense in which you are negotiating difficult realities as the Chairman of the Budget and Appropriations Committee. That is my job. If I failed in that, I should not be the Chairman of the Budget and Appropriations Committee. I chaired another Committee in the Tenth Parliament. I know the frustrations that the hon. Members are speaking to.

That brings me to my second point, which has to do with the composition of the Budget and Appropriations Committee. As you give your ruling and direction--- I have come to realise one thing - I am doing my second term in Parliament - all these discussions you are hearing, are not as innocent as they may seem. On the surface they seem innocent but they are not as innocent. What am I saying? Let me explain myself. I believe that we should consider reverting to the old system where the chairpersons of Committees are ex-officio Members of the Budget and Appropriations Committee, and where they can come and explain themselves as Members of that Committee in their own right.

I will take it even further and say that – this is a matter which I have considered over two years - when we come to consider the changing of the Standing Orders, and given the responsibilities that this Committee has, I would wish that each county is represented by a Member of Parliament in the Budget and Appropriations Committee. I have reasons for saying that which I cannot say here. If you have 51 Members of the Budget and Appropriations Committee, each county should bring a Member totalling to 47 Members. That would be necessary going forward, so that there is a sense of equity and inclusiveness as we discuss the national Budget.

I come from the reform tradition, and so changes do not frighten me. I like them, especially if they are in the public interest. That is my background and I think you know it. I have been in it for 30 years.

Hon. Jakoyo, I can hardly hear myself.

Any changes that will add value to the Public Finance Management (PFM) Act, the Constitution and the relevant laws, bring them on board. That is why I am very glad that we are now doing a socio-economic audit of the 2010 Constitution. I had a lot of involvement in the reform process, I have come to appreciate that in programme work, once you restructure the country as we did in 2010, you must have the guts and humility to stand back and ask yourself how we are performing four or five years down the track. Where are the red flags? This is so that

we do not entrench things and practices that are wrong. I am very glad that this conversation is going on. I am very glad that we are discussing the issues as we are.

As I close, it is a pity that Hon. Richard Onyonka is not here. Discussions today got a bit personal. I chair a Committee. I have chaired many meetings in my life. There are times when I need to be strong but I consult. I try to. Where I have not consulted, I take responsibility. The processes that we have been through have been highly consultative, but timeframes were impossible. The decisions that we have taken are not personal decisions, they are decisions in the public interest.

As I close, the Budget and Appropriations Committee acts as a gatekeeper. That may sound arrogant, but if the Budget and Appropriations Committee did not act as a gatekeeper, there would be chaos under this system. You have to stand back and act as a gatekeeper. I cannot wait for the day - Maybe, time has come for me to say this here - when the man or woman in State House will not have the numbers on the Floor of this House. I cannot wait for that day because it will be very good for our growth as a democracy. I can assure you that if Hon. Raila was the President today and he had the numbers here, what would be happening would probably not be that different in terms of the process; but I cannot wait for the day when the person in State House will not have the numbers here. What would happen is what happens in the United States of America and is probably happening now. You have shut-downs; you have constant stalemates; a Bill is passed here and the President does not sign it. What will you do? If it is not signed, it is not law. That is democracy, but at the end of the day, democracy does not put food on the table. It does not build roads or airports.

Let me close by thanking my hon. friends. You have brought this subject to the right person. I believe in changes, so long as they are in the public interest and we act for public good.

*(Applause)*

**Hon. Speaker:** Hon. Members, I have heard sufficient material on that topic. It is clear that we need to have a constant review of our own rules not least, of course, in the areas I mentioned earlier. It is also important, as has been said by Hon. Dalmas Otieno, that we constantly remind ourselves of some of the provisions that we have put in the various processes, particularly the Constitution. Remember that even when we looked at the Standing Orders, we specifically referred to Article 153(3) of the Constitution that says that a Cabinet Secretary shall appear before a Committee of the National Assembly or the Senate to answer questions on matters for which the Cabinet Secretary is responsible. There can never be anything more important than the budget of a Ministry. That has been amplified by several of you. It is a matter that we need to constantly remind ourselves about. How do we keep improving? How do we improve the current processes that we have?

You have heard the Chairperson of the Budget and Appropriations Committee lament about the very short time that he has within which to bring reports to the House. Remember the date of not later than 30<sup>th</sup> of April of every year is in the Constitution.

However, through our own actions as a House we need to compel those in the Treasury to appreciate that it says “not later than”. Some of these strictures are happening in the House because they think “not later than” means on 30<sup>th</sup> of April. Year in, year out they deliver the estimates around 30<sup>th</sup> of April and then the other processes kick in. That is the 21 days within which these reports are to be considered by the various Departmental Committees and the public hearings. The Budget and Appropriations Committee is required to conduct public hearings, so

are the committees. Obviously, it is fair to appreciate that we need to look at those timelines and see whether they really make sense or we are expecting that any particular segment of the House, either the Departmental Committees or Budget and Appropriations Committee, are going to be rubber stamps, a situation which I think none of us is keen to go back to. We need to appreciate that.

Coming specifically to this issue because it is--- I know there are several of you who had indicated that you still had issues you wanted to raise. However, Hon. Members, remember we have to get the HANSARD record of what you have said to make the ruling. So, we cannot debate endlessly. We have sufficient material.

I wish to draw the attention of the House to one aspect; that is Standing Order No. 235(6) about the Report by the Budget and Appropriations Committee which is adopted by the House with or without amendments. The point I would want to make is that any such amendments to this Report can only emanate from a Committee. It is not the kind of amendment that we will allow from individual Members. This is because it is fair to appreciate each Departmental Committee has sat and deliberated on the estimates in keeping with their respective mandates. Therefore, it would not be fair for individual Members to come on the Floor and claim to propose amendments. If there are any amendments proposed, those amendments must come from the particular Departmental Committee. What this means is that if a Committee intends to propose an amendment later in the afternoon, the amendment should be in the Clerk's Office in the next one hour so that we can consider it and have it distributed to Members for them to see what you are proposing. Let it not be the kind of amendment that is raised on the Floor. We need Members to understand what you as a Committee had recommended so that, as was rightly observed by Hon. Dalmas Otieno, the House will then inform itself whether to agree with you as the committee concerned or to agree with the Budget and Appropriations Committee. The ball is still in your courts. For now, debate must continue on the Motion as moved by Hon. Mutava Musyimi.

Hon. Chris Wamalwa.

**Hon. Wakhungu:** Thank you, hon. Speaker. I rise to support the Motion by the Budget and Appropriations Committee. I also thank the Committee for working extra hard to bring this Report on time. I want to mention something on the State corporations. You realise that 32 per cent of the allocation to State corporations is coming from the Exchequer. We know very well that State corporations are supposed to stand on their own. They are supposed to be efficient and effective. For how long are these State corporations going to rely on the Exchequer?

Another issue that I have seen in this Report is on the Ministry of Education. I have not seen the Ministry of Education's bursary for secondary schools. I wish the Chair of Budget and Appropriations Committee was listening. I do not know what we are going to do because we have so many families that are suffering. These are the families that have been relying so much on this bursary for secondary schools. Of late, we are not seeing it. So, we need to get an explanation. I have gone through the votes under the Ministry of Education, Science and Technology but I cannot see the money that was being allocated to these children from poor families.

It is true in this presidential system that the budget-making process lies with this Parliament. We should not allow the Executive to continue dictating things as if we are still in the parliamentary system. It is indeed important that as relevant Departmental Committees work together, we should work in harmony with the Budget and Appropriations Committee so that

whatever comes out of this Floor must be something that has been agreed upon between the Budget and Appropriations Committee and the relevant Departmental Committees.

Another issue that I have realised in this Report is the cash transfers. I know there is about 10 per cent or so increase, but it is indeed important that the amount for cash transfers is increased. The amount of money that goes to the elders, orphans and disabled children is a drop in the ocean. It is important that more money should have been allocated to this cash transfers programme. We will want to discuss further, if amendments can be done. In Kiminini Constituency, for instance, the number of the elderly receiving this money, which is not even coming on time, has swollen. Whatever has been allocated is a drop in the ocean. So, it will be critical to look at and increase the amount of the cash transfers that goes to the elderly and disabled.

One of the critical principles of the Public Finance Management (PFM) Act is efficiency, effectiveness and value for money. I sit in the Departmental Committee on Defence and Foreign Relations and I am also a ranking member of the Budget and Appropriations Committee. The circular we had from the Parliamentary Budget Office (PBO) was very clear that as the Cabinet Secretaries (CSs) come to present to the relevant committees, they should come with a report on the implementation status. The implementation status would give us the indicators. We would also be able to see how much money was given the previous financial year, some of the outputs that have been realised and the absorption rate. The absorption rate in some Ministries was very low. They still have money and yet they are demanding for more. In future, the implementation status report should give a full disclosure. For instance, when you look at some items, because we are now doing a programme-based budgeting, you find that objectives are not specific. Measurability becomes a problem because the indicators are not there. For example, in one of the---

**Hon. Langat:** On a point of order, hon. Speaker.

**Hon. Speaker:** There is a point of order from the Member for Ainamoi.

**Hon. Langat:** Sorry, hon. Speaker. I heard Hon. Wamalwa saying he is a ranking member of the Budget and Appropriations Committee---

**Hon. Wakhungu:** I was.

**Hon. Langat:** Hon. Speaker, Hon. Wamalwa is an ordinary member, actually a junior member of the Budget and Appropriations Committee. He is abusing the words “ranking member”. That name should be reserved for the right people.

*(Laughter)*

**Hon. Wakhungu:** Hon. Speaker, you know Hon. Langat is my friend and when it comes to matters of budget, he consults me enough times. However, I said I was a member because I am no longer serving in that Committee. The Chair of the Budget and Appropriations Committee can recall my contributions.

*[The Speaker left the Chair]*

*[The Deputy Speaker  
(Hon. (Dr.) Laboso) took the Chair]*

One of the critical issues we used to have in Budget and Appropriations Committee is that in terms of budget-making, before you allocate anything, and Hon. Benjamin will agree with me, the status report was never given. In this case, we need to have some verifiable indicators. Clear outputs and the absorption rate are very critical. When I was serving in the Budget and Appropriations Committee, it was important that before any money has been allocated to any item, the relevant committee must be able to give us the implementation status report detailing the output, how much money was given and what the budget deficit was. However, those things are missing in the reports we are getting. It becomes very difficult to scrutinise those budgets when they come to the Departmental Committees. So, it is important that as the implementation status report is given, you must operationalise those objectives for purposes of measurability.

Hon. Deputy Speaker, another issue is that we should not miss out. When you look at the Public Finance Management Act (PFM) Act, Section 2, it says that before the National Assembly considers the Estimates of Revenue and Expenditure, the relevant Committee of the National Assembly shall discuss and review the Estimates and make recommendations. It is only the relevant Budget Committee which is conversant with the specific programmes as far as that Budget is concerned. The Budget and Appropriations Committee will not be able to know; it is only there to consolidate. It will be in order if the work of the Budget and Appropriations Committee, when it comes to the budget-making process, includes a requirement that they integrate a report based on how the Committees had presented their budgets. The budget-making process is very critical for any departmental agency and, indeed, for Cabinet Secretaries.

Whatever the case, when it comes to presenting this to the Committees, it should be done by the Cabinet Secretary. If we go downwards, we should not go lower than the Principal Secretary. I know that the Cabinet Secretary for Foreign Affairs and International Trade has been very busy travelling. It is important, however, that some of those foreign travels are delegated. This is because with the budget-making process, it becomes very difficult to delegate. So, foreign travels could be delegated to the Principal Secretary or whoever is senior in that particular Ministry. However, in future, it is important that the Cabinet Secretaries should be the ones to appear before the relevant Committee. The relevant Committee should then internalise and as it appears before the Budget and Appropriations Committee then it is in a position to defend those budgets. We all know that without money you go nowhere.

On the issue of the Presidential system, it reminds me of Mr. Wachira Maina, one of the consultants who took us through the difference between the Presidential system and the Parliamentary system when we were in Mombasa. It is very clear in his submissions that when it comes to Parliamentary system, Parliament has powers to amend everything. So, whatever comes on this Floor, we cannot say that Treasury must be the one to dictate. We can throw it out because ours is a Presidential system and not a Parliamentary system. It is high time we understood that when it comes to the Presidential system, Parliament is the budget-making House. We have the powers to amend and review the Budget. When I was going through this, I was very concerned because I did not see where Constituencies Development Fund (CDF) was. However, the Chairman of CDF whispered to me where it is. Since the CDF has done so much, whatever is before us, we are going to manage it. Every Kenyan knows the role and the value of CDF in the community.

I support.

**Hon. Deputy Speaker:** Hon. Joseph Limo. Hon. Tiya Galgallo, are you on a point of order or do you want to contribute?

**Hon. Limo:** Hon. Deputy Speaker, I wish to rise and support this Report. Before I speak to it, I wish to state very clearly that the current Constitution is the best in terms of ensuring that this House does not become a rubber stamp during the budget-making process. Away from the past where the Minister for Finance would come to this House with a secret Budget, this House is fully involved in the budget-making process. That is a very good move. However, let us not forget that there are enemies of the current system. I have overheard that there is an attempt to bring in the issue of percentages, that is, how much we can alter as a House. I want to state very clearly that this House must stand its ground in terms of making the Budget and ensure that the Budget is fully integrated and fully supported. This country has lost billions of shillings because when the Ministries are making estimates, they ensure that the Estimates are overstated. So, the Committees in this House should be very vigilant. They should take a lot of time ensuring that whatever is given to the Ministries they are fully supported, realistic and supported by the market rates.

If you look at the current Board, the summary says that the revenue, expenditure and borrowings are going up. I am really worried that the expenditure is increasing more than revenue. The Estimated Revenue is increasing, but at a slower pace than the expenditure. What it means is that this country is going to depend more on borrowing which is good, but any country should also be looking at sustainability and ensure that revenue grows faster than expenditure. If I look at the Development Vote versus the Recurrent Vote, I can say that it is a good trend. We are almost attaining 50 per cent.

I want to encourage the counties to borrow leaf from the national Government in terms of ensuring that more money is voted to Development Expenditure than Recurrent Expenditure. On the priority areas, this country should focus more on food security. The first step is to ensure that the people in this country are well fed. Once they are well fed and the food prices are stable, then you can focus on other infrastructure development. One of the biggest threats to food security in this country currently is the lethal maize necrosis which has destroyed most of the plantations in the South Rift. There is a risk that North Rift is not safe either. Therefore, on this Budget, we should see more effort being put on control of crop disease and compensation of farmers who have lost their maize. It is a big worry that for the last three years, most farmers in Bomet, Narok and Kericho have lost maize, but little has been done. We have not seen the Government coming in to give farmers say, free seeds and fertiliser to ensure that these farmers are back on track especially in the areas where the effects of this crop disease are subsiding.

The other thing is that we should see more affirmative action to ensure that those areas are safe from the crop disease. The recommendation prevailing now is that farmers should not grow maize for the next three years so that the disease disappears. However, little has been done in terms of training farmers and giving them alternative crops to plant meanwhile. Therefore, we should put more emphasis on the control of the disease and compensation of farmers who have lost their crop as a result to this disease.

Hon. Deputy Speaker, the Government has spoken very widely about fertiliser. Now, fertiliser subsidy is not sustainable because the Government spends a lot of dollars in importation of fertiliser. The Government is putting a lot of emphasis on producing fertiliser in Kenya. Therefore, we should support more funding to ensure that fertiliser is produced within Kenya. That way, the price of fertiliser will be cheaper and this will also create employment for our youths. Unless we expand production of various items so that industries grow, we are going to be in trouble.

On the same note, we should put more emphasis on fish production and processing as well as ensuring that we support more farmers to diversify. We do not have to just concentrate on maize, coffee and tea farming. We should also look for ways of undertaking other farming activities like fish farming. Tea farmers got into trouble, especially in the last two years when the market became very bad. I know that price fluctuations are caused by the prevailing market forces but we should put some money, especially into marketing and subsidising the cost of production by providing farmers with fertilisers to enable them save on costs as they wait for the market prices to improve.

On the social safety net, the programme which has assisted this country so much is the Constituencies Development Fund (CDF). We should see more money put into the CDF. When I went through the instructions from the Ministry of Education, Science and Technology, I noticed that the Ministry told parents that school fees have been capped at around Kshs53,000 and below. They also indicated clearly that no school should charge fees for construction of things like dining halls or dormitories. That function has been left to the CDF, while the country governments are expected to undertake the early childhood education programme. Therefore, we want to see more money put into the CDF because its scope has been expanded. We should also send a message to the enemies of the CDF to ensure that they stop attacking it. The CDF is not a fund for Members of Parliament; it is a fund for the people of Kenya. It is the most devolved fund so far.

On the social sector, employment of teachers is critical. We should put a lot of money into hiring of teachers. In fact, there is a suggestion to employ up to 10,000 teachers. I suggest that we double the number to 20,000 teachers because the more children we have in school, the more teachers we need in order to give quality education.

With those remarks, I beg to support.

**Hon. Deputy Speaker:** Hon. Makali Mulu.

**Hon. Mulu:** Thank you, hon. Deputy Speaker, for giving me the chance to also support the Budget and Appropriations Committee Report.

Before I go into the details of the Report, I want to make a general observation relating to the debate that ensued in the morning. As the Budget and Appropriations Committee, we resolved that when Departmental Committees reallocate resources from some vote items to other vote items, we should go by their decision. However, the challenge we have is that Departmental Committees come up with new proposals, in effect calling for additional resources that have not been budgeted for.

It is really an issue of appreciating the whole budget-making process. The more I listened to hon. Members contribute, the more I got concerned about the level of appreciation of the budget-making process amongst hon. Members. The first time this House comes into contact with the budget-making process is at the stage of the Budget Policy Statement (BPS), which sets the ceiling for the various sectors of the economy. This House then discusses the BPS Paper and approves it. After its approval, it means that we have agreed, as a House, that the BPS is the resource envelop for the country for any particular financial year. So, when we have a situation where Departmental Committees come to the Budget and Appropriations Committee with requests for additional resources, we ask ourselves whether these are the same Departmental Committees which approved the budgets of the various Ministries, Departments and Agencies (MDAs), as contained in the BPS. We need to appreciate the budget-making process; otherwise, it will appear that we have wars amongst ourselves, which is not true. We are all working for this country. We need to support the Departmental Committees. At the same time, the Departmental



Committees need to support the Budget and Appropriations Committee, so that we can all be reading from the same page as far as the budget-making process is concerned.

The Budget has things which are good. I want to focus on areas which add value to this country in terms of helping Kenyans. The first item is on the Equalisation Fund. In next year's Budget, we have made a provision for Kshs6 billion. In the current financial year, we also made a provision for the Equalisation Fund. The challenge we have is how to operationalise the Fund. We need an operationalisation framework. It is important that the framework is put in place immediately so that we do not continue having budgetary provisions that we are unable to meet because such situation will not help this country. The reason as to why we have the Equalisation Fund is because some areas of this country have been marginalized for a long time. We need them to be helped so that they can catch up with the rest of the country.

The other important issue is that of Appropriations-in-Aid. Through our discussions with Government Ministries, Departments and Agencies and members of the Executive, it has come out clearly that the Appropriations-in-Aid is an item which is being misused in this country. We have realised that some MDAs collect a lot of money through this item but they do not declare it. So, it is a parallel system, in terms of money which is not declared to the Government. In that case, you cannot follow up to establish how such monies are being used or accounted for. The National Treasury needs to come out very strongly to ensure that A-In-A monies are properly accounted for. There is even a proposal for A-In-A monies to be collected by the KRA, just the way we do with other taxes, so that the money can be sent back to the MDAs for their use. This is a very important matter.

The third point is prioritisation of the Budget. If you look at the whole course of prioritisation of the Budget, you will appreciate that there are issues. There is an area we need to improve as a country. We come from different parts of this country. We agree that some teachers retired many years ago. They have been awarded some money for pension, but up to now they have not been paid. We all know that there is a serious shortage of teachers, at both primary and secondary school levels. If the Departmental Committee on Education, Research and Technology could not prioritise these matters in terms of their reallocation, then where are we leaving Kenyans, as their representatives? It is important that the Departmental Committees help the Budget and Appropriations Committee in getting the budgetary priorities right. If I were the one chairing the Departmental Committee on Education, Research and Technology, I would have made sure that we set aside some money for payment of pension to the teachers who retired and those who were awarded some claims by the court. I would have also made sure we have set aside more money for hiring of teachers. It is a known fact that the shortest way out of poverty in any country is through quality education. If you do not educate your populace, you have a problem. It is high time that the Budget started coming out strongly to support some of these areas.

As the Budget and Appropriations Committee, we had the chance to interact with some slum dwellers in Nairobi. The Committee organised three public hearings in slum areas. After listening to the slum dwellers, some things came out very clearly. I was really surprised that the most common problems in the slums are lack of roads, health centres, drainage system and exposed live electricity wires, which cause electrocution. The worst of them all is that some of the slums could only be having one primary school with a classroom having over 100 pupils. You are left wondering if these are Kenyans. The population density in slum areas is very high. Is it not time we thought of doing something to assist our brothers and sisters get out of some of these basic problems? One of the challenges which came out is that of land ownership. In slum

areas, the issue of land ownership is very important. Since people do not own the land, the Government is not able to develop some of the basic infrastructure.

I think as a House we need to assist Kenyans get infrastructure even if it is through a legal framework so that some of the people who live in these slum areas can be assisted and be provided with some of this basic infrastructure because it is very important for them.

The other issue is that of the development budget. This Report observes that more money is going to the recurrent budget as compared to development. Despite the fact that the budget we are providing for development is not enough, the situation is worsened by the fact that the same budget experiences low absorption rates. Something really needs to be done so that we make sure the small amounts we are allocating for development in this country are used up to the level of 90 per cent so that this economy is able to grow. Unless that happens, we will keep on budgeting year in, year out and we are not likely to go far.

The other issue which is very sensitive and I think this is something which we need to talk about is that something also came up during the presentations. There is a genuine concern in this country where some of the Ministries, Departments and Agencies (MDAs) think that money has been budgeted in other vote heads while this money ought to be budgeted under their vote heads. I want to give a very good example. If you go to the Ministry of Planning and Devolution, there is about Kshs6 billion budgeted for dams and earth pans. The question that the Ministry of Water and Irrigation was asking is: “Who has the technical capacity to implement water projects?” At the same time if you go to the Ministry of National Treasury, there is money for leasing medical equipment. The question is: “Is it Treasury or the Ministry of Health which has the technical capacity to implement that?” For the leasing of police vehicles, the question is: “Who has a better technical capacity in terms of police vehicles?” What we are saying is that it is important that money is put where technical capacity is even as we prepare the Budget. That is for purposes of effective implementation.

As I conclude, I want to say that we need to have a better prioritisation and more so targeting the poor Kenyans. This is so that they get out of the poverty bracket and they are able to enjoy better lives as compared to the rest of us.

Thank you.

**Hon. Lati:** Thank you for this opportunity hon. Deputy Speaker. I want to first of all appreciate the debate we had today over the manner in which the Budget and Appropriations Committee operates with the other Committees. Committees spend a lot of time and talk to different people who are concerned with those Ministries in trying to come up with the Budget Estimates. At the end of the day we have to come up with a budget which is national and serves our macro-economic goals. We appreciate the involvement of Committees and I want to say that as a member of that Committee, we largely take recommendations of other Committees because they spend a lot of time and have more information than the Budget and Appropriations Committee. They actually have all information. We deviate a little bit on issues raised by Committees only when we have extra information or when there are things that are emotional that we need to address in our country.

If you look at our Budget today, it is not the best that we can have in our country. We still have a development budget that is only 36 per cent and a recurrent expenditure of 40 per cent of our total Budget. If we want to develop and reach the goals of the developed countries, we would like to see a reverse of the same. It is even worrying when you look at what we had in terms of revenue last time and what we have as revenue this year, the growth that we get in terms of revenue versus the growth that we get in terms of expenditure. Today we have a net negative

revenue expenditure of about negative ten. We had a negative of six last year. It tells you that we are worse. We are moving away from not just being a balanced economy. We are completely a deficit economy and even moving further. If we were to get ourselves going and have something like a sovereign wealth, we not only need to have a balanced Budget but we actually need a surplus Budget. With the trend that we are taking as a country, we are digging ourselves deep into borrowing even just by considering the last two years. If we were negative six revenue to expenditure last year and you are now negative ten per cent, it tells you a story that you will not like to see.

Either way, our country has to move forward and we have to think as we go. If you look at our macro-economic environment today, we have a lot of things that are a little bit unstable. At the moment, we do not have a Governor of the Central Bank of Kenya (CBK). Markets are very sensitive particularly when the foreign exchange rates realise that we cannot even make a decision of getting a Central Bank Governor. It is problematic and that is why the shilling is very unstable. At one point it was losing about 6 per cent to the dollar. I do not understand why we do not have a Governor of CBK because having one and a stable shilling boils down to this Budget because we spend some money to buy things outside. If the exchange rates continue to deteriorate, the shilling becomes weaker and we will buy less with the amount of money we budgeted. That means we will still have to dig deeper into borrowing, particularly borrowing dollars. I am not sure why we do not have a Governor of CBK. I know there is a Deputy Governor of CBK who is able but I am not sure whether he is politically correct.

*(Laughter)*

That is my worry and I think we should think that even a Samburu can become a Governor of CBK. Personally, I can be but there is a better Samburu there who has a PhD and everything. Let us not always think that certain people cannot be Governors of CBK. People always look at us and only think that we can only look after cows and that there are things we cannot look after. We can also look after money.

*(Laughter)*

Before I got into this country, I was a portfolio manager with one of the biggest banks in the world and my clients were big companies you can never think of around the world. I just hope that for us to stabilise the shilling, we need that Samburu guy to be the Governor of CBK quickly, quickly like tomorrow please. It even sends a signal in Kenya that wherever you come from and just like Lupita Nyong'o, your dreams are valid particularly in a country where you are born even if you are a Samburu. Why keep him waiting? Let me stop there. I am sure he did well in the interviews. I am told he was number one. That is the truth.

**Hon. Langat:** *(Inaudible)*

**Hon. Lati:** Whether you give it to us or not, let the truth be out there.

*(Laughter)*

Hon. Deputy Speaker, because the Chairman of the Departmental Committee on Finance, Trade and Planning whom I respect so much has disrupted my train of thought, let me stop there.

I am really passionate about a Samburu being the Governor of CBK. I think it sends a very good signal for the unity and development of our country.

If you look at our Budget, it is based on a Gross Domestic Product (GDP) growth of about seven per cent. I am not sure whether that is realistic. I tend to agree with people in the Parliamentary Budget Office because they are saying it would be about five per cent. I think that is a more realistic target. When we are budgeting on an estimate of a GDP that is way up, I think there are challenges to this Budget and to our economy particularly when we have insecurity. I do not know what we can do as a country because it is very hard for anybody to think of a growing economy and us being what we want to be when we cannot stop this insecurity thing. I just do not understand how we expect to grow. You know Garissa was terrible and it went around the world. Tourism and everything else was affected. I thought that was the last we had but we had the same thing happening in Garissa yesterday.

I have always told people we require to do something about our security forces. The information we had yesterday is that our security forces are so scared of *Al Shabaab* that these days they just run away even without shooting back. Yesterday I am told they left the car without even shooting. We need to do something serious concerning our security. As long as *Al Shabaab* thinks they can threaten this country, there is very little that we can do to develop when security is in bad shape. I understand what Hon. Pkosing is saying. We can borrow a leaf from what happened in 1963. I know this might not go down well with some people, but we had a similar problem with the *Shiftas* and the late President Kenyatta recruited persons from those communities to be soldiers. He solved that problem. Samburus can fight *Shiftas* and the *Al Shabaab*. We grow up not as religious militants, but in hardship and so as a result of our lifestyle we can counter *Al shabaab*. So, go and get those Pokots and Turkanas the way Mr. Kenyatta did and fight the *Al Shabaab*.

I could not believe my eyes yesterday. You know I am proud of the Government of Kenya and my country. These guys overturned the vehicle because there was nobody to even shoot at them. They had a field day of overturning a Government vehicle and taking pictures! One could clearly see the GK vehicle and the soldiers were gone! We need Samburu's to be soldiers. You guys can take everything else because we are just asking to be soldiers; nothing else.

Finally, the reason why the Equalisation Fund was established under Article 204 of the Constitution was so that the marginalized people, for God's sake get closer to other Kenyans. We started putting money into Equalisation Fund Account in the Central Bank since 2012. We are supposed to get closer to other Kenyans in terms of development. We need to consider the value of shilling because what that money would have bought in 2011 cannot be afforded now. There is the issue of value of time that we need to look into. You guys are moving forward, but we are still lagging behind. I do not understand why somebody, for God's sake, will keep money in Central Bank forgetting to develop a legal framework so that people like Turkanas---

**Hon. (Ms.) T. G. Ali:** Thank you, hon. Deputy Speaker. I stand to support the report by the Budget and Appropriations Committee of which I am a member. As I support this Report, I want to say that this Committee had intensive, participatory and interactive sessions with the chairpersons of different committees. During this particular time, the chairpersons and representatives of Departmental Committees were interrogated on the presentation that they did from different Ministries and they were able to give justification and support for their decisions. I would also want to say that Members also had an opportunity---

**Hon. Deputy Speaker:** Hon. Tiya Galgallo, let me just stop you for a minute to recognize the presence of University Student Leaders from Burundi, Tanzania, Rwanda, Uganda, DRC Congo and Kenya who are now seated in the Public Gallery. All of them are invited to attend the National Prayer Breakfast tomorrow, 28<sup>th</sup> May, 2015.

**Hon. (Ms.) T.G. Ali:** Hon. Deputy Speaker, we had meetings with chairpersons of different Departmental Committees and Members of Parliament who raised pertinent issues, for example, the amount of money allocated to the Ministries. During this particular time, I remember there were budgetary issues that were raised concerning dams, boreholes and water pans allocated to the ASAL areas. Hon. Members stated that some of the monies that were allocated through different regional authorities were not channeled towards the needs of the community. I remember some of the projects that were to be initiated in my county Isiolo could not be realized because they were not community-driven and they were supposed to be handled by the Ministry of Environment, Water and Natural Resource. For example, the money allocated through the Ministry of Environment, Water and Natural Resource, and also National Youth Service was supposed to be used to build water pans in some of the counties. We realized that, according to the community needs, some of these dams were drivers of conflict. So, the community said no. Some of the things they required instead were rehabilitation, protection, and desilting of the already existing service water in the community. The interaction really helps. Ministries need to relook at some of the things that they are supposed to do under the Ministry's programmes.

We also looked at the issue of cash transfer and the OVC Programme under the Departmental Committee on Labour and Social Welfare where I am the vice-chairperson. We realized that there are a lot of challenges in terms of disbursement of money to the elderly and orphans in different counties. It was the decision of the Departmental Committee on Labour and Social Welfare that we request for a forensic audit of the fund. This is because in many of the counties this money never gets to the required beneficiaries. We also realized that there are leakages, theft and corruption related to the monies that are supposed to go to the orphans and vulnerable people. So, a quick forensic audit of the social protection funds that are going to the persons with disability, orphans, vulnerable children and the elderly is critical for our Committee.

We also looked at the issue of monies that are supposed to be going to the Women Enterprise Development Fund (WEDF), Youth Enterprise Development Fund (YEDF), Anti-FGM and also the Child Welfare Society of Kenya. In our Committee, we also realized that there are new institutions that have not been allocated money despite the fact that they were approved by this Parliament. We keep on passing laws here in Parliament that give rise to institutions without allocating funds for their operationalization. It was the Committee's decision that as much as we are creating new institutions; we must also reciprocate by giving funding to ensure that at least we do not have institutions that are just there without operational money. At the end of the day these institutions are expected to meet their legal objectives as required by law.

During the budget-making process, we also realized that there are quite a number of institutions that are not invited by their mother Ministries. I remember whenever we had our meetings as the Departmental Committee on Labour and Social Welfare, some of the critical institutions like YEDF, WEDF and the Anti-FGM group were never invited to defend their budgets. Most times the Ministry officials come on their behalf and only present a blanket request in the form of a budget.

It is during this time that we also realised that the WEDF and the YEDF were doing a fantastic job. We discovered that they had money that they lend out to youth and women. We also realised that over the last five years their budget was on a reducing trend whereby they were given very little money in terms of Recurrent Expenditure and Development Expenditure for the last five years. The Committee was at pains to understand why such funds as the WEDF and the YEDF cannot have an increase in loaning capacity. They are already doing a fantastic job in terms of collection of money. We also realised that there are quite a number of institutions that have very high Recurrent Expenditure compared to the monies allocated for development. I think it is in that line that many of the committees reallocated monies to other institutions that are doing well.

I support this Report of the Budget and Appropriations Committee. I would also want to put it clearly that institutions like the Ministry of Education, Science and Technology have money for Free Primary Education (FPE) and Free Secondary Education. However, when you look at some of the areas such as Isiolo which is in arid and semi-arid areas, we realise that as much as they are allocating money for free education, many of the schools in those areas have not been given consideration in terms of how they should benefit from FPE.

So, as I finish, I support the Committee's recommendations and I plead with Members of this House to support the Report.

**Hon. Deputy Speaker:** Let us have Hon. (Eng.) Nicholas Gumbo.

**Hon. (Eng.) Gumbo:** Thank you for giving me the opportunity to contribute to the Report of the Budget and Appropriations Committee on the Estimates of Revenue and Expenditure for the Financial Year 2015 / 2016.

As I contribute, I would like to comment on the remark by my good friend Rev. Mutava Musyimi, who bemoaned the culture of suspicion and mistrust in the House. Even though he is not in the House, I would advise him that if he adhered to the principles of public finance which require openness and accountability, perhaps nobody would be suspicious nor would there be mistrust.

I have looked at the schedule that has been attached to this Motion and I note that our allocation for security-related functions which is Interior, Defence and Intelligence is over Kshs 220 billion. This is the largest security allocation in the whole of East Africa. In fact, judging by what I have just been looking through, this security allocation is bigger than that of Tanzania, Rwanda and Burundi combined.

It translates to a whopping Kshs 4.5 billion per county. Then of course the question must be asked: "Why then are we so insecure, with such a big allocation?" I also note that the Recurrent Expenditure for policing services alone is nearly Kshs 69 billion. This is equivalent to about Kshs 1.5 billion per county. Again the question that is being asked is: "With such a big allocation, why are we so unsafe?"

I have talked to some of the policemen in my constituency and sometimes they tell me that in a day they are given an allocation for as little as three litres of fuel per day. The question and from where I sit in the Public Accounts Committee (PAC) if it is to be asked is: "Where is this money going?"

It is also my hope that the nearly Kshs 12 billion Development Vote for policing services will go towards addressing the deploring condition of police housing which still remains pathetically inadequate. The issue of police housing has been a major concern and I do not think there has ever been a session in this house that we have not expressed our concern on the same. But even as I say that, it would be interesting to know how the development allocation of nearly

Kshs19 billion for gender and youth empowerment and nearly Kshs260 billion for transport and infrastructure will be distributed nationally especially with regard to observing the principles of public finance in Kenya which among other things require; openness and accountability including public participation in all financial matters; promotion of an equitable society in our country which also requires that the burdens and benefits of the use of resources and public borrowing to be shared equitably between present and future generations; observance of prudence and responsibility in the use of public funds; and responsible financial management and clarity in fiscal reporting.

Hon. Deputy Speaker, I say this because it is not a secret that some of the reasons for the tensions and conflicts that we have witnessed in our country in the past and now have been as a result of neglect and degradation over many years. It is also interesting and I would want to ask what the intention is of the meager Kshs42 million that has been allocated as the Development Vote for the Department of Defence. As we speak, I have it on record that a number of our soldiers actually do not stay in the barracks; they stay far away from barracks. The question is: Being surrounded by so many enemies, would this not frustrate a requirement for rapid deployment? I would also want to ask: On what basis does the Ministry for Foreign Affairs get Kshs1.4 billion for development if they cannot even think it is important to defend their estimates before the relevant Departmental Committee of Parliament?

Another concern that I have noted looking at the table is that the National Treasury has been allocated a development budget of nearly Kshs50 billion most of which is going to public finance management. It would be prudent, as we go into the detailed budgeting period, to have a breakdown of this abnormal Development Vote for a Ministry whose major function is policy formulation, coordination of public fiscal functions and services in general. With those functions, clearly we would need total dissection and analysis if we are not to raise the red flag on this very abnormally huge allocation.

If you look at the table, the allocation for agriculture is about Kshs45 billion which is, in fact, only about 3 per cent of all the appropriations. This is, in my view, dismal if you consider that every year in this country you have to hold out begging bowls asking for food for our people. How then are we going to address the perennial issue of food insufficiency in our country if we cannot adequately allocate for agriculture.

As I rush to conclude, I want to believe that the huge allocation of nearly Kshs180 billion to the Teachers Service Commission (TSC) must finally address the longstanding and depressing issue of pensions for retired teachers. I also heard the Chair of the Committee talk about allocations for public hearing which I would believe have to be specific in terms of the place and type of project. As the Parliamentary Service Commission (PSC), we are now moving away from merely looking at financial audit and we are getting concerned more on demanding to see value for money and the performance of every shilling of public funds spent.

Hon. Deputy Speaker, as I conclude, I still find it very disappointing that the budgeting process does not seem to be taking measures to reverse the declining quality of education and training in our public schools and institutions in general. Any country which wishes to grow must first start by addressing the question of quality education and training for its citizen. Those of you who have read the book by the visionary, Mohammed bin Rashid Al Maktoum, one of the founders of Dubai, he says that if you want to live in luxury for a year, he advises you to grow wheat. If you want to live in luxury for 10 years, then he advises you to grow trees. But then he says that any country, any person who wants to live in luxury for 100 years and more must deliberately take measures to grow their people. As a country, if we want to grow to 100 years

and beyond, if we want this county to be a land of prosperity, then we must take deliberate measures to address the declining trend of public education.

A number of us are products of quality public education but today this is not happening. Most people prefer to take the option of taking their children to private schools but I can tell you we are leaving a dangerous gap for our country which in the long run will be frustrating for our efforts to grow our country.

With those remarks, I support.

### **ADJOURNMENT**

**Hon. Deputy Speaker:** You have exhausted your time Hon. (Eng.) Gumbo.

Hon. Members, the time being 1.00 p.m., this House stands adjourned until this afternoon at 2.30 p.m.

The House rose at 1.00 p.m.